

UNITED NATIONS GLOBAL COMPACT

ARMACELL'S COMMUNICATION ON PROGRESS REPORT 2015



 **armacell**

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About this Report

Reporting to stakeholders in a transparent and public manner is fundamental for Armacell. To demonstrate our company's commitment, Armacell has been a member of the UN Global Compact since 2006, consciously supporting this initiative with our best efforts and advising all stakeholders to respect our self-commitment. Our annual Communication on Progress Report is a key component of our commitment to the UN Global Compact. This Communication on Progress Report covers all policies, actions and outcomes of Armacell from April 2015 to March 2016 and is a voluntary framework.

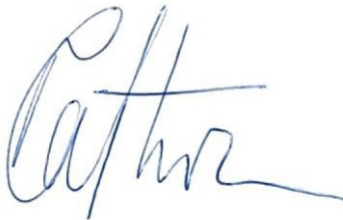
The UN Global Compact is a strategic initiative for Armacell. We are committed to aligning our operations and strategies to the Ten Principles proclaimed within it, in the areas of Human Rights, Labour, Environment and Anti-Corruption. In all areas of business, Armacell is bound to its corporate responsibility towards its employees, the environment and the communities we operate in.

Statement of Continued Support

I am pleased to reaffirm Armacell's support of the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Our Communication on Progress Report 2015 describes a wide range of actions taken by Armacell to continue to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders.

Armacell has been supporting the Ten Principles of the UN Global Compact since 2006. Our corporate responsibility for sustainable development goes beyond environmental topics. We regard our accountability to be linked to occupational safety, product stewardship and corporate citizenship.

With our full commitment to the Ten Principles of the UN Global Compact we will continue to initiate appropriate actions to achieve a sustainable and ethical development of our business.

A handwritten signature in blue ink, appearing to read "P. Mathieu".

Patrick Mathieu

President and CEO of Armacell



About Armacell

General Facts and Portfolio

Armacell is a world leader in flexible insulation foams for the equipment insulation market and also a leading provider of engineered foams. Equipment Insulation is an international growth market driven by global megatrends such as a rising need for energy efficiency and urbanization. Armacell's advanced products are used to insulate equipment in both new construction and refurbishment projects and its end markets continue to grow - primarily due to the increasing substitution of other insulation materials and increasing penetration in certain geographies.

In addition to the conventional thermal insulation properties of Armacell's high-performance materials, the company today offers a wide range of products across a variety of end markets which also utilize other key product characteristics including its lightness, elasticity, resistance to water, fire protection and acoustic properties amongst others.

Today, the company employs approx. 2,800 individuals across the entire world and operates 23 production sites in 16 countries on four continents.

Armacell's history dates back to the year 2000. In the millennium year, Armacell was founded as the successor company to the insulation division of Armstrong World Industries as part of a leveraged management buyout.

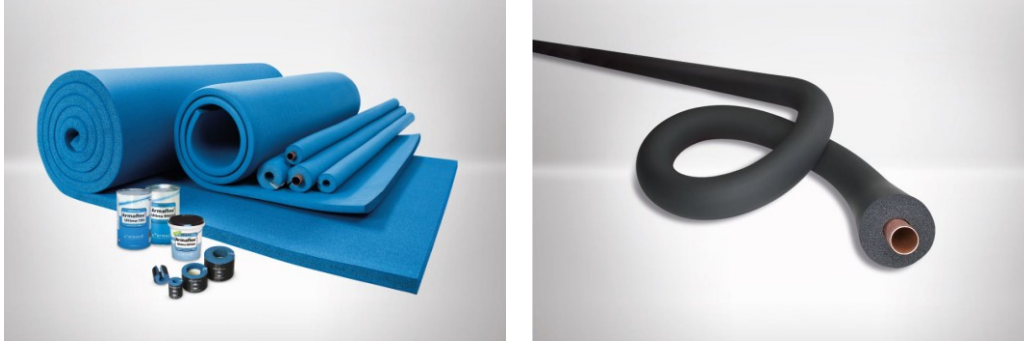
In all important regions, Armacell has a leading market position. Today, we sell the products and solutions for approximately every second insulation project in the world.

In 1954, the pioneering company invented Armaflex, the first flexible insulation product. In doing so, it established a new branch of industry – flexible technical insulation – that it has been shaping ever since. Armaflex is now the world's best known brand for flexible technical insulation and the brand name has become a synonym for flexible foam insulation in the building materials industry.

Armacell's global activities are bundled within two business areas: Advanced Insulation and Engineered Foams.

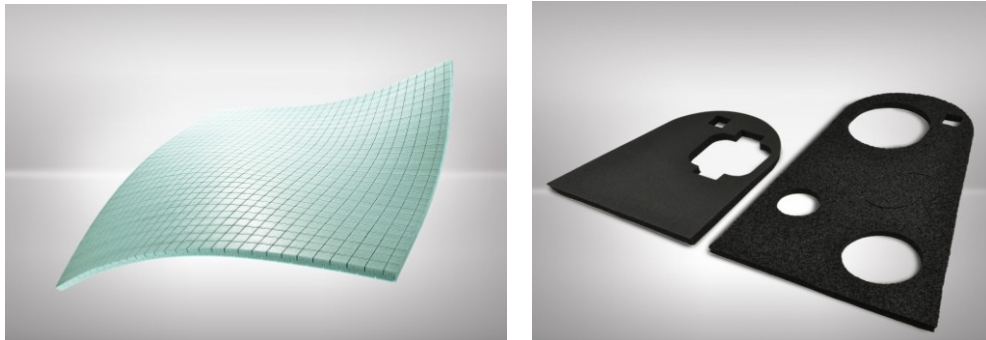
Advanced Insulation

In its Advanced Insulation division, flexible foams for the insulation of technical equipment are developed and marketed. Examples of how these products are utilized include the insulation of heating, cooling, and air-conditioning systems in commercial and residential properties, on process pipelines in industrial applications, in transportation and in the oil and gas industry.



