



 **Armacell | UN Global Compact**
Armacell's Communication on Progress Report 2013

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About this report

Since 2006, the Armacell Group has been a sustainable member of the UN Global Compact, consciously supporting this initiative with its best efforts and advising all its stakeholders to respect its self-commitment.

The UN Global Compact is a strategic initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Armacell promotes and implements the ten principles and publishes a Communication on Progress (COP) report every year.

This Report covers all the policies, actions and outcomes of the Armacell Group from April 2013 until March 2014 and is a voluntary framework.



Statement of Continued Support

"Since joining the UN Global Compact in 2006, the Armacell Group has been consciously supporting this initiative with its best efforts. We advise all our stakeholders to respect our self-commitment and encourage business associates to join the initiative.



Patrick Mathieu
CEO Armacell Group

When we look back on the year 2013, we see a mixed picture: while Europe continued to suffer under the debt crisis and the boom in the BRIC states (Brazil, Russia, India, China) gradually slowed down, the United States emerged from the recession and the economy recovered noticeably in Germany, too.

However, the general mood remains dampened by austerity programs and this is reflected in our business activities. At the same time, we are facing climate change and the growing need for energy worldwide.

In this difficult economic situation, we will continue to rely on our values, our high achievement potential and powers of innovation. We consider ourselves accountable - not only for our results, but also for the way we achieve these results.

Statement of Continued Support

As in previous years, our responsibility for sustainable development does not confine itself only to environmental issues. Environmental awareness is linked to occupational safety, product stewardship and corporate citizenship. Our COP report shows a range of varied activities with respect to human rights, labor standards, environmental protection and anti-corruption.

Today, Armacell has some 2,500 employees and manufactures products at 20 plants in 13 countries on four continents. We give our employees operational responsibility and expect them to develop and perform to the best of their talents. While we operate worldwide, taking ownership for local responsibilities is one of our core values and the basis for sustainable, profitable growth to ensure a positive impact on the communities we are located in.

We clearly understand the importance of all ten of the Compact's fundamental principles and will further strive to initiate appropriate actions to achieve a sustainable and ethical development of our business."



Patrick Mathieu

CEO Armacell Group

Introduction to the Armacell Group

Armacell, the successor company to Armstrong World Industries' insulation products division, was founded in 2000 following a management buyout. As an independent company with financially strong investors, Armacell is expanding into new markets. In addition to strengthening its position as global leader in the market of technical insulation materials the company has successfully tapped into new fields of business, such as manufacturing and marketing foam plastics for a wide variety of applications.

In 2013, Armacell found a new financial partner for its growth-oriented business strategy in British investors Charterhouse Capital Partners. Armacell International Holding GmbH, the holding organisation for companies and sales offices operating worldwide, is based in Muenster, Germany.

Today, Armacell has some 2,500 employees and manufactures products at 20 plants in 13 countries on four continents. In 2013, the company generated a gross annual turnover of 500 million euros. With production facilities in China, Thailand, India, Brazil, Saudi Arabia and now South Korea, Armacell opened up new geographical markets early on. In markets where Armacell does not have its own factories, sales offices and distributors complete a broad sales network that is unique in the industry.

Introduction to the Armacell Group

Armacell is a dynamic, flexible company whose maxim is to guarantee customer satisfaction and quality throughout all its corporate divisions. The company has the expertise and the resources to master tomorrow's challenges. The potential of its employees is a driving force behind the company's success. Their experience, commitment and innovative thinking have made Armaflex the brand it is today.

For Armacell, fostering the development of employees and their skills is part of its corporate responsibility and one of the company's highest priorities. Armacell has been making a contribution to sustainable growth for decades through innovations in the field of energy efficiency.

Throughout it all, Armacell will continue to stand for what has characterized the company for 100 years: being partners to its business associates, technical excellence and sustainable business development.

