

Social, Environmental and Economic Key Data 2017



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RIETER GROUP

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all four end spinning processes currently established on the market. With the acquisition of SSM Textile Machinery in mid-2017, the company invested in related areas of the textile value chain, thereby expanding its portfolio. With 18 manufacturing locations in ten countries, the company employs a global workforce of some 5 250, about 20% of whom are based in Switzerland.

Rieter is a strong brand with a long tradition. Since it was established in 1795, Rieter's innovative momentum has been a powerful driving force for progress in the spinning mill industry. Products and solutions are ideally tailored to its customers' needs and are to a large extent produced in the respective markets. With a global sales and service organization and a strong presence in the core markets China and India, Rieter as market leader is well positioned in the global competitive environment.

For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. With this in mind, Rieter seeks to maintain continuous growth in sales and profitability, primarily through organic growth, but also through strategic alliances and acquisitions.

The company comprises three business groups: Machines & Systems, After Sales and Components.

The Business Group **Machines & Systems** develops, produces and distributes new equipment in the spinning systems and single machines sector. Blowroom, carding machines, draw frames and combing machines are used for preparation; ring, compact, rotor and air-jet spinning machines are used for end spinning. The offer is supplemented by planning services as well as material flow and information technology, by means of which the machines are connected to a single system.

The Business Group **After Sales** develops, produces and distributes spare parts for Rieter machines that do not come into contact with fibers, such as drives, sensors or controllers. After Sales also sells technology components that are not included in the range of products offered by the Business Group Components. After Sales also offers services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills.

The Business Group **Components** develops, produces and distributes technology components and precision winding machines for use in the textile value chain. Technology components come into contact with fibers and affect yarn properties; they are used in new machines and have to be replaced at regular intervals during operation. Precision winding machines are used for downstream yarn processing like dyeing.

SOCIAL, ENVIRONMENTAL AND ECONOMIC KEY DATA OF THE RIETER GROUP 2017

Commitment of the Rieter Group to social, environmental and economic sustainability

Sustainability at Rieter is defined in the following basic directives:

- Code of Conduct
- Corporate Governance
- Values and Principles
- Environmental, Work and Safety Statement
- Supplier and Purchasing Conditions

You can find complete information on the Rieter directives at www.rieter.com. These contain all important factors for the entire value creation process. The Rieter sustainability strategy is based on the following pillars:

- Social Sustainability
- Environmental Sustainability
- Economic Sustainability

Reduction in water consumption and greenhouse gas emissions, acidification and waste volume compared to corporate output

Success in sustainable business activity is evident in several areas. In the year under review, for example, water consumption was reduced and the quantities of greenhouse gas emissions and acidification as well as waste volume also declined slightly compared to corporate output. This report contains these values and other key data.

Increase in the number of apprentices/trainees

The number of apprentices/trainees – and hence the direct promotion of young talent within the Group – increased to 300 in 2017. In this way, Rieter contributes to the integration of school leavers into professional life and trains specialist staff.

Newly developed rotor spinning machine R 36 saves up to 10% energy – LENA spindle also reduces noise emissions with the same savings potential

The new R 36, introduced in 2017, is characterized by high productivity, low energy consumption and maximum flexibility in the processing of raw materials. It also reduces energy costs by up to 10%. By using the energy-efficient LENA spindle (Low Energy Noise Absorbing) from Novibra, energy cost savings of up to 10% are also achieved while at the same time greatly reducing noise emissions.



Productivity and flexibility characterize the new rotor spinning machine R 36. In addition, the R 36 reduces energy costs by up to 10%.



Reduces noise emissions and saves energy costs considerably: the LENA spindle



In Uzbekistan, the new wastewater treatment plant guarantees water reclamation of 90 to 95%.



The treatment is carried out without the use of other chemicals.

Rieter Uzbekistan is financing a new wastewater treatment plant for water reclamation at a supplier in Uzbekistan

In 2017, Rieter Uzbekistan co-funded a new wastewater treatment plant for a powder coating facility at a supplier in Uzbekistan, which guarantees water reclamation of 90 to 95% and accordingly reduces the waste from the powder coating plant to 5 to 10%. The plant operates without the use of other chemicals and with lower water consumption for the benefit of the environment. The reclaimed water is returned to the system. The waste to be disposed of does not require a special permit.