Engineered Foams

The Engineered Foams division develops and markets technical foams for applications in various end markets such as wind energy, the automotive industry, the leisure industry, transportation, and other industrial sectors.



We develop flexible insulation foams and light foams for markets where energy distribution is required. Optimal technical insulation is the simplest, fastest and most cost-effective measure for increasing energy efficiency in commercial and residential buildings, in industrial applications and in the oil and gas industry. Armacell offers solutions to make the transport of energy more efficient, reduce greenhouse gas emissions and tackle the climate challenges of the 21st century. For more information about Armacell, visit www.armacell.com or www.armacell.com/insulationiskey

Mission, Vision, Values

Dedicated and highly engaged employees are Armacell's greatest asset. In an increasingly complex global environment, a clear mission, a convincing vision and shared values that are anchored in a corporate culture provide important guidance and a solid basis for business success. At Armacell, they form the foundation for the professional conduct of each individual employee and for the relationships to Armacell's business partners. Our customers benefit from the high quality of Armacell products and from working with our employees, who are committed and take responsibility for their work.

Mission - Why we exist

As the inventors of flexible elastomeric foams for insulation, we focus on developing safe, innovative thermal, acoustic and mechanical solutions and systems that create value for our customers in a sustainable way.

Vision - What we want to be

We want to be the global leader in flexible insulation foams that provides value by continually innovating products and systems to improve thermal, acoustic and mechanical efficiency in all targeted applications.



We do it in the A.R.M.A. Way:

Appreciate our customers

Raise our efficiency

Manage our cash

Act to empower our employees

Corporate Values



Customer Experience

We create a positive customer-focused culture. Customers value the Armacell experience and continuous business relationship.



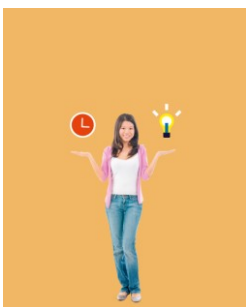
Commitment

We are committed to developing and motivating our people, nurturing their talents and developing new skills. We build strong teams to support our company's performance. The safety of our employees is the company's top priority.



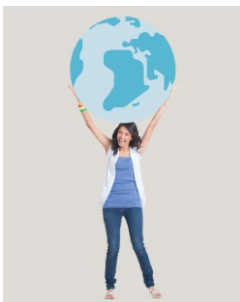
Empowerment and Accountability

We give our employees operational responsibility and expect them to develop and perform to the best of their talents. The basis for interaction between employees is mutual respect and trust.



Integrity

Our employees must be aware of and comply with rules and regulations, wherever in the world they are working. Still, integrity goes even deeper than that. It is about doing the right things in the right way, as individuals and as a company. Ethical and responsible conduct is fundamental to the way we do business. Armacell is a company that can be trusted.



Sustainability

We are focused on sustainable, profitable growth by the developing and manufacturing of our products to ensure a positive impact on our community. We contribute to sustainable growth by innovating in thermal and acoustic efficiency.

Global Initiatives and Alliances

Ethical and responsible conduct is fundamental to the way we do business. Our global initiatives and alliances speak for our accountability and commitment for a better and cleaner future.

EuroACE

Armacell is a proud member of the European Alliance for Companies for Energy Efficiency in Buildings (EuroACE). The mission of EuroACE is to work together with the European institutions to help Europe move towards a more efficient use of energy in buildings. www.euroace.org



REC

Armacell is a proud member of the Renovate Europe Campaign (REC), launched in 2011. REC is an initiative of EuroACE. It is the only EU-wide campaign that focuses exclusively on ambitious renovation of the building stock in the EU. www.renovate-europe.eu



CEFEP

Armacell is a founding member of the European FEF and PEF Interest Group (CEFEP). CEFEP is a syndicate for the providers of technical insulation. As a mouthpiece for the industry the group intends to communicate the benefits of its products to the European market, regardless of the manufacturer. www.cefep.net



Eiif

Armacell is a founding member of the European Industrial Insulation Foundation (Eiif). As a neutral and non-profit institution, it promotes insulation as a top-of-mind method of enhancing sustainability and profitability. www.eiif.org



LEED USGBC

Armacell is a proud member of the U.S. Green Building Council (USGBC). The USGBC is committed to transforming the way our buildings are designed, constructed and operated through LEED® (Leadership in Energy and Environmental Design). www.usgbc.org/



UN Global Compact

Communication on Progress Report 2015

The UN Global Compact's Ten Principles of the UN Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.

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.

Labour

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; 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.

Human Rights – Communication on Progress

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.

Relevance of “Human Rights” for Armacell

Armacell supports and respects the protection of the internationally proclaimed human rights and is not complicit in any human rights abuses. Our employees support the Ten Principles of the UN Global Compact 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.