For further information please visit www.armacell.com

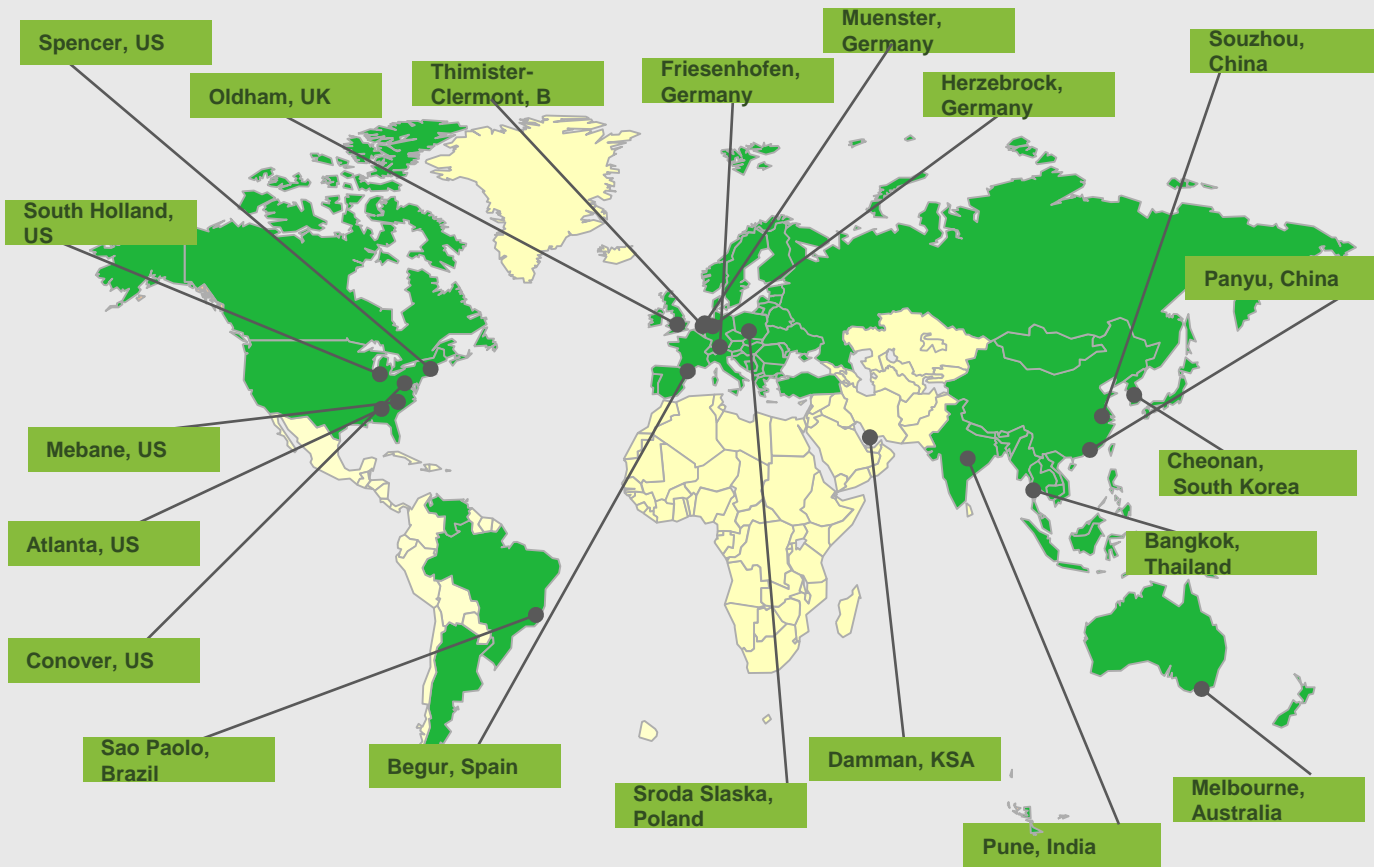


The headquarters in Muenster, Germany



Tube line at the Muenster plant

Manufacturing facilities worldwide



A truly global operation with 20 plants in 13 countries on 4 continents

The 10 Principles of the UN Global Compact

Human Rights

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.

Labor

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.

Environment

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.

Anti- Corruption

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

Principles 1 and 2

- 1 | Businesses should support and respect the protection of internationally proclaimed human rights;
- 2 | and make sure that they are not complicit in human rights abuses

Policies

- Armacell protects and respects international human rights.
- Commitment and integrity are two of the core company values.
- These values and our concept of ethically and legally responsible behavior are described in our Code of Conduct, which was renewed in September 2012 and acknowledged by all Armacell employees at the beginning of 2013. When signing their working contract, all new Armacell employees undertake to follow the Code of Conduct.

<http://www.armacell.com/WWW/armacell/INETArmacell.nsf/standard/F24C2B8D33873675C125794F00479C79>

- Since 2006, we openly support the UN Global Compact in communications with our business partners and the general public.
- The Global Compact principles are publicly supported on our website, in speeches, in the press, in product brochures and in contact with customers and suppliers, worldwide.

<http://www.armacell.com/WWW/armacell/INETArmacell.nsf/standard/6A4FF7D89467FE2D80257700005C4B90>

Principles 1 and 2

- The endorsement of the UN Global Compact has been incorporated into our supplier assessments. Since October 2009, every new supplier has been asked to respect the Global Compact's ten principles.
- Armacell's Global Compact commitments are incorporated into several company presentations (shown to the general public, customers, suppliers and other stakeholders).
- The Global Compact "We support" logo is used on all our stationery.
- Bulletins and regularly updated news about the Global Compact are published on the intranet as well as in our printed employee and customer magazines.
- Global Compact contact persons, who report on related local activities, are appointed in all geographical zones.
- A financial contribution to the "Stiftung Deutsches Global Compact Netzwerk" was initiated in February 2014.

Actions and Outcomes

- Our employees support the principles in their day-to-day business life.
- As in previous years, Armacell has not been subject to any investigations, legal cases or incidents involving human rights violations.