Rieter sets ambitious targets for sustainable values by 2020

At Rieter, sustainability is linked to the goal of improving the social and environmental key data:

Social

Workforce turnover	<10%
Women in management positions	>15%
Training days per employee/year	>3
Absence rate	<2%
Fatal occupational accidents	none

Environmental

Energy consumption	<0,12 MWh
Greenhouse gas emissions	<0,050 kg
Acidification	<0,012 kg
Water consumption	<0,30 m ³
Waste and recycling	<10 kg

SOCIAL SUSTAINABILITY

Social sustainability includes employees, leadership and responsibility.

Geographical distribution

In 2017, Rieter increased the number of full-time employees (excluding temporary personnel) to 5 241, compared to 5 023 in the previous year. The share of temporary employees was around 10%.

Age distribution

In 2017, Rieter's workforce was again evenly distributed in terms of age.

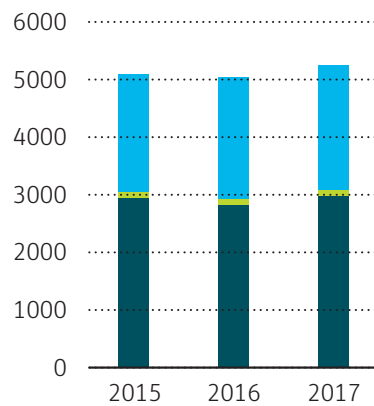
Gender distribution

As in the previous year, female representation in 2017 was 19%, with around 9% in management positions, of which 8% in the top four management levels. Rieter's goal is to have a share of women in management positions of more than 15% by 2020.

Workforce turnover

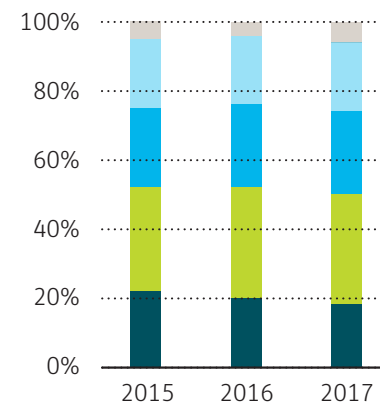
The workforce turnover rate varies widely by region. In 2017, it was 10%.

Geographical distribution



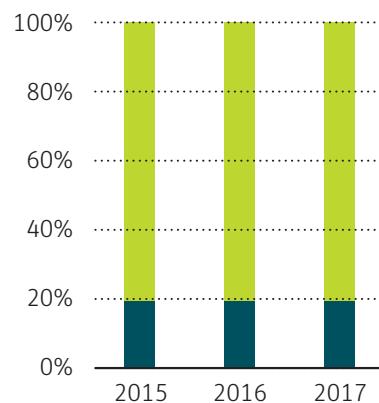
■ Asia (incl. Turkey)
 ■ America
 ■ Europe

Age distribution



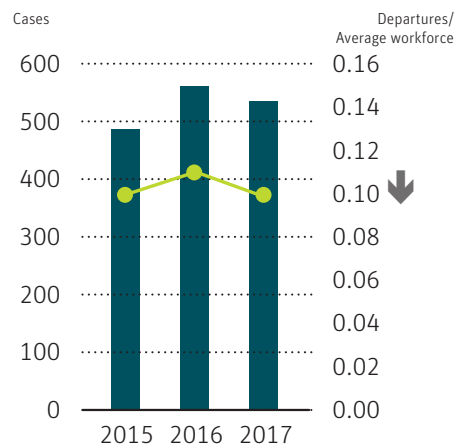
■ 60 or more years
 ■ 50 bis 59 years
 ■ 40 to 49 years
 ■ 30 to 39 years
 ■ below 30 years

Gender distribution



■ Male
 ■ Female

Workforce turnover



■ Departures
 ■ Annual labor turnover rate
 ↓ Target 2020: Annual labor turnover rate below 0.10

Education

Around 90% of the Rieter employees have a professional qualification or university degree.

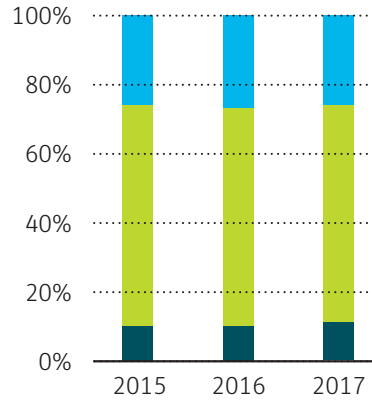
Training time

The training time per employee in 2017 was at the long-term average of almost two days per employee per year, with a declining total number.

