

United Nations Global Compact Communication on Progress 2017



Statement of continued support

Schloß Holte-Stukenbrock
December 8, 2017

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

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

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

Sincerely yours,

Heinrich Brechmann, Managing Director

Human Rights Principles

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

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

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

With the establishment and publication of our Code of Conduct, ARI-Armaturen officially confirms the Human Rights Principles of the UN Global Compact Initiative. To continuously monitor the development of our suppliers, our purchase managers are completing an Internal Rating Statement in accordance with the Code of Conduct after each visit of high volume suppliers. With help of annual visits of the top-volume suppliers and as a consequence updating the Internal Rating Statement regularly, ARI finds many positive developments with our business partners but also detects and traces potential misconducts early.

In 2017 ARI performed its first International Procurement Meeting to prepare and align our international organization for challenges in the global procurement market. The participants' awareness of our commitment to the Ten Principles of the United Nations Global Compact Initiative has been increased and the internationally spread teams will continue their efforts to create KPI's and international standards in alignment with the principles in 2018.

Labour Principles

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

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

Principle 5: the effective abolition of child labor; and

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

As mentioned in the statement about Human Rights Principles, ARI-Armaturen actively promotes the principle of equal opportunities and equal treatment of all our employees – irrespective of color, race, nationality, social origin, physical or mental handicap, sex and sexual orientation, political or religious convictions or age. We will not engage in or support the use of prison, forced or involuntary labor and we pay our employees fair wages and salaries well above the statutory minimum. Moreover, we take account of, and of course abide by, the nationally applicable maximum working hours limit for our staff. All employees additionally have the right to join, and actively participate in, employee organizations or trade unions. Following the Conventions of the International Labor Organization (ILO) and other internationally agreed child labor laws, ARI-Armaturen will neither employ any staff who have not reached the legal minimum age nor will we tolerate any form of child labor or the systematic exploitation of children and adolescents by our suppliers.

As part of our ISO 9001:2015 certification in 2017, i.a. the company's emergency management processes have been reviewed and were adjusted to reflect the current organization and actual processes.

The creation and maintenance of a work environment that is healthy and free of hazards is a further corporate objective of ARI-Armaturen that has been included in the Corporate Philosophy to emphasize its importance. The objective is supported by regular workplace hazard analyses as well as preventive medical care for all our employees. Our staff additionally receives regular basic and advanced training in health and work safety issues and are provided with all necessary safety equipment.

As in the previous years, ARI organized occupational orientation projects to inform young students gender-neutrally about the possibilities within the ARI-Armaturen Group. ARI takes social responsibility and shows how successful and beneficial work within diverse teams in the business environment can look like, to reduce prejudice early. The projects help to adjust young people's expectations about their professional lives and prepares them for future responsibilities. In addition to projects with local schools and universities, ARI offers internships and vocational training for refugees.

Environmental Principles

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

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

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

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

With the adoption of an environmental and energy management system (ISO 14001 and ISO 50001) and its successful recertification in 2015 and 2017, ARI committed to make the efficient use of energy a top priority and reduce CO² emissions through sustainable and environmentally responsible behavior. This commitment can of course also be found in our Code of Conduct. From an environmental responsibility perspective, we extended the use of centralized extraction systems instead of decentralized systems to increase the air purity in our production departments. In the department with the highest density of machines, the change from decentralized to a fully centralized system could be completed within the cause of November 2017. Other activities were the investment into state of the art production machines to exchange older and less energy efficient systems continuously or the renewal of the heating system for both the administration and production facility.

We are encouraging our apprentices to form interdisciplinary teams, develop concepts to save energy and resources and to participate in regional and national competitions such as the Energy Scouts. This year, our team from the regional contest of 2016 has been awarded a special price on resource efficiency for their concept to save 3.800 liters of testing media per test stand annually. The formal ceremony was hosted by German Environment Minister Hendricks in Berlin at the End of June and the participants were honored with Certificates as well as a measuring device for future