Principles 1 and 2

- Armacell emphasizes the social dimension of sustainability amongst its management and employees with many local good citizenship projects supported worldwide, i.e. projects which help the local communities in which Armacell operates.
- Regular donations in-kind for schools, hospitals, sports clubs and facilities for the handicapped in many plants worldwide, e.g.:

Muenster (Germany) in January 2014 a donation of EUR 4,000 was made to the charity “Aktion Kleiner Prinz”. This was raised by the lottery at the Christmas party in Muenster.

www.aktion-kleiner-prinz.de



Klaus Chmiel, Vice Chairman of the charity “Aktion Kleiner Prinz” thanked Armacell for the donation: “We support projects for children in need throughout the world. Our programs range from immediate aid, for example for children on the Philippines who are threatened by famine after typhoon Haiyan, to long-term commitments in many of the world’s conflict areas. The latter include projects on the Balkans, humanitarian operations in Africa and Asia and support for needy children in Germany. It is very important to us to have close personal contact to trustworthy local project partners. We work on a voluntary basis and administrative expenses are below 5%, i.e. for every euro donated, 96 cents benefit a child.”

Principles 1 and 2

Navithanveli (Sri Lanka):

Ongoing involvement in World Vision programs - financial support and regular correspondence with 10 orphans/half-orphans (aged between 6 and 15) following the Tsunami in 2005.

Pune (India):

In February 2014, Armacell organized a blood donation camp with the help of a hospital.

Oldham (UK):

- Sponsorship contribution of EUR 6,000 per annum paid to local council for maintenance and upkeep of the community garden and underpass close to the Armacell facilities.
- Armacell UK employees donated over 50 toys to a Christmas toy appeal for a local children's charity.

France:

Donation to the European Lucodystroph Association (ELA) and, in June 2013, participation in the campaign "Shoes on to beat the disease": every employee counted his/her steps during the working day and at the end of the day, Armacell converted all steps into money, resulting in a donation of EUR 2,000.

<http://www.armacell.com/WWW/armacell/INETArmacell.nsf/standard/5671C394D374A7F7C1257B980050CB3A>



Principles 1 and 2

Pfaffnau (Switzerland): Armacell supports teenagers in the Pfaffnau bicycle club with a donation of Fr. 1,000.

Panyu (China): Armacell organizes activities among Armacell colleagues to visit elderly people in Panyu Shilou Rest Home (on every Women's Day, March 8).

Sao Paulo (Brazil):

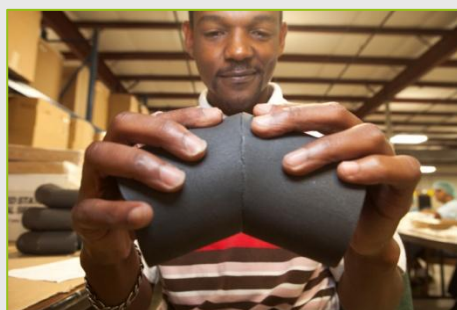
- Over the past ten years, Armacell Brazil has donated thousands of balls, dolls and toys to children from the Armacell neighborhood. This has become a tradition and it is a pleasure to see some of the children growing up healthily and happily after all these years.



- Donation of R\$ 1,200 to APAE - Parents of Special Children's Association (Association of parents and friends of persons with intellectual disabilities) in Pandamonhangba.

Principles 1 and 2

- Co-operation with non-profit organizations
 - **Mebane (USA):** Armacell LLC partners with a non-profit community rehabilitation organization, OE Enterprises (Hillsborough, NC, www.oeenterprises.org), in the fabrication of insulation covers for irregularly shaped components.
 - OE Enterprises offers individualized services to adults with disabilities or socio-economic disadvantages, providing vocational training and job placement and in turn helping them gain independence.
 - By partnering with companies like Armacell, OE Enterprises creates jobs in their own facilities as well as placing workers in positions with other employers in the community.
 - Since 2008, OE Enterprises has been making Armaflex pre-fabricated fittings, gluing laminates to insulation sheets, applying self-seal adhesive strips and other value-added product options.



Principle 3

3| Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Policies

- Armacell respects and protects employees' rights to engage in union activity and collective bargaining.
- The ILO Core Conventions are supported by Armacell, adhering to internationally recognized principles including labor standards.
- The corporate philosophy, the A.R.M.A. Way, provides all employees with guidance for their actions.
- Armacell places great emphasis on workplace safety.

Actions and Outcomes

- Worker/employee representative bodies (e.g. works councils) are established in most of our plants.
- Regular interaction between management and employees through various appropriate communication channels.
 - For example, in **Thailand** a welfare committee, composed of management and employee representatives meets six times a year.
- Additional safety regulations are in place worldwide.

Principle 3

- **The A.R.M.A. Way:** constant communication of this corporate philosophy, which was implemented in September 2012.
- In order to communicate the contents, all Armacell managers worldwide received the presentation “**From Vision to Action**” to help them present the A.R.M.A. Way to their employees.