Number of apprentices/trainees

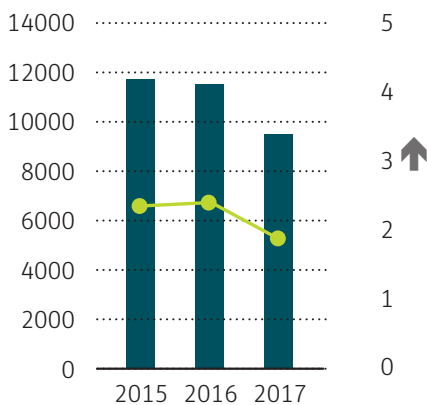
Rieter employed 300 apprentices/trainees in 2017. As a proportion of the total Rieter workforce, this represents almost 6% – the same as in the previous year.

Education



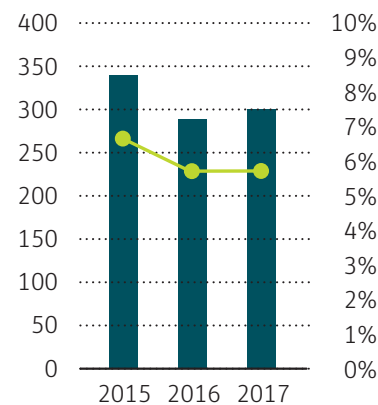
- University degree
- Basic school and diploma
- Basic school

Training time



- Number of training days
- Training days per employee
- ↑ **Target 2020:** Training days per employee > 3

Apprentices/trainees



- Number of apprentices and trainees
- Number of apprentices and trainees / Total workforce

Occupational accidents and accident rate

In 2017, the number of occupational accidents at Rieter increased by six. As a result, the accident rate increased to seven compared with six in the previous year. Rieter continues to pursue the goal of consistently avoiding occupational accidents. Since 2011, no work-related fatalities have been recorded by Rieter.

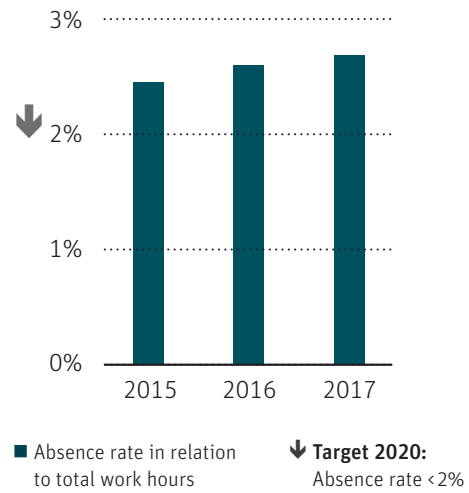
Absentee rate due to occupational accidents or sickness

In 2017, the absentee rate due to sickness or accidents was 2.7% of total working hours. This represents a slight increase compared to the previous year.

Occupational accidents



Absentee rate



ENVIRONMENTAL SUSTAINABILITY

Energy consumption

At 123 789 MWh in 2017, absolute energy consumption increased only slightly compared to the previous year, even though – with the acquisition of SSM Textile Machinery – three new production locations were added in mid-2017. In relation to corporate output, energy consumption fell to around the level of 2015.

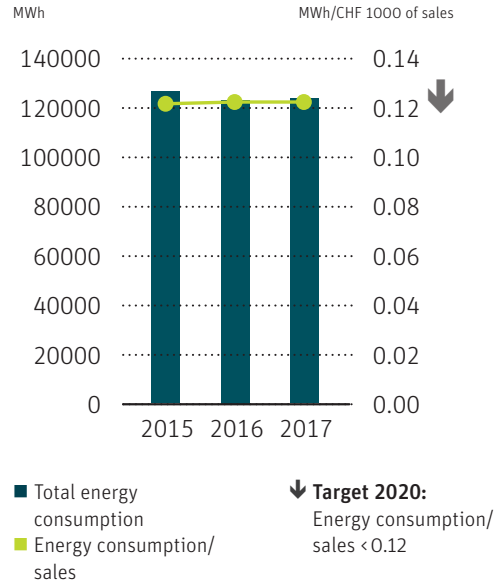
Energy mix

The energy mix changed only marginally in 2017. The share of the two main energy sources, electricity and gas, in the total energy demand amounted to over 90%.