Armacell supports the **Universal Declaration of Human Rights** (UDHR) drafted as a milestone document in the history of human rights. Set up by representatives with different legal and cultural backgrounds from all regions of the world, the UDHR was proclaimed by the UN General Assembly in Paris on 10 December 1948. It sets out, fundamental human rights to be universally protected.¹

Armacell has established the **Armacell Code of Conduct** in 2012 in order to show its commitment to respect and protect the UDHR. The Armacell Code of Conduct is valid throughout the Armacell Group and defines the rules for our daily work both internally and externally, for behaving legally and honestly towards all stakeholders and for putting the company's interests before any personal concerns. The Armacell Code of Conduct has been published in a revised edition in January 2016.²

Armacell has established the **Armacell Corporate Values** in 2012 which aim to provide orientation and a sound basis for business success in an increasingly complex global environment. The Armacell Corporate Values form a sound basis for working together with colleagues, business partners and the general public. They apply to all business fields, markets and countries in which Armacell operates. A revised corporate design has been created during 2015 and shared with all employees worldwide to further enhance the perception of and commitment to the commonly shared values.³

¹ <http://www.un.org/en/universal-declaration-human-rights/>

² http://corporate.armacell.com/fileadmin/cms/corporate/en/about-armacell/Armacell_Code_of_Conduct_English_2016.pdf

³ <http://corporate.armacell.com/en/about-armacell/values/>

Armacell openly supports the **UN Global Compact** since 2006 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.
- Armacell's Global Compact commitments are incorporated into several company presentations (shown to the general public, customers, suppliers and other stakeholders).
- 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.
- 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 Ten Principles of the UN Global Compact.
- A financial contribution to the UN Global Compact has been made in January 2016.

Armacell offers financial support to the **World Vision** program since the Tsunami in 2005 and accompanies 6 orphaned children and youngsters from Navithanveli in Sri Lanka to make their way through school. In the past, Armacell supported 10 children of whom four have now reached an age, at which they do not need further support. Thanks to Armacell's commitment and the excellent cooperation with local project workers and the inhabitants themselves, a great deal has been achieved over the past years. World Vision will withdraw from the project within the next four years and therefore especially supports all local initiatives for self-help. The focus for 2015 was in the following areas:

- Support for those who set up their own small business, all types of training, also especially for women
- Improvement of teaching quality with intensive training courses for teachers
- Involvement of parents in raising money for school facilities
- Reduction in the number of children suffering from malnutrition with nutritional consulting for pregnant women and their babies
- Improved health care including health consulting for prevention of diseases

Company Examples

Our employees make a difference around the world. As a company with a global footprint, we see it as our responsibility to support local good citizenship projects. The following are some examples of community engagement projects of Armacell during 2015.



Armacell in Conover in the USA engages with its community and helps to build a local playground for children. We thank our colleagues for their service and engagement with their community.



Armacell in Korea engages with its community and distributes basic supplies to elderly people who live alone or are disabled. We thank our colleagues for their service and engagement with their community.



Armacell in Muenster in Germany supports the charity "Aktion Kleiner Prinz" with donations of clothing and shoes for underprivileged children. We thank our colleagues for their service and engagement with their community.



Armacell employees in the USA participated in the annual "Triangle Heart Walk" and raised over USD 4,279 for the American Heart Association. We thank our colleagues for their service and engagement with their community.



Armacell in Mebane in the USA supports the breast cancer charity "Pink Ribbon Fund". Armacell employees raised 700\$ for the charity.



Armacell in India supports the orphanage "Maher". Our employees donated 1,500\$ of useful items like clothes, toys, and books for sponsoring girl education to the orphanage. We thank our colleagues for their service and engagement with their community.

to help breast cancer patients. We thank our colleagues for their service and engagement with their community



Armacell in France wears a pedometer for a full day in September, converting steps into a donation for ELA, the European Leukodystrophy Association. We thank our colleagues for their service and engagement with their community.



Armacell in Guangzhou, China engages with its community and visits a local elderly home in every International Women's Day. They share their gifts and happiness with the elders. We thank our colleagues for their service and engagement with their community.



Armacell in Guangzhou, China engages with its community and donates books for children who live in remote area. We thank our colleagues for their service and engagement with their community.

engagement with their community.



Armacell in Chapel Hill and Mebane, NC in the USA is happy to support "Toys For Tots". We thank our colleagues for their service and engagement with their community.



Armacell in Guangzhou, China engages with its community and takes part in the blood donation. We thank our colleagues for their service and engagement with their community.



Armacell in Guangzhou, China engages with its community and provide help and donations for our colleague who suffered the traffic accident. We thank our colleagues for their dedication and engagement with their community.



Armacell in Suzhou, China plants trees on the road side and keeps watering and fertilizing for the trees. We thank our colleagues for their service and engagement with environmental protecting.



Armacell in UK raised £2,500 for the local charity Dr Kershaw's Hospice by holding a prize draw raffle and from a roulette table game. We also contributed a further £500 to the hospice by placing adverts in their diary and hospice guide books that they sell at the hospice to raise funds.



Armacell in UK entered the annual Race for Life charity run at Heaton Park and Manchester to Blackpool Bike Ride. Armacell raised a further £1,000 for Cancer Research UK and £1,000 for the MacMillan Nurses cancer charity respectively.



Armacell in UK gave a special award at the Global Armacell Day to Kathy Salt for her fund raising activities with local church St Thomas Church in Moorside. Over the last 15 years she has raised £30,000 for local good causes! £15,000 have also been raised for the Barnados and Marie Curie charities through monthly employee salary contributions over the last 15 years.