Principle 3

- **A.R.M.A. Way Awards System:** to further support our philosophy of managing our activities as an organization in the A.R.M.A. Way, we launched new annual team awards, the A.R.M.A. Way Awards, in June 2013.
- Each of the four A.R.M.A. Way categories stands for one award. A nomination committee selects the winners and runners-up for each category. The winning teams receive the equivalent of EUR 2,500, the runners-up EUR 1,250. This money is to be used for furthering the activities of the project. In addition, a representative of each winning team is invited to travel to the ARMARIUM Days (annual higher Management meeting) to receive the award and present the project.



The response in 2013 was tremendous with 122 applications across all four areas. This made the job of choosing “the best” very difficult; there were a lot of projects and activities worthy of recognition. One of the award winners stated: “I feel very appreciated for what I do for Armacell”.

Principle 3

- In September 2011, Armacell introduced the **Systematic Personnel Development Process** with regular appraisal interviews at the headquarters in Muenster. In 2012, the system was rolled out step by step for all salaried employees worldwide in order to identify personal development needs and training requirements and define objectives for all participants in this process in a standardized way and related to the A.R.M.A. Way philosophy.
 - Introduction of the **Annual Performance & Development Review** in Americas, APAC, India in 2013 – this provides mutual feedback on the working relationship and serves as a development dialogue between managers and employees.
 - Armacell offers regular training sessions for employees and supervisors to help them prepare professionally for the review meeting.
- In 2012, the annual **People Review Conference** was implemented at the headquarters in Muenster for the first time. It will be rolled out in all three geographical areas (EMEA, Americas, APAC) in the first quarter of 2014.
 - This conference takes place once a year and goes top down to the third level.
 - Every manager presents the assessment and succession planning for his key positions / key employees to the group.

Principle 3

- The **Global President's Award** is the highest level of recognition provided by Armacell to an individual or a team which has achieved an extraordinary accomplishment or made a unique contribution to the overall mission and value of the company.
- The winning plants, Mebane and Muenster, received the equivalent of EUR 9,000. This sum has been used for furthering the activities of the project and/or financing supportive activities or equipment for the plant to drive the project forward.
- These plants were chosen to receive the 2013 Global President's Award due to their outstanding accomplishments in establishing a new safety culture at Armacell by involving all employees to a greater extent than ever before.
- This involvement had a direct impact on reducing the number of serious accidents in the respective facilities according to the overall safety goals achieved by the various initiatives at both plants throughout the year 2013.



Principle 3

- With the aim of making the company fit for the future, Armacell conducted a **Worldwide Employee Survey** for the first time in 2013. 82 % of the employees participated in this survey. After the publication of the results, various working groups were established. These working groups, consisting of employees from various departments, the managers of the divisions and representatives of the works council and human resources development, drew up concrete action plans on the basis of the results.
- In addition to the measures that have been or will be implemented autonomously by the individual departments, based on the action plans, several superordinate measures have been worked out based on the following three dimensions: “Respect and Recognition”, “Confidence in Leaders”, “Performance Management”.



The steering team Europe North discussing its action plans resulting from the employee survey

Principle 3

- Examples of measures which have been developed based on the three focussed dimensions resulting from the employee survey are:

- **Respect and Recognition**

- Collaboration with the “PME-Familienservice” in Muenster and Friesenhofen allowing professional, family and private life to be combined successfully.
 - In order to promote employees’ physical fitness and health, Armacell has partnered with the gym “Fitness First” in Muenster.
 - Planned Open Day 2014 at the plant in Muenster for staff and relatives.



- **Performance Management**

- Introduction of a plant bonus at the Muenster site and modification of the plant bonus in Friesenhofen.
 - Introduction of the individual agreement of objectives as a component of the bonus. This agreement of objectives is part of the Annual Performance and Development Review.
 - Acceleration and greater transparency of the employee suggestion system in Muenster.

Principle 3

■ Confidence in Leaders

- **Leadership@Armacell**, the internal qualification program for all leaders, was rolled out worldwide in 2013.
- The purpose of this program is to achieve a consistent understanding of leadership throughout the whole Armacell group.
- It is to be ensured that every leader – whether senior, middle or first line – is familiar with the Armacell foundations, the management routines and management tools.
- The leaders' mission is to develop a stimulating work environment where every employee successfully performs to the best of his/her abilities.
- The Leadership@Armacell training program introduces Armacell's guiding principles for performance management.



Principle 3

■ Health circle

- In 2013, Armacell set itself the goal of reducing factors which represent a health risk in the Logistics and Mixing Departments in Muenster by introducing a health circle. The company was supported in this undertaking by the IFGP (institute for health prevention).
- The IFGP visited the Logistics and Mixing Departments with its **Viafit Mobil** to provide advice on ergonomics. If employees wished, they could take advantage of a video-documented motion analysis and a check-up to assess their current level of mobility, strength and coordination. This then served as the basis for creating an individual training plan, which can be followed easily at work or in the employee's free-time.



Principle 3

- In 2013, Armacell launched the **Orientation Program** for its new employees in Muenster to provide them with an overall view of the company.
 - This program is held in a group on 1.5 days. Elements include a company presentation and an introduction to the main departments of the company.
 - In addition, all new employees take part in a plant tour and an Armacell product training session.
 - This orientation program facilitates new employees' start at Armacell, ensures a better understanding of all processes and helps them to develop their new function within the company. In addition, it enables the employees to build up their personal network.



