



United Nations Global Compact Communication on Progress 2019

Statement of continued support

Schloß Holte-Stukenbrock, 6th December 2019

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, subsidiaries in fifteen countries and more than 950 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, 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 Ten 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

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

As a family firm, it is part of our corporate culture to 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 to implement and maintain appropriate working conditions.

We actively promote the principle of equal opportunities and equal treatment of all our employees. ARI-Armaturen will not engage in or support the use of prison, forced or involuntary labor.

Further, we do not just apply these principles to ourselves. We continually and increasingly involve our suppliers and other business partners by an Internal Rating Statement and review a growing number of criteria including human rights principles and any other compliance area such as incorporated in our Code of Conduct and in the principles of the UN Global Compact Initiative.

Whenever possible, we use opportunities to accompany the Internal Rating Statement by site visits and other auditing procedures checking specific facts that indicate compliance with the said principles.

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Human Rights Principles (continued)

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The European Union recognized and took regulatory steps, against transfer of funds derived from the sale of conflict minerals to the benefit of armed groups or criminals. Thus, the new conflict minerals regulation shall avoid and hinder armed conflict, violence and human rights abuses. In 2019 we started a project assessing the explicit regulatory requirements and are developing a strategy on a supply chain due diligence to identify materials that have been sourced from conflict-affected areas as well as to develop appropriate steps on how to deal with identified risks.

In addition to the above described steps relating to the Supply Chain Management we started to apply the standards as incorporated in our Code of Conduct to other areas of business towards other partners and stakeholders to ensure the perpetual establishment of the standards.

Labour Principles

Principle 3 *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*

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

The GC Labour Principles, together with the Human Rights Principles, require and support one another. As mentioned, ARI-Armaturen actively takes steps giving support to both, in particular equal opportunities and treatment of all employees irrespective of color, race, nationality, social origin, physical or mental handicap, sex and sexual orientation, political or religious convictions or age. Our auditing mechanisms and inspections are well-suited to be adapted and expanded to also the Labour Principles.

Thus, we are using the same standards and mechanisms to make sure that suppliers and other business partners will not be engaged in or support the use of prison, forced or involuntary labor. This also includes the fact, that ARI-Armaturen and its business partners take account of, and abide by, the nationally applicable maximum working hours limit for our staff. It is of high importance, to make sure that these Principles become binding and enforceable rules and the results of the aforementioned audits are a selection criteria for suppliers.

All our employees have the right to join, and actively participate in employee organizations or trade unions. At the headquarter in Germany, employees elected a new works council in 2019 to represent the employees in accordance with local regulations.

Labour Principles Principles (continued)

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Following international conventions and child labor laws, we strictly comply with the legal minimum age at any of our subsidiaries. Further to this, child labour is subject to a zero-tolerance culture at ARI-Armaturen. Any case of child labour coming to our attention will result in termination of existing relations. ARI-Armaturen is strictly complying with applicable minimum wage laws by paying fair wages and salaries well above the statutory minimum.

Following the last year's trainings relating to impacts on worker safety and labour law, we also continuously develop own standards whenever possible. In 2019, we improved the air unit systems at some of our facilities resulting in a better air quality for humans and the environment.

Referring to the 2018 travel risk management program, we finalized the roll out of that program for the benefit of our international employees also. In 2020, we are going to further continue to pursue travel risk by implementing an online information and assessment platform based on risk categories.

It can be regarded as a permanent project that ARI-Armaturen organizes occupational orientation underakings to inform young students neutrally about job possibilities within the ARI-Armaturen Group. ARI-Armaturen further grants an insight to the premises and the ARI-work life through company visits, focusing on schools nearby.

Relating to the 2018 training program for ambitious employees, ARI included labour law principles as a course content. We believe that knowledge about the legal basis concerning labour rights is a condition for the functioning realization of our requirements through such trainees.

Environmental Principles

Principle 7

support of a precautionary approach to environmental challenges

Principle 8

initiatives to promote greater environmental responsibility

Principle 9

Encouraging the development and diffusion of environmentally friendly technologies

As an OEM manufacturer, ARI-Armaturen is able to focus on and to promote a responsible use of resources along the value-adding process, 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 processes within our own factory, however. Due to the fields of application of our products, it is possible to positively impact the world outside our premises throughout a prolonged lifetime and less energy consumption of our products. ARI valves and systems make a significant contribution towards more efficient use of resources. Our products can easily be used to modernize existing plants and to avoid energy waste.

We continuously pursue our environmental and energy management system (ISO 14001 and ISO 50001) and recertifications thereof. With the efficient use of energy being a top priority, ARI-Armaturen continuously modernized existing equipment and facilities. On all ARI locations, metal processing machines were renewed to the latest energy saving technology. Along with that, we proceeded with other energy saving improvements and finalized LED illumination and compressed air distribution projects. In 2019 we have started and finalized construction projects. ...

Environmental Principles (continued)

... Hence, we consequently applied our energy saving policy onto them, saving energy through a dedicated illumination system as well as efficient heating and insulation technology. Another opportunity we aim at for the next year is purchasing and installing a solar power system that will be able to feed a large part of the required energy for our main site from it.