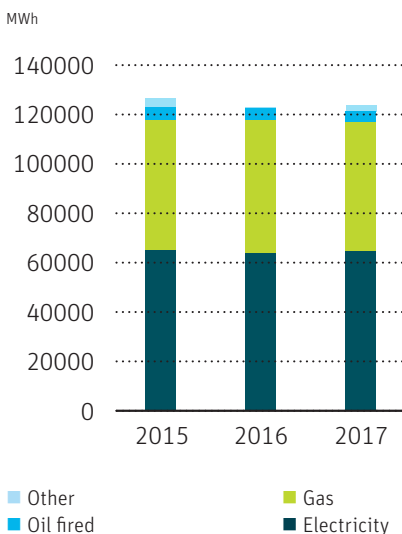
Greenhouse gas emissions

Greenhouse gas emissions, reported in CO₂ equivalents (t), comprise emissions generated directly by Rieter production plants. They arise either from fuel combustion (scope 1 emissions) or from electricity generation by power utilities in countries where Rieter operates (scope 2 emissions). Absolute CO₂ emissions increased by around 2 300 tons in 2017. In 2017, the emissions relative to corporate output were at the same level as in 2016.

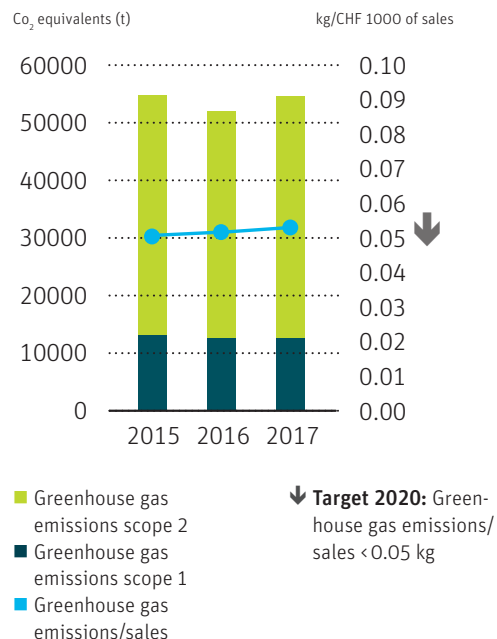
Energy consumption



Energy mix



Greenhouse gas emissions



Acidification (SOx equivalents)

Absolute SOx emissions in 2017 were slightly higher than in the previous year. However, SOx emissions relative to corporate output were slightly reduced.

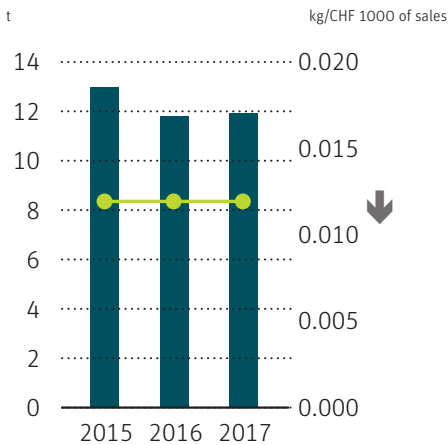
Water consumption

Absolute water consumption fell slightly in 2017 compared to 2016 and also fell per employee as well as in relation to corporate output. Most of the water used was taken from municipal supplies (around 68%); the combined surface and groundwater component amounted to 32%, where the surface water was used more effectively.

Waste and recycling

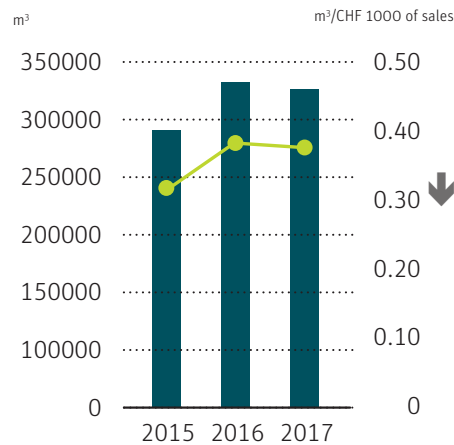
The volume of waste generated by the Rieter locations did not increase appreciably. Most of the waste (83%) was recycled externally in 2017. The volume of waste relative to corporate output decreased slightly and was less than 11 kg/CHF 1 000.