Principle 4 and 5

4 | Businesses should uphold the elimination of all forms of forced and compulsory labor

5 | Businesses should uphold the effective abolition of child labor

Policies

- Armacell supports the ILO Core Conventions. It firmly dissociates itself from and will not do business with any organization which uses forced or child labor.

Actions and Outcomes

- Since the beginning of 2007, Armacell has initiated and rolled out a project covering its suppliers worldwide, informing them about our support of the UN Global Compact's ten fundamental principles.
 - In 2014, Armacell is going one step further and requiring its suppliers to sign documents confirming that they comply with the principles that call for eliminating all forms of forced and compulsory labor and abolishing child labor. The signature of the Armacell Supplier Code of Conduct will be part of the evaluation process organized by the Corporate Purchasing Department every two years.
- All employees are issued with a contract of employment which clearly states their terms and conditions including pay rates and overtime pay arrangements.

Principle 6

6| Businesses should uphold the elimination of discrimination in respect of employment and occupation

Policies

- Principle 6 is expressly included in Armacell's Code of Conduct.
- A range of HR Policies support best practice in terms of labor and employment including equal opportunities policy, appraisal procedure and flexible working policy:
 - Flexible working hours are offered where possible to facilitate work-life balance (see also actions and outcomes of principle 3, under "Respect and recognition" / page 22)
 - Continuous endeavors to respect and promote the principle of non-discrimination on all levels by our Human Resources Departments worldwide.
- Strict safety policy in place that is subject to continuous improvement. (See actions and outcomes of principle 3, under "Safety" / page 20)

Principle 6

Actions and Outcomes

- Only qualifications, skills and experience form the basis for recruitment, placement, training and advancement of staff at all levels.

Germany:

- At the headquarters in Muenster, Armacell pays for English language courses on different levels for all employees: 41 participants in 2012/2013, 37 participants in 2013/2014.
- A comprehensive training catalogue is published once a year by Human Resources offering employees basic courses on subjects such as Excel, presenting in English, communication, time management, etc.

Spain:

- Language classes in Portuguese, English, French and German
- Excel and Indesign courses
- Courses on personal skills
- Training in health and safety
- Technical sales workshop

India:

