

ARI-ARMATUREN – your strong partner for control, isolation, safety and steam trapping of liquid and gaseous media

Communication on Progress (CoP) 2022



ARI-Armaturen

Albert Richter GmbH & Co. KG



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Commitment to the GC initiative



For over 70 years, ARI-Armaturen has been successfully active in the industrial valve industry for control, isolation, safety and steam trapping of liquid and gaseous media. During this time, ARI-Armaturen has positioned itself as a leading international manufacturer, developer and distributor of heavy duty valves with a "one-stop-shop" philosophy. As a family-owned company with three production sites in Germany we name our values in accordance with our corporate guidelines. We continuously adhere to our guiding principles and core values and determine them consistently as a part of our corporate culture. We rely on forward-looking, strong partnerships and create trust through open and cooperative relations with customers, suppliers and other partners.

We are constantly evolving against the background of global challenges and changing technological, social and regulatory frameworks in order to remain a reliable partner for our customers in the future.

" For over 70 years, ARI is your partner for control, isolation, safety and steam trapping of liquid and gaseous media. With ARI, you get everything from a single source."

Our commitment is to align our economic and technical goals with our values of transparency, sustainability, respect and social justice. Therefore, we take responsibility not only for the quality of our products, but also for the people in our organization and along the supply chain, as well as for the society and the environment.

ARI-Armaturen continues to support and promote the corporate, social and environmental initiatives of the United Nations Global Compact Initiative. For us, the ten principles are substantive for achieving responsible and sustainable business goals.

Sincerely yours

Heinrich Brechmann
Managing Director

Introduction to the CoP



Together with many other companies, we are in a phase of global challenges. These challenges have a significant impact on the reliability of supply chains as well as on the economic developments in general.

Due to our forward-looking company policy and our reliable partners with an open culture of trust and cooperation, we have been able to overcome such challenges or mitigate their consequences mostly. These relationships of trust with employees, customers and partners must be maintained and strengthened in the future.

” Companies can contribute to sustainability goals regardless of their size, within their sphere of influence.”

Although legal requirements and restrictions concerning the pandemic are constantly changing and being relaxed, our priority remains to protect the health of our employees as far as possible.

Also during the years 2021, 2022 as well as in the future, we will continue working on goals such as digitalization, value chains, new education and training measures, as well as sustainability.

Especially in 2022 we see various legal obligations coming up, which match our corporate goals within the framework of our social responsibility. By the implementation of these new requirements there will also be a new awareness of the impact of our actions on the environment and on people, both at our sites and in other parts of the world.

As part of our membership of the UN Global Compact Initiative for Responsible Business, we remain fully committed to the sustainability goals defined in the ten principles of responsible business. These principles can be grouped under the headings of human rights, fair labour practices, environmental protection and anti-corruption. They are for the benefit of all people, communities and markets, and ultimately serve a sustainable global economy. We see our regular reports as an opportunity to classify each of our steps as progress under one of the sustainability principles and to continually build on them. In the future, we will be able to even closer track and process operations relating to sustainability, human rights and environment, through new systems.

Human rights



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

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

As a family-owned business, we are focused on our staff and the people that work for us. Respect for human rights is an essential mission for us, which concerns us ourselves, but also includes our suppliers in other parts of the world.

We have developed and implemented social principles in our corporate guidelines (Code of Conduct). In these guidelines, we commit ourselves to respecting and observing human rights. We have established a catalogue of measures by means to monitor companies relating to human rights violations.

” If we have specific knowledge of tangible human rights violations, we refuse any cooperation with the respective companies. A company that refuses providing relevant information relating thereto shall be delisted as our partner as a final consequence.”

We prepared and we constantly develop a systematic process to identify and to react to human rights abuses or unjust practices.

As an aim for 2022, all employees, suppliers, and any other person shall have the possibility to reach out to a helpline and report any incidence, also anonymously.

This will also be comprehensively connected to systematic on-site supplier visits. On-site visits had been suspended due to the pandemic but they recently start to accelerate with slightly increasing travel activities. In the further planning of verification criteria on the occasion of on-site visits we also have to align this with our suppliers and partners. So, we make sure that suppliers and partners are in the picture of what is in our focus and how they can be integrated in this process. We believe that only working together with the same goals will lead to a success in the long term with respect to human rights, working conditions, environmental protection and anti-corruption.