Labour – Communication on Progress

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; and

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

Relevance of “Labour” for Armacell

Armacell upholds the freedom of association and the effective recognition of the right to collective bargaining. We uphold the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect to employment and occupation. Armacell firmly dissociates itself from and will not do business with any organization which upholds forced labour or child labour.

Armacell supports the internationally recognized labour rights promoted by the **International Labour Organization** (ILO), which aims to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues.⁴

Armacell has established the corporate philosophy, the **A.R.M.A. Way**, in 2012 to provide all employees with guidance for their actions. The A.R.M.A. Way is based on the following core principles: Appreciate our customers, Raise our efficiency, Manage our cash, Act to empower our employees. To further support our philosophy of managing our activities as an organization in the A.R.M.A. Way, our annual global team awards, the “A.R.M.A. Way Awards”, are rewarding outstanding performance in the mentioned four categories.

Armacell has established the **Worldclass Armacell Mindset** (WAM) program to continuously improve the performance and cost competitiveness of Armacell in a constructive way, by challenging the way we think, work and operate. The WAM program is structured on two main areas: WAM Manufacturing and WAM Sales and Marketing (WAM SME). **WAM Manufacturing** describes the way how our Armacell plants strive for a safe and healthy working environment, for a quality product delivered to our customers and for a continuous improvement of performance. WAM Manufacturing is organized around 12 technical pillars, impacting people, processes and tools. **WAM SME** supports

⁴ <http://www.ilo.org/global/about-the-ilo/lang--en/index.htm>

our global Sales & Marketing force in striving for excellence to achieve top line growth and the highest standard possible for our Industry. It is organized around 9 technical pillars, impacting people, processes and tools. Multiple internal trainings have been performed to explain the WAM and WAM SME programs to our employees within all departments.

- Armacell in India in the Pune plant underwent its 1st World-Class Armacell Mindset (WAM) audit on 3rd & 4th March 2016. The audit team was led by Mr. Patrick Mathieu (CEO, Armacell Group). Preparations for the WAM audit had been initiated since September 2015 when the WAM program was kicked off at the India plant. The WAM pillars were identified and structured for distribution of activities across the teams. Out of 12 pillars designed, 10 pillars underwent the WAM audit in the 1st phase. The other pillars would be included for audit in the 2nd phase scheduled in September 2016. Armacell India Pvt. Ltd. scored 8 in this Audit which is unprecedented till now since inception of WAM. None of the other plants which have undergone the WAM audit have been able to score more than 5 in their 1st audit. The result achieved is testimony of the cumulative efforts put in by the entire India plant in organising and implementing WAM across the processes and departments.

Armacell has introduced the **Global Round Table** where Patrick Mathieu, CEO of Armacell, meets with employees from the plants and administration in a relaxed atmosphere to discuss current topics and listen to their concerns. This communication tool has been implemented in the regional headquarter of the business region EMEA and is aimed to be rolled out on a global scale.

Armacell has launched the **Leadership@Armacell** program for all leaders worldwide to set the foundations for a shared managerial culture throughout the company. The success of an organization is strongly impacted by the manager's ability to lead the team to the expected outcome. That's why Armacell shapes qualified leaders, who enable the implementation of the company's strategy and the achievement of its targets. In 2015 Armacell has implemented a third element into its program, the "Empowering Leadership" step, to help leaders coach their employees to perform to the best of their abilities.

Armacell has established the **People Review Conference** in 2012 and rolled it out on a global level in 2014. This conference takes place on a yearly basis and is carried out top-down to the third level. Every manager presents the assessment and succession planning for his key employees to the group.

Armacell conducts the **Annual Performance & Development Reviews** (APDR) to identify personal development needs and training requirements and to define objectives for all participants in a standardized way, related to the A.R.M.A. Way philosophy. It gives managers and employees the opportunity to provide mutual feedback on the working relationship and engage in a development

dialogue. Armacell also offers regular training sessions for employees and supervisors to help them prepare for the reviews.

Armacell is launching the pilot program **Annual Feedback Review** for the manufacturing departments. The main target is to increase the level of capable operators within the plants. The program shall provide transparency about performance levels within the plants, take actions to increase these, evaluate the progress and improve communication to foster the feedback culture.

Armacell conducts biannual **Employee Surveys** to receive direct feedback from all our employees worldwide and evaluate their level of commitment. Based on the responses, we take steps to contribute to a better and more stimulating work environment for our employees. The employees' feedback on a variety of topics enables the management to make Armacell even more powerful.

Armacell is launching the e-learning module **Meet Armacell** to give new employees an orientation within the company and to provide all relevant information about Armacell. Videos, presentations and interactive elements are guiding the user through the Armacell culture. This e-learning course will also be provided to all interested employees within the company.

Armacell celebrated its 15th anniversary during the month of September 2015 and used the occasion of this significant milestone to launch a worldwide, annual initiative, the **Global Armacell Day**. With this globally recognized event, Armacell thanked its employees for their commitment and their work for the company. Furthermore, we celebrated our global Armacell family: no matter where in the world a colleague works for Armacell, we all share the same mission, vision and the same values.

Armacell recognizes employee accomplishments through the annual **Armacell Awards System** which plays a vital role in improving the relationship employees have with each other and with the organization. The Armacell Awards are designed for all employees worldwide and lay the foundation for an engaged working culture. The awards are clustered as follows: Achievements Awards (Initiative Award, Leadership Award and Global President's Award), as well as, the Making a Difference Award and the ArmaWay Awards in the categories: Appreciate our customers, Raise our efficiency, Manage our cash, Act to empower our employees. In 2015 Armacell has systematized the certification process by handing out winning certificates and consolation prizes for the teams.