- Sponsored education of 5 employees in 2013

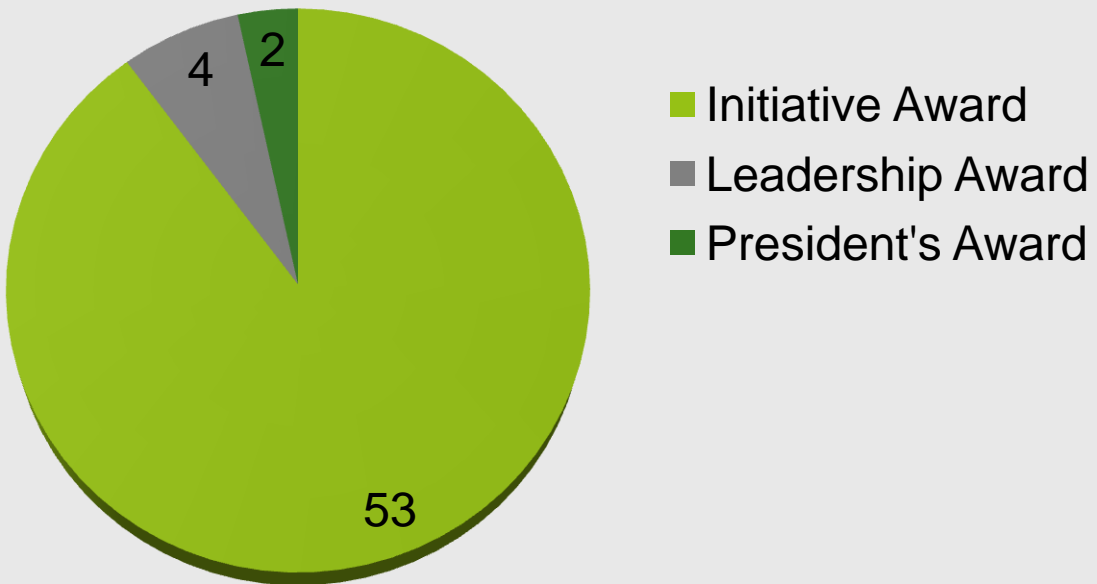


Principle 6

- Armacell places great emphasis on education and training:
 - In and around **Muenster (Germany)**: Organizing and sponsoring discussions, workshops and seminars for pupils and students, informing them about measures to reduce energy consumption.
 - 25 internships for pupils in 2013
 - As in previous years, regular events, especially for pupils, such as:
 - ✓ Berufsforum Drensteinfurt | Careers orientation event
 - ✓ „Berufsstartertag“ at Realschule Wolbeck | Carrying out interviews with the pupils of the secondary school Wolbeck
 - ✓ Day of action „Schule und dann?“ | Armacell invited pupils in grades 9 to 11 of different schools to an exciting day of action where they could try out our training facilities in the production and experience exciting tests in our laboratory
 - ✓ Girls Day | Armacell invited female pupils to the company for a day to present typically male professions
 - ✓ IHK-Azubi-Speed-Dating | With the slogan “10 minutes to an apprenticeship” pupils had the opportunity to present themselves to Armacell
 - ✓ Ausbildungsbörse at Ludwig-Erhard-Berufskolleg Münster | Careers orientation event
 - ✓ Betriebsrallye 2013 | Pupils took the opportunity to do a two-day internship at Armacell
 - ✓ BerufsOrientierungsMesse (BOM) in Warendorf | Careers orientation event
 - ✓ Information Event at Hauptschule Hiltrup | Within the framework of the project “Partnership – Schule und dann” Armacell informed pupils about all the apprenticeships offered by the company
 - ✓ Berufs-Informations-Börse in Nottuln | Careers orientation event
 - ✓ CoeMBO 2013 | Careers orientation event

Principle 6

- Global system of **Armacell Achievement Awards** in place which recognizes the efforts of every single employee regardless of position, race/ethnicity, country of origin or gender. The awards are presented just once a year and graded as **Initiative Award** (for outstanding effort that demonstrates initiative and inspires others to higher levels of productivity), **Leadership Award** (recognizing an achievement that is superior in its effort and specific contribution) and **President's Global Award** (for a unique contribution to the overall mission and value of the company / please see page 20).
- Number of Awards granted in 2013, worldwide:



Principle 6

- Commitment to providing a **safe work environment**:
 - Health and safety committees are appointed in all plants. Top management places great emphasis on safety, as reflected in this year's President's Award which rewarded safety initiatives.
 - The budget for safety initiatives increased significantly in 2013.
 - OHSAS 18001 certification for the plants in China (Panyu and Zhangjiaguang) and in India (Pune).
 - Many safety practices have been implemented in all our North American plants over the past few years with the aim of being certified as SHARP facilities; SHARP certification for Mebane and Atlanta in 2011, Conover and South Holland followed in 2013.
 - Regular briefings in safety at work for all employees; in many regular meetings safety is one of the first discussion points.
 - In Muenster (Germany) safety representatives are instructed on a regular basis by the professional organization for the industry (Berufsgenossenschaft Rohstoffe und chemische Industrie)
 - In Pune (India), Armacell organized a safety contest amongst the Armacell employees to increase awareness of safety.



Principle 6

- In 2012, the **World-class Armacell Mindset (WAM)** was launched. WAM is a continuous improvement program based on the Toyota manufacturing philosophy and methods (Kaizen, 5S, SMED, TPM etc)



- Armacell started with 4 pilot plants in 2013: Muenster (Germany), Sroda Slaska (Poland), Oldham (UK) and Panyu (China).
- Three further plants will follow in 2014: Mebane (USA), Pune (India) and Friesenhofen (Germany).
 - All employees at these plants have been invited/will be invited to kick-off meetings to gain preliminary insights into what WAM is and how it might effect their daily work.



Principle 7

7 | Businesses should support a precautionary approach to environmental challenges

Policies

- Environmental protection is an integral part of Armacell's business strategy.
- Environmental guidelines are in place in all our companies and manufacturing plants: all Armacell employees worldwide are obliged to behave responsibly towards the environment and conserve natural resources on and off the job.
- Armacell commits itself to manufacturing products which pose no threat to the environment.

Actions and Outcomes

- 18 out of 20 plants worldwide are ISO 9001 certified, 1 plant is TS16949 registered.
- Global Environmental Assessment for all 20 manufacturing sites.
 - Auditing of the largest plants and new facilities; telephone interviews, checklists etc. at all other plants, leading to site reports (see following page).

Principle 7

Independent environmental assessment

- At regular intervals, Armacell carries out environmental assessments at all its sites throughout the world. The environmentally relevant areas of all 20 Armacell plants were re-audited at the beginning of 2014.
- Armacell was supported in this complex undertaking by ERM (Environmental Resources Management), one of the world's leading sustainability consultancies.
- The audits covered all environmentally relevant topics and examined whether the individual sites comply with the legal requirements.
- Areas addressed included environmental management, permits, air emissions, water supply and waste water, hazardous material storage and handling, waste management, restricted substances, environmental nuisances, housekeeping, explosion protection provisions and soil and groundwater conditions at the sites.
- ERM confirmed that there are no material environmental issues at any of the Armacell plants. Further improvements recommended by the consultants have either already been implemented or will be realized in the medium term.



Principle 7

- Continuous research on **Life Cycle Assessment (LCA)** conducted for the first time in 2009 for the main elastomeric insulation product Armaflex using ISO 14040 methodology. The aim was to investigate systematically its environmental impact, based on data from all Armacell production facilities and markets worldwide.
- We are currently starting a project to determine and demonstrate the sustainability of our products. This includes creating a life cycle analysis and deriving environmental product declarations (EPDs) in accordance with European regulations (drawn up in Technical Committee 350 (TC 350)).
- The project began in March and will finish in September 2014. All European plants will be involved.



