

United Nations Global Compact Communication on Progress 2016



Statement of continued support

Schloß Holte-Stukenbrock

December 8, 2016

ARI-Armaturen Albert Richter GmbH & Co. KG is a privately owned SME with its headquarter in Schloss Holte-Stukenbrock in Germany's Westphalia region. With all manufacturing operations concentrated at three locations in Germany, sales subsidiaries in fourteen countries and more than 850 employees worldwide, we are a leading international developer, manufacturer and distributor of valves and complementary services linked to the isolation, control, safety and steam trapping of liquid and gaseous media.

Taking the responsibility for our staff, our products and the impact of our business activities on the environment as well as the society seriously, I am pleased to confirm that ARI-Armaturen Albert Richter GmbH & Co. KG reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Heinrich Brechmann, Managing Director

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

As a family firm, we fully and unconditionally support compliance with the internationally recognized human rights of every single employee; we see respect for these rights as a top priority which we derive from our social responsibility. We actively promote the principle of equal opportunities and equal treatment of all our employees—irrespective of color, race, nationality, social origin, physical or mental handicap, sex and sexual orientation, political or religious convictions or age. ARI-Armaturen will not engage in or support the use of prison, forced or involuntary labor.

With the establishment and publication of our Code of Conduct, ARI-Armaturen officially confirms the Human Rights Principles of the UN Global Compact Initiative. To improve the possibilities to monitor the development of our suppliers, ARI has created an Internal Rating Statement in accordance with the Code of Conduct, which will be completed and filed after each visit of our high volume suppliers. With help of the target to establish annual visits of the top-volume suppliers and as a consequence update the Internal Rating Statement regularly, ARI expects to find out about many positive developments with our business partners but also wants to use the Internal Rating Statement to detect and trace potential misconducts early. In 2016 a Supplier Self Assessment has been distributed to our high volume suppliers in India and the UAE for recertification. All approached suppliers have signed the Supplier Self Assessment and by this confirmed their commitment to the ARI Code of Conduct. 88% of the approached suppliers attached own Code of Conducts in the Self Assessments in which they confirm their responsibility for employees, business partners, the society and the environment. For 2017 ARI-Armaturen will extend the Supplier Self Assessment to suppliers in Turkey.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation

As mentioned in the statement about Human Rights Principles, ARI-Armaturen actively promotes the principle of equal opportunities and equal treatment of all our employees – irrespective of color, race, nationality, social origin, physical or mental handicap, sex and sexual orientation, political or religious convictions or age. We will not engage in or support the use of prison, forced or involuntary labor and we pay our employees fair wages and salaries well above the statutory minimum. Moreover, we take account of, and of course abide by, the nationally applicable maximum working hours limit for our staff. All employees additionally have the right to join, and actively participate in, employee organizations or trade unions. Following the Conventions of the International Labor Organization (ILO) and other internationally agreed child labor laws, ARI-Armaturen will neither employ any staff who have not reached the legal minimum age nor will we tolerate any form of child labor or the systematic exploitation of children and adolescents by our suppliers. The creation and maintenance of a work environment that is healthy and free of hazards is a further corporate objective of ARI-Armaturen. This objective is supported by regular workplace hazard analyzes as well as preventive medical care for all our employees. Our staff additionally receive regular basic and advanced training in health and work safety issues and are provided with all necessary safety equipment.

The Code of Conduct ARI-Armaturen published includes a clear statement concerning our view on respecting Labor Principles in the business environment. With help of the Supplier Self Assessment, in 2016 all suppliers in the focused supplier market confirmed their commitment to the guidelines on labor principles defined in the ARI-Armaturen Code of Conduct.

In Germany, ARI organizes annual occupational orientation projects to inform young students at local schools or universities early and gender-neutral about the possibilities within the ARI-Armaturen Group. ARI takes social responsibility and shows how successful and beneficial work within diverse teams in the business environment can be to reduce prejudice early. The projects help to adjust young people's expectations about their professional lives and prepare them for future responsibilities. In addition to projects with local schools and universities, ARI offered multiple internships for refugees during the year 2016 and plans to extend this program by vocational trainings for suitable previous interns.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

ARI focuses on a responsible management of resources along the entire value chain. From the purchase of raw materials and semi-finished products through energy intensive production processes to logistics and disposal. Our environmental awareness is not restricted to what goes on inside our own factory, however; it continues in the world outside throughout the lifetime of every single one of our products. ARI valves and systems make a significant contribution towards more efficient and sparing use of resources. No matter if they are used in a completely new, for repair, or for the modernization of an existing plant.

With the adoption of an environmental and energy management system (ISO 14001 and ISO 50001) and its recertification in 2015, ARI committed to make the efficient use of energy a top priority and reduce CO² emissions through sustainable and environmentally responsible behavior. This commitment can of course also be found in our Code of Conduct.

In 2015 ARI developed a new LED-illumination concept which is currently being installed. Together with an increased amount of control points for measuring the energy use, potentially wasted energy can be detected and decreased by approximately 5%. Within the past year this project has been continued and was extended to currently ongoing building projects. The actual results will be available as soon as the project is completely finalized. Additionally, ARI-Armaturen increased the usage of the cogeneration plant installed in 2015. The cogeneration plant does not only reduce our energy consumption from external resources but also increases the efficiency of the heat production for the factory. To improve the efficiency of the electricity consumption, additional control points for measuring the usage of electricity, motion sensors and twilight sensors have been installed. In the production area ARI started a project to reduce or substitute hazardous substances and to switch to recyclable packing materials.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

As stated in its Code of Conduct, ARI-Armaturen clearly denounces corruption, extortion and bribery of all kinds. Communicating, actively living and monitoring the presence of strong business ethics and responsible management within the company's operations are continuously ongoing activities. All measurements supporting the Anti-Corruption Principles of the UN Global Compact Initiative are being performed without the existence of any official organizational units for the supervision and avoidance of corruption within the ARI-Group.

Our staff is prohibited from accepting any payments, gifts and gratuities or other benefits either directly or indirectly. Promotional merchandise and other forms of invitation may only be accepted if they are deemed not to be excessive and provided they are not offered for the improper purpose of influencing a business relationship and provided they cannot be construed as consideration for benefits received.

With the publication of ARI-Armaturen's Code of Conduct at the beginning of the year 2015 we presented a binding aid of orientation for all employees, management personnel and the top management. In the official publication the ARI Management expressed its expectation towards every employee to comply with the Code of Conduct. In regular seminars our employees are additionally being informed about international laws, rules, regulations and local customs. These individual activities are performed to improve our employees awareness of unethical and legally critical business behavior and to strengthen their overall capabilities within the field of international operations.

Within the past year no violations of the Anti-Corruption principles of the UN Global Compact Initiative have been reported to the ARI Management.

ARI – your strong partner. Worldwide



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