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 Principles. Armacell will be going one step further by requiring its suppliers to sign documents confirming that they comply with the principles that call for eliminating all forms of forced and compulsory labour and abolishing child labour. The signature of the **Armacell Supplier Code of Conduct** is part of the evaluation process organized by the Corporate Purchasing Department every two years.

Company Examples

Dedicated and professional employees are Armacell's greatest asset. Armacell's highest priority for its employees is health and safety at work. All Armacell employees are entitled to work in environments where risks to their health and safety are properly controlled.

- The National Safety Week is observed every year in Armacell, Pune from 4th March to 11th March. It is observed to highlight the importance of safety in all spheres of life so that to prevent any mishaps and accidents resulting out of neglect or lack of awareness. The campaign is aimed at renewing the commitment of employees and general public to work safely throughout the year. The ultimate objective of the campaign is to ensure integration of Occupational Safety & Health in our work culture and life style. This year's theme for 2016 National Safety Week was: "Strengthen Safety Movement to Achieve Zero Harm". Safety Week – 2016 was celebrated at Armacell India with great dedication and enthusiasm. Safety badges were distributed to all the employees, contractuales and guests entering the premises on the 1st day itself. Later, Safety Pledge was taken by all the employees in the premises. Various awareness initiatives like training on plant safety, training on fire safety, first-aid training, inter-department competition on safety & 5s, safety poem competition, safety poster competition, safety slogan competition, safety quiz etc. were organized at the plant. The employees participated in the event enthusiastically and each competition received hordes of entries from all sections of the organization. The Safety Week concluded with prize distribution to all winners of the various competitions and appreciation for all participants.



Armacell in India celebrates the annual "Safety Week" to ensure integration of Occupational Safety & Health in our work culture and life style. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Atlanta in the USA surpassed 1 Million safe work hours in our Atlanta plant. This means over 13 years without an OSHA lost-time injury. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Friesenhofen in Germany celebrates 1,000 days without any accident. This means 3 years without reportable accidents. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Mebane in the USA receives the "Safety & Health Achievement Recognition Program" award. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Muenster in Germany carries out the WAM Health Check at the Muenster Plant. The plant showed its WAM progress to our CEO, Patrick Mathieu. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Muenster in Germany promotes a new health initiative for its production staff. Simple exercises should help the employees train their balance and increase their mobility. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Muenster provides an ergonomic training by specialized physiotherapists to its plant employees. Armacell cares about occupational safety and health of employees.



Be Active Challenge

The Be Active Challenge is a four-week individual challenge that encourages more daily physical activity.

You should try for moderate or vigorous activity each day, but any activity can improve health. To add activity to your day, take the stairs, park farther from your destination, and, when possible, walk instead of driving.

Challenge Sign-up:

- Log on to www.excellatarmacell.com
- Scroll down to the Challenges section
- Click Go to Challenges to display details around dates, challenge goals, disclaimers, and sign up for current challenges
- Click Sign Me Up to progress to the sign-up screen

Armacell in the USA started the "Wellness" program and periodically challenges everyone to think about healthier actions at home and in the workplace. The current one is the "Be Active" challenge.



Armacell in Guangzhou, China launches WAM internal trainer system to ensure all staff develops WAM skills within the company. We congratulate our internal trainers passing the certification and thank them for their engagement and contribution.



Armacell in Conover carries out the WAM Manufacturing Audit of our continuous improvement program. Employees show their progress to Management. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in China carries out the WAM Manufacturing Audit of our continuous improvement program. Employees show their progress to Management. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Poland carries out the WAM Manufacturing Audit of our continuous improvement program. Employees show their progress to Management. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Muenster in Germany carries out the WAM Manufacturing Audit of our continuous improvement program. Employees show their progress to Management. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in the UK carries out the WAM Manufacturing Audit of our continuous improvement program. Employees show their progress to Management. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Germany celebrates the "International Day of Women and Girls in Science" and supports science and gender equality and the valuable contribution of female scientists within our company. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in China and Singapore celebrates the "International Women's Day" and the social, economic, cultural and political achievements of women. The celebration marks a call to action for accelerating gender parity. We thank and congratulate our employees for their engagement and accomplishments.



Armacell holds the Global Round Table where Patrick Mathieu, CEO of Armacell, meets with employees from the plants to discuss current topics and listen to the employees. We thank and congratulate our employees for their engagement and accomplishments.



Armacell hands out the A.R.M.A.-Way Awards for the winning teams worldwide and lays the foundation for an engaged working culture. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Suzhou in China celebrates its first Global Armacell Day and comes closer to the global Armacell Family. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Turkey celebrates its first Global Armacell Day and comes closer to the global Armacell Family. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Canada celebrates its first Global Armacell Day and comes closer to the global Armacell Family. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in France celebrates its first Global Armacell Day and comes closer to the global Armacell Family. We thank and congratulate our employees for their engagement and accomplishments.



Armacell in Guangzhou, China celebrates the 15th birthday of the plant and blesses its wonderful future together. We thank our employees for their engagement and contribution to the plant.



Armacell in China provides a 5-day Leadership Training to all people managers to develop them as professional leaders. We thank our leaders for implementing the knowledge tools taught to grow their team and to meet our business needs.

Environmental Protection – Communication on Progress

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.