Principle 7

Pune (India)

- All non-organized discharge waste air is collected.
- The condensation units of the waste air treatment system were replaced to improve energy efficiency.
- A further water wash tower and activated carbon filters were installed to continuously reduce waste air odor levels in order to meet local standards.
- All hazardous waste is collected and transferred to a qualified contractor for disposal.

Germany

- **Muenster:** In 2013, we began to implement an energy management system according to DIN EN ISO 50001. Having taken stock of the current situation in 2013, energy saving measures are to be planned and implemented in 2014.
- **Friesenhofen:** An employee suggestions scheme was promoted; employees made suggestions regarding environmental issues and these were implemented (e.g. reducing oil consumption, reducing dangerous waste, various energy savings)

Oldham (UK)

- Printed materials are only sourced from sustainable suppliers within 15 miles of the plant in order to reduce the carbon footprint.

Principle 7

Thailand

- Armacell Thailand joined the Energy Saving Project scheme run by the Thailand Ministry of Energy. This scheme involves an annual environmental audit of the site by certified bodies.
- All production waste is managed and handled by a certified industrial waste management company.

Begur (Spain)

- Low consumption lighting was installed in the plant building.
- During 2013, the Begur plant saved 36,000 kW by implementing various measures to reduce energy consumption.
- An initiative to recycle the start-up scrap of the elastomeric production lines was started in 2013.

Principle 8

8 | Businesses should undertake initiatives to promote greater environmental responsibility

Policies

- Preserving and enhancing the quality of the environment around us is an integral part of the Armacell business strategy, explicitly stated in our Environmental Guidelines

<http://www.armacell.com/WWW/armacell/INETArmacell.nsf/standard/F26DF0CF83E1D686802576F0005F8BDB>

and in our Code of Conduct

<http://www.armacell.com/WWW/armacell/INETArmacell.nsf/standard/F24C2B8D33873675C125794F00479C79>

Actions and Outcomes

- Armacell actively supports appropriate associations to increase insulation standards for energy efficiency.
- Armacell has been providing CE-certified products since 2011 and was the first manufacturer of flexible pipe insulation to do so.
- Membership and active participation in US Green Building Council and in numerous other national organizations targeting renewable and green energy industries worldwide.



Principle 8

e.g. Armacell's involvement in associations in Europe North:

- CEFEP - European FEF and PEF interest group (Chair)
 - Topics: Clarification of details concerning dangerous substances and further development of the European product standards regarding the Construction Products Regulation
- Standardization work (on a national level on DIN committees; on a European level in CEN working groups)
- Strong involvement on the board of the GSH (European quality assurance association for thermal insulating products)
- In addition, Armacell is active in many other associations and technical working groups on a local level.
- Armacell is a founding member of the European Industrial Insulation Foundation (Eiif, www.eiif.org):
 - The aim: to raise awareness of energy-saving potential which can be realized through the optimal use of insulation, especially amongst industry and governments.

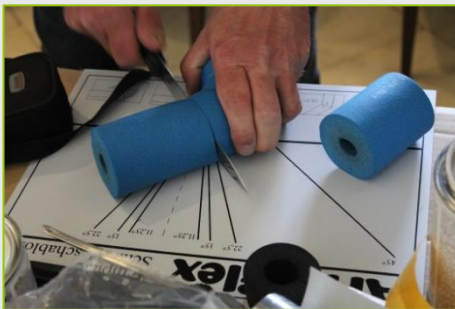


Oldham (UK):

- Rigorous audit process to check that the company meets the Building Confidence scheme's requirements in a number of key areas, including: product integrity, health and safety, environment and sustainability, ethics and values.

Principle 8

- Practical **training activities and seminars** on the professional installation of elastomeric insulation materials provided in many different locations worldwide; special emphasis laid on environmental aspects and on the correct installation of the flexible insulation material to ensure that no energy losses occur.
- In the training center at the company's headquarters in Muenster (Germany) 40 seminars were held for insulation contractors, specifiers, engineers, installers, trainees, construction supervisors, etc.
- Furthermore, in Europe North approx. 120 seminars were held in schools and 350 companies were trained in workshops .



Principle 9

9 | Businesses should encourage the development and diffusion of environmentally friendly technologies

Policies

- Armacell implemented a worldwide R&D strategy based on the principles of sustainability and environmental protection with specific research aims, including constant further development of product formulations that pose no threat to the environment.

Actions and Outcomes

- Following the development of formulations for the worldwide substitution of the widespread brominated flame-retardant agent decabrom-diphenylether (deca-BDE), which has been under discussion in recent years due to its negative environmental impact, deca was substituted step by step.
- Developing elastomeric foams with excellent fire behavior but without brominated flame retardants and antimony trioxide which are suspected of being potentially carcinogenic for humans. Developing formulations without MCCPs (as plasticizer).
- Further lowering the thermal conductivity of elastomerics and PET materials through new developments which will result in significant savings in terms of material consumption and in energy savings for the user.