Observing environmental protection within manufacturing processes is a permanent task. Recently, we invested in the installation of a highly efficient air filter system, which minimizes emissions. Along with that, we completed the central machine exhaust air system to minimize emissions and improve the indoor climate.

We believe that the behavior of every individual matters for energy saving. Therefore, we continued trainings and instructions to strengthen the environmental and energy awareness of employees on a regular basis. Especially aiming at the younger generations, our apprentices team still attends at a yearly basis at national competitions such as the “Energy Scouts” which helps to identify and document potential savings in operations and to promote improvements. Additionally, this year we took part and supported the environmental campaign “climate journey” of a local comprehensive school.

In 2019 we further started a process on suppliers, that will be more focused on their energetic footprint. This started by switching to one new supplier, that, compared to the former, has a much more environmentally compatible production technology as well as modern air filters on site. In 2020, we aim to identify environmental criteria by that we evaluate suppliers in addition to our existing rating system. These criteria will be used for supplier selection.

Anti-Corruption Principles

Principle 10

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

The combat against corruption in all its forms, including extortion and bribery is not just subject to the GC Principles, but a world-wide demand of national and international anti-corruption and anti-bribery laws.

ARI-Armaturen clearly positions itself against 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. To further specify our expectations towards our employees, we circulated an antitrust and anti-bribery leaflet in an updated form. Further, we started to implement such rules, which were already published in our Code of Conduct, in other internal guidelines to create a continuous image in the sense of a guideline and orientation for employees.

We see it as a protection of our credibility to not accept gifts and favors which could influence our actions and decisions. We further specified such binding rules concerning gifts and other direct or indirect favors, allowing our employees to recognize and avoid any such situations by distinguishing ordinary business partners from government officials as well as assessing small gifts in order to make sure they are not excessive, improper or suitable to influence a business relationship.

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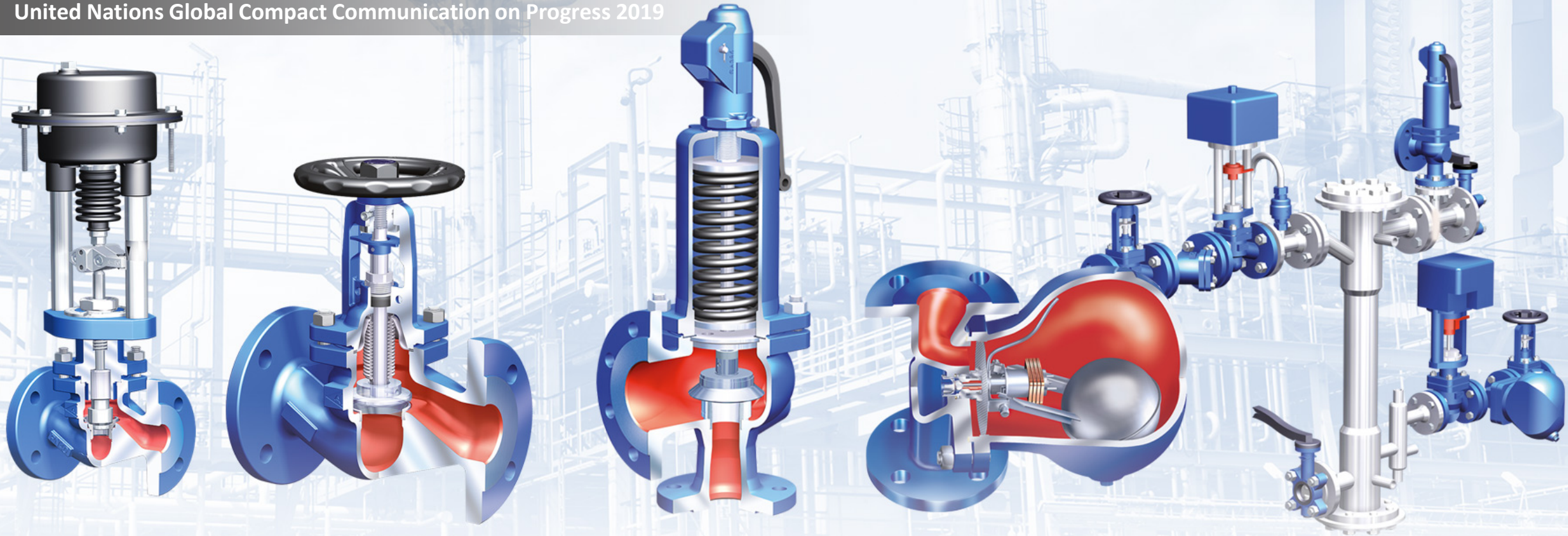
Anti-Corruption Principles (continued)

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In 2019 we continued compliance seminars for our employees which we will expand in 2020, to keep employees up to date on international laws, rules and regulations. Further, we expanded the range of compliance topics like anti-bribery, trade compliance and anti-trust rules. Hence, we have improved our employees' awareness of unethical and legally critical business behavior and to strengthen their overall capabilities within the field of international operations.

In order to promote anti-corruption throughout the whole supply chain, we expanded the legally binding obligation of business partners to anti-corruption principles by including such regulations into our non-disclosure agreement forms which are being used regularly.

Furthermore, as we already assess and rate our suppliers in the central purchasing department in Germany, we also launched the process of supplier survey and rating also in our subsidiaries in India and in China for their local purchases.



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