Relevance of “Environmental Protection” for Armacell

Armacell supports a precautionary approach to environmental challenges and undertakes initiatives to promote a greater environmental responsibility and develop and diffuse environmentally friendly technologies. Environmental guidelines are in place in all our companies and manufacturing plants. Armacell employees worldwide strive to behave responsibly towards the environment and seek to conserve natural resources on and off the job. Armacell commits itself to manufacturing products which pose no threat to the environment.

Armacell has certified 21 out of its 23 worldwide plants according to the **ISO 9001:2008** version of the International Organization for Standardization (ISO). The ISO 9001 is part of the ISO 9000 family of quality management systems standards which are designed to help organizations ensure that they meet the needs of customers and stakeholders while meeting statutory and regulatory requirements related to a product.⁵ Armacell Germany has received the Bureau Veritas Certification which certifies that the Management System of the organization has been assessed and found to be in accordance with the requirements of the standards detailed as follows: DIN EN ISO 9001:2008 / DIN EN ISO 14001:2009.

Armacell, together with one of the world’s leading sustainability consultancies, ERM (Environmental Resources Management), carried out **environmental assessments** at all its sites throughout the world. The audits covered environmentally relevant topics and examined whether the individual sites comply with the legal requirements. ERM confirmed that there are no material environmental issues at any of the Armacell plants. Further improvements recommended by the consultants have either been implemented or will be realized in the medium term. The areas audited 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.

⁵ https://en.wikipedia.org/wiki/ISO_9000

Armacell has carried out continuous research on the **life cycle assessment** for Armaflex, its main elastomeric insulation product, based on the ISO 14040 methodology, since it was first conducted in 2009. The aim was to systematically investigate its environmental impact, relying on data from all Armacell production facilities and markets worldwide. The outcome supports Armacell's precautionary approach to the environmental challenges of the 21st century:

- Energy balance: assuming an average service life of 20 years, 140 times more energy is saved through the use of Armaflex than is needed for its production, transport and disposal.
- The carbon footprint of the product: 150 times more CO₂ emissions are prevented over an average lifetime of 20 years than are emitted during production.
- In heating applications, where a service life of 30 years can be assumed, the eco-balance is even better: 270 times more energy is saved and 500 times more greenhouse gas emissions are prevented compared to production requirements.
- The pay-back time for energy input needed to produce Armaflex is just 50 days.

Armacell is the first manufacturer of flexible technical insulation materials to present **environmental product declarations** (EPDs) for its business regions EMEA⁶ and APAC⁷. EPDs are independently verified and registered documents that communicate transparent and comparable information about the life-cycle environmental impact of our Armaflex products. As a sustainability passport, EPDs form the basis for designing green buildings in accordance with certification schemes such as LEED, BREEAM or DGNB. A training module has been drafted and put into practice to train both our employees, as well as, our customers on the environmentally performing products. Furthermore we are working on EPDs for our Tubolit product family.

Armacell has received the label for new and refurbished **low-energy-consumption buildings** according to the Minergie ECO⁸ for some of its products. This label is mutually supported by the Swiss Confederation, the Swiss Cantons and the Principality of Liechtenstein along with Trade and Industry. Building to Minergie standards means providing high-grade, air-tight building envelopes and the continuous renewal of air in the building using an energy-efficient ventilation system.

Armacell supports the **Renovate Europe Campaign** (REC). The REC was initiated by the European Alliance of Companies for Energy Efficiency in Buildings (EuroACE). Its objective is to reduce energy consumption in the building stock in the EU by 80% compared to 2005 levels by 2050. The REC

⁶ <http://corporate.armacell.com/en/press-room/press-releases/detail/view/armacell-initiative-receives-recognition-from-ul-environment/>

⁷ <http://corporate.armacell.com/en/press-room/press-releases/detail/view/armacell-presents-environmental-product-declarations-epds-for-its-elastomeric-insulation-materials/>

⁸ <http://www.eco-bau.ch/index.cfm?Nav=27>

promotes the implementation of ambitious renovation strategies throughout Europe to triple the annual renovation rate for existing buildings in the EU from 1 % to 3 % by 2020.

Armacell has been awarded the **Ringier Technology Innovation Award** for its highly sustainable ArmaFORM® PET GR product group. ArmaFORM® PET GR is manufactured according to an energy- and resource-optimized production process: 100% re-use of material loss and no use of ozone-depleting HFH or CFC blowing agents. Furthermore the product is fully recyclable at its end of life.

Armacell has enhanced its Armafix pipe support. The system solution for preventing thermal bridging is now equipped with a load-bearing segment made of **environment-friendly PET**. The material consists of recycled PET bottles which are industrially foamed. PET is lightweight, has high mechanical strength in combination with residual flexibility and a maximum service life.

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. 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 four years ago already. We are developing elastomeric foams with excellent fire behavior but without brominated flame retardants and antimony trioxide which are suspected of being potentially carcinogenic for humans. In 2014 additional formulations without MCCPs (as a plasticizer) have been developed.

Armacell in Europe, Middle East and Africa (**EMEA**) communicates the following achievements:

- Dozens of product certificates have been renewed or prolonged in the last 12 months⁹
- New technical articles were written to inform readers about the benefits of insulation
- We started to work on a industry standard for the insulation of technical equipment for the Dutch market dealing with energy saving (product thickness definitions)
- We started working on the creation of BIM (building information modeling) objects for our products
- We continue to work on the revision of our product standards according to the CEN provisions
- We continue to cooperate with our industry in the CEFEP association
- New package solution for Tubolit Split and Tubolit DuoSplit: less package material, transport costs can be reduced by 20%.