Principle 9

Zero waste generation products for high-quality noise control:

- Product developments such as ArmaSound with the effect of zero waste generation: trim material that cannot be re-worked back into the process may be re-engineered into a high-performance acoustic foam, resulting in a win-win scenario for the environment and our customers.
 - Unlike in the past, ArmaSound is now produced not only in Oldham (UK), but also in Muenster (Germany), Panyu & Suzhou (China), Damman (Saudi Arabia), Pune (India) and Cheonan (Thailand).
- Re-using waste materials reduces the impact of disposal, while at the same time offering a solution for noise pollution.
- Acoustic insulation is an important attribute of living comfort today.
- Sounds that were not perceived as annoying, but accepted in multi-family houses twenty or thirty years ago are today regarded as 'unacceptable disturbance' and lead to problems between residents.
- Effective acoustic insulation measures such as Armacell's noise control products minimize noise at the source, increasing both the living comfort and the value of the property.



Principle 9

Further recycling initiatives :

■ Friesenhofen (Germany):

- 100% of the PVC-waste is recycled and re-used.
- 100% of the metal scrap is recycled.
- First initiatives for the implementation of ISO 50000 (energy management) have been undertaken; certification is planned for 2014.

■ Panyu (China):

- Energy savings on chilled water lines.
- Mixer seal oil is recycled.
- 80% of waste is recycled to produce other products.



Principle 9

New environment friendly products in 2013:

The first solvent-free adhesives for installing elastomeric insulation materials: **Armaflex SF990 and Armaflex Ultima SF990**

- The use of environment- and health-friendly materials is becoming more and more important in the construction industry.
- With Armaflex SF990 and Armaflex Ultima SF990 Armacell is the first manufacturer to offer solvent-free adhesives that have been specially developed to meet the ever-increasing requirements of green building schemes.
- The water-based dispersion adhesives are odorless and do not release harmful solvents while being applied. Furthermore, unlike classic contact adhesives, there is no danger of combustion or explosion and so they are not subject to transport restrictions.



Principle 10

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

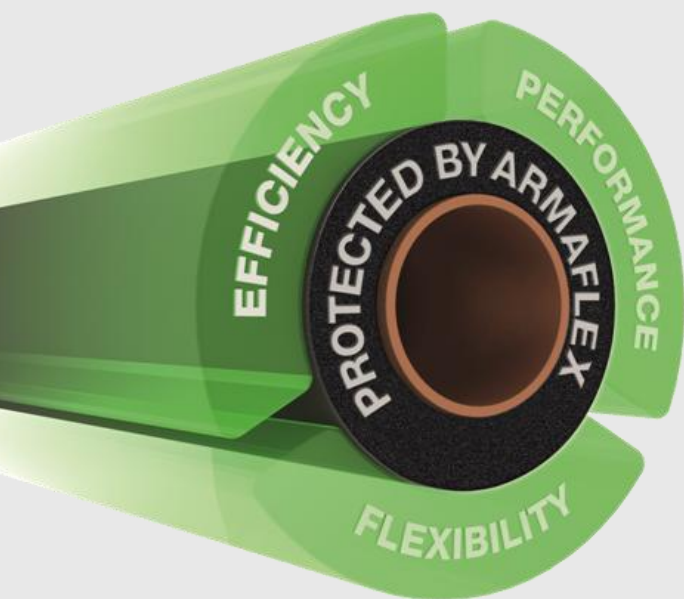
Policies

- A specific Armacell Code of Conduct was adapted to the new corporate values and published in September 2012.
- Explicit statement to emphasize Principle 10 of the UN Global Compact based on our five company values: customer experience, commitment, empowerment and accountability, sustainability, and integrity.
- The Code of Conduct describes how our values are implemented in practice. It defines the rules for our daily work, both internally and externally.
- The value Integrity forms the largest part of the Code of Conduct.
- Our managers are expected to lead by example, to drive a culture as set out by our values and Code of Conduct.

Principle 10

Actions and Outcomes

- When introducing the Armacell **Code of Conduct**, our CEO wrote a Bulletin published on our intranet and, in addition, sent to all our locations to be printed out and displayed on all notice boards.
- Posters (“Our Values” and “A.R.M.A. Way”) referring to the Code of Conduct hang in all Armacell premises worldwide.
- The Code of Conduct was translated into the languages of all the countries where Armacell has a plant and a letter of acknowledgment had to be signed by every employee worldwide by the end of the year 2013.
- A brochure was prepared which is presented to new employees at all locations worldwide when they join the company. Every new employee is asked to commit to the Code of Contact when signing his/her working contract.
- In 2013, Armacell’s Corporate Legal Department, with the support of external lawyers, organized three **training events on compliance**.
 - The European top management team was invited (60 people).
 - The aim was to inform the participants about the statutory regulations and increase their awareness of the issue. Training material was prepared and distributed and participants were asked to sign a letter of compliance.
 - Further training sessions are planned in 2014.



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