Finally, all information shall be carried together in a risk assessment. This will allow us to achieve concrete surveys and to be able to arrange concrete steps together with our suppliers and partners to achieve improvements.

Fair labour conditions



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 labour.

Principle 5: the effective abolition of child labour.

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

We are committed to the principles of fair working conditions and follow the guidelines of the UN, ILO and OECD.

We recognize the right to collective bargaining and the right to freedom of association and strictly condemn all forms of forced labour, child labour and discrimination.

We therefore also hold our upstream suppliers to account for compliance with the labour standards established by the ILO. In this way, we want to ensure that both we and our suppliers act in accordance with the labour standards established by the ILO.

First of all, our above-mentioned helpline for reporting violations or abuses will not only help people who are indirectly connected with ARI but will priorly help people that work for us.

Despite initial signs of easing in the Corona pandemic, we have continued to protect employees through digital working and working from home. This has enabled us to further prevent infectious diseases. As another benefit of this, we were also able to keep workers on work or make people who were not able to work on-site able to return to work earlier.

In this way, we have also achieved far-reaching positive changes as a consequence of digitalization of documents and processes which are simplified and fully practicable also while mobile working.

When it comes to health and wellbeing, we introduced workshops with respect to preventive health care and ergonomics and mental fitness, like back training seminars, or nutritional consultation.

Environment



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

Principle 8: undertake initiatives to promote greater environmental responsibility.

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

Our systematic environmental and energy management system is as a part of our efforts to constantly reduce CO₂ emissions, and further expand our activities in the recovery of waste heat (i.e. from compressed air technology). Also in 2021 we have successfully fulfilled the ISO 14001 and ISO 50001 standard and maintained the respective audits with an aim of re-certification in 2022. In addition, we are constantly improving our corporate processes in the fields of waste management, water protection, air pollution control, noise abatement and soil protection. As another important step in that direction, we have considerably extended our reporting criteria relating to environment and energy.

With respect to waste and emissions reduction we have expanded our activities. We document our suppliers' activities to identify and document CO₂ emissions in the production of our purchased components. This is part of our questionnaire for suppliers in which we also evaluate their environmental activities and investments for example in wind and solar energy. This will also increase other companies' awareness of such tasks' importance.

All this is incorporated into our risk management and ultimately becomes part of a supplier evaluation and a significant component of our supplier selection process. Our risk monitoring evaluates strategic suppliers and their material groups against the criteria of environmental and social governance.

For this task, we have started evaluations of commercially available software solutions for task management and reporting according to the German Supply Chain Act.

As part of further legal obligations like German Supply Chain Act or German Waste Disposal Act, we are also working with our suppliers to register components with the ECHA (European Chemical Agency) in the event of significant levels of substances of concern. In this way, we contribute to the health-compatible design of recycling processes to be able to contribute to the protection of the environment. We also compare the outcomes of the aforementioned process with a list of harmful substances in order to identify these substances and to eliminate them from our business processes as far as possible.

The previously reported introduction at all German sites for promoting environmentally friendly power generation could successfully be concluded in the course of 2022.

Also in 2021 and 2022 we continue to train our staff regularly to increase environmental and energy awareness.

Finally, we are looking forward to making our internal processes more digital - and therefore paperless.

Anti-corruption



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

We take a clear position against any form of corruption, extortion and bribery. We want our business relationships to be based on transparent and objective decisions and expect the same from our customers and suppliers.

For the awarding and acceptance of gifts, we rely on clear guidelines consisting of both an absolute value limit and the possibility of an additional review with regard to appropriateness. This position is part of our social principles, which are known and recognized by all employees. We have laid this down in our Code of Conduct and supplemented it with company-wide leaflets and guidance.

Furthermore, we generally exclude certain business practices or modalities that are susceptible to corruption.

To date, we are not aware of any cases of corruption, extortion or bribery in our company.

Once again, the above-mentioned helpline for reporting violations or abuses will help achieving significant improvements, also with respect to the principle anti-corruption. Especially the possibility of anonymous reports of possible violations of laws or internal guidelines will give us the opportunity to evaluate reports and identify inconsistent practices at a very early stage and take countermeasures.

Anti-corruption is seen as a significant part of a much broader compliance management. As we expand our compliance management, anti-corruption will continue to play a very large and important role. Anti-corruption will remain one of our most important values, which we also pledge to our customers as well as other stakeholders.

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