⁹ <http://local.armacell.com/en/armacell-germany/downloads/>

- Armacell launches a new toolbox, providing all the tools and aids needed to install Armaflex professionally in a lightweight, yet robust, aluminum case. In addition to an extensive range of accessories and aids such as application manuals and installation videos, Armacell also holds numerous courses and workshops throughout Europe.
- Armacell has completely revised its technical calculation program ArmWin and for the first time also provides ArmWin for use on mobile devices such as smart phones. This tool can be used to carry out technical calculations in refrigeration, air-conditioning and heating and plumbing applications.
- The Armacell UK application training centre in Oldham has undergone a major overhaul. The room has been re-plastered and re-decorated with a new suspended ceiling, new LED lighting, new doors, new flooring and is complete with new demonstration training rigs including valves, bends, flanges, small and large diameter pipes and air ducts and vessels so that all types of HVAC-R application scenarios can be covered. Bronze, Silver and Gold level accredited training courses are offered depending on the requirements, from small bore pipe applications to large diameter pipework, ductwork and covering systems, encompassing specialist high and low temperature solutions for process and industrial insulation systems.
- DIN ISO 50001 certification (energy management) of German sites - to be added to ISO 9001 and 14001
- Armacell in Muenster passed the certification process according to DIN EN ISO 9001:2008 and is implementing the changed requirements of the DIN EN ISO 9001:2015. Other internal environmental and energy management auditors were trained and started their work.
- Since 2014, the locations Münster and Friesenhofen have introduced an energy management system according to DIN EN ISO 50001
- Armacell carried out the ERM process for another time in 2015: ERM considers the overall environmental risk posed to the site by operational issues and liabilities to be moderate considering the activities. There is no indication for widespread significant soil and groundwater impacts with material cost implication due to current or historic site activities at the site.
- Armacell in India in the Pune plant received a new fire sprinkler system in 2015. The planning and installation of the system was done phase-wise and the entire installation activity was completed in 3 months. The Fire Sprinkler System installed across the plant comprises of heat sensors for detection of change in ambient temperature in the sensor area. In case of fire, the heat travels upwards towards the sensor which activates the sprinkler system for the fire area. The water supply to the sprinkler system is through pumps tuned for automatic pressure sensing for change in pressure and adjust the rate of water to be pumped for

continuous water sprinkling at the fire area. Once the fire is doused, the fire sprinkler system can be manually switched off and reset. The fire sprinkler system has been installed across the plant which includes entire shopfloor area, lamination line, office area, logistics and warehouse.

- Armacell in UK replaced all office and factory lighting with LED fixtures that use only a tenth of the energy of traditional fittings.
- Armacell in UK can divert 200 tonnes of process waste during the ArmaSound production from landfill each year.

Armacell plant in Friesenhofen, Germany, achieved the following milestones during 2015:

- 100% of our PVC-waste is recycled and re-used
- 100% of our metal scrap is recycled
- Projects for scrap reduction in PVC and corrugated steel in 2015 led to planned results
- New product (VVS-Pipe Hanger) for warm water installations was developed in Friesenhofen (together with Münster); product to be sold from April 2016 on
- Pipe Hanger / product optimization: Polyurethane material replaced by eco-friendly PET (changed in 2015)

Company Examples

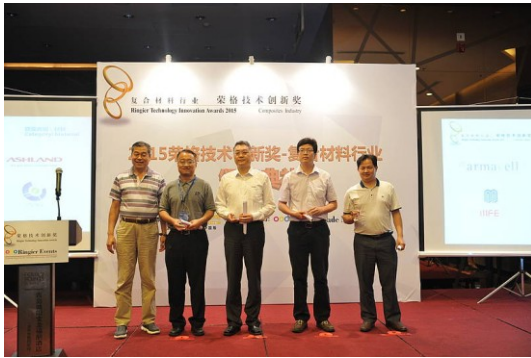
Armacell employees worldwide strive to behave responsibly towards the environment and seek to conserve natural resources on and off the job. Armacell commits itself to manufacturing products which pose no threat to the environment



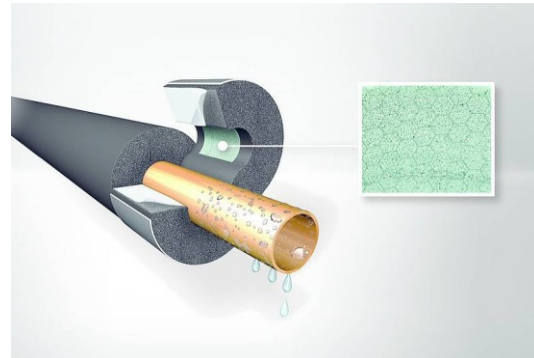
Armacell is the first manufacturer of flexible technical insulation to present environmental product declarations (EPDs) to provide a transparent, independent, reproducible analysis of the environmental impacts of its products.



Armacell supports the Renovate Europe Campaign (REC), the driving force for the renovation of the European building stock. The campaign calls on policy-makers to transpose EU legislation into national law, particularly the EU Energy Efficiency Directive and the Energy Performance of Buildings Directive (EPBD).



Armacell in APAC wins Ringier Technology Innovation Award for its ArmaFORM® PET GR which is a highly environmentally friendly product: cross-linked PVC foam releases 2 times the CO2 emission but stays non-recyclable, whilst ArmaFORM® PET GR still serves the next generation after proper recycling.