Acidification



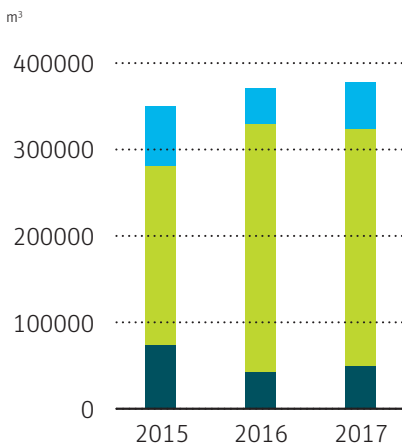
■ Total emissions
■ SOx emissions/sales
 ↓ **Targets 2020:**
 SOx emissions/sales < 0.12 kg

Water consumption



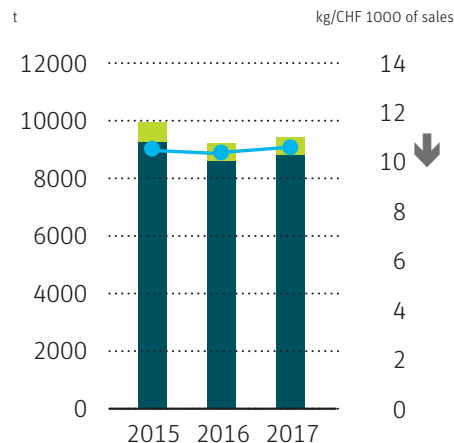
■ Total water consumption
■ Water consumption/sales
 ↓ **Targets 2020:**
 Water consumption/sales < 0.30

Water consumption by source



■ Surface water
■ Municipal water
■ Groundwater

Waste and recycling



■ External recycling
■ Hazardous waste
■ Total waste and recycling/sales
 ↓ **Target 2020:** Total waste and recycling/sales < 10 kg

ECONOMIC SUSTAINABILITY

The basic values governing Rieter's business activities are summarized in the three overriding targets of its corporate principles:

“Delight your customers”

“Enjoy your work”

“Fight for profits”

Rieter is successful if the company satisfies its customers' expectations, if its employees are enthusiastic in their commitment, and if it generates long-term value for its shareholders. Rieter is committed to creating value for all the group's stakeholders. The sustainability strategy forms an integral part of its business strategy.

Investors

Rieter fosters open, transparent dialog with investors. In its reporting, Rieter aims to present a comprehensive and accurate picture of the company's targets and development. This is intended to ensure that Rieter can be fairly valued, enabling the company to minimize the cost of capital and bolster its reputation and positioning on the capital market. In addition to semi-annual financial reporting, the company makes regular presentations at banking and investors' conferences. Rieter meets with Swiss and foreign fund managers and financial analysts and holds an annual event for business media and financial analysts to provide in-depth background information and explain technological innovations and medium to long-term development prospects for the textile machinery and components business.

Customers

Rieter's business activities are consistently aligned to the needs of its customers. Customer loyalty and satisfaction are a decisive success factor for Rieter. The company strives for long-term partnerships based on mutual trust and respect. With innovative technologies, dependable products and excellent services, Rieter provides customers with solutions that contribute in turn to their success. Comprehensive expertise in production processes from fiber to yarn and along the entire textile value chain is an important competitive advantage in this context. Rieter continuously develops the products together with our customers, thus enhancing customer benefits. Through its service offering, the company supports customers throughout the lifetime of the products.

Suppliers

Suppliers are Rieter's partners. Together with them, the company continuously improves the quality and costing of bought-in materials and components. Rieter places emphasis on gaining the active support of its suppliers in the innovation process. The company respects the IP rights (intellectual property rights) of its partners and strives for long-term cooperative relationships characterized by mutual respect and joint commitment to addressing business challenges. The company also expects its suppliers to adhere to the principles of Rieter's Code of Conduct.

Value-added statement

The value added by Rieter corresponds in principle to corporate output less third-party inputs. It is calculated as EBIT plus personnel costs and financial income. Details concerning the value added are included in the Annual Report.

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

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