Armacell launches the new Armafix pipe support. The system solution for preventing thermal bridging is equipped with a load-bearing segment made of environment-friendly PET. The material consists of recycled PET bottles which are industrially foamed.



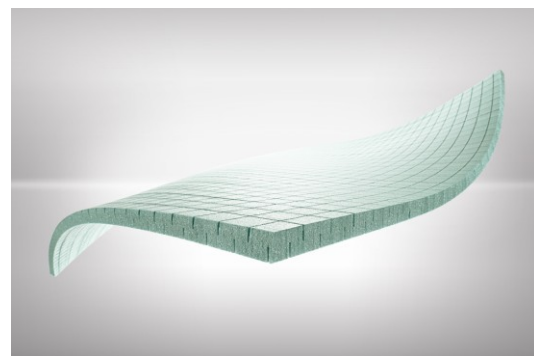
Armacell in France proudly sponsored the "National Competition of the Best Young Installer of Insulation" in Nantes, France, organized by the French National professional association for insulation contractors (SNI).



Armacell in Münster, Germany, invites Dr. Markus Pieper, member of the European Parliament (MEP) to discuss opinions on European policy issues and to show Armacell's active contribution to sustainability and energy efficiency.



Armacell in Germany, Friesenhofen, introduces a new model of energy saving measures. A small compressor for the night and Saturday operation was installed. With a maximum output of 10kWh the compressor brings in electricity savings of EUR 4,000 annually. Friesenhofen Plant is DIN EN ISO 14001 and ISO 50001-certified.



Armacell offers PET foams 100% made from post-consumer PET recycled beverage bottles. ArmaFORM® PET meets stringent technical requirements for composite materials and preserves the environment.



Armacell has launched the World's first closed cell insulation materials developed to offer greater fire safety for railway passenger vehicles. The Armaflex Rail family of products is the first to meet the Hazard Level 2 & 3 classifications according to EN 45545-2.



Armacell actively supports the launch of the new web portal of the CEFEP (European FEF and PEF Interest Group) making the know-how on technical insulation and its benefits for energy efficiency and savings accessible to a wide public.



Armacell in Münster, Germany shows how energy losses can be prevented if the insulation material is being applied properly. Armacell offers regular internal and external trainings and seminars to show the environmental aspects of correct installation techniques.



Armacell in Münster, Germany offers practical trainings on the professional installation of elastomeric insulation. Special emphasis is being placed on the environmental aspects and on the correct installation of the flexible insulation material to ensure that no energy losses occur.



Armacell in China introduced new product Armaflex DS in April of 2015. The product is certified as China national green construction material and got GREENGUARD gold certification for low chemical emissions.



Armacell in the USA has received the GREENGUARD Gold Certification which ensures that a product is acceptable for use in such environments as schools and healthcare facilities. Most of Armacell's insulation products are certified under this program and bear the GREENGUARD Gold Certification mark.

Anti-Corruption – Communication on Progress

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

Relevance of “Anti-Corruption” for Armacell

Armacell works against corruption in all its forms, including extortion and bribery. Armacell has established the **Armacell Code of Conduct** in 2012 in order to show its commitment to respect and protect Principle 10 of the UN Global Compact. The Armacell Code of Conduct is valid throughout the Armacell Group and defines the rules for our daily work both internally and externally, for behaving legally and honestly towards all stakeholders and for putting the company’s interests before any personal concerns. Our managers are expected to lead by example, to drive a culture as set out by our values and Code of Conduct.

- The Armacell Code of Conduct has been published in a revised edition in January 2016.¹⁰
- When introducing the Armacell Code of Conduct, our CEO wrote a Bulletin published on our intranet and also sent it 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.
- 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.

At the beginning of 2015, Armacell’s Corporate Legal & Compliance Department, with the support of external lawyers, organized **trainings on EU Competition Law Compliance**. The trainings have been held in the region EMEA for Sales Representatives, Purchase Managers as well as defined Marketing positions. Further trainings are planned for the year 2016 on the topic **EU Anti-Trust**.

Armacell is furthermore establishing an **Anti-Corruption Policy** for its company businesses worldwide. The policy is due to be finalized during the last quarters of 2016. Armacell is committed to applying the highest standards of ethical conduct and integrity in its business activities around the world. Each employee acting on Armacell's behalf is responsible for maintaining our reputation and for conducting company business honestly and professionally.

¹⁰ http://corporate.armacell.com/fileadmin/cms/corporate/en/about-armacell/Armacell_Code_of_Conduct_English_2016.pdf

Contact / Copyright

Armacell International S.A.

89B rue Pafebruch

8308 Capellen

Luxembourg

Contact: corporate.communications@armacell.com

Armacell is a world leader in flexible insulation foams for the equipment insulation market and also a leading provider of engineered foams. In 2015, the company with currently approx. 2,800 employees and 23 production plants in 16 countries generated net sales of EUR 540.2 million. Armacell operates within two main businesses: Advanced Insulation develops flexible foams for the insulation of technical equipment utilized for the transport of energy - such as heating, ventilation & air conditioning (HVAC) and heating & plumbing (H&P) in residential and commercial construction, process lines in the heavy- and oil & gas industry, equipment in transportation as well as acoustics. Engineered Foams develops high-performance foams for the use in a broad range of end markets including transportation, automotive, wind energy, sports and construction. Armacell's products significantly contribute to global energy efficiency.

Website: www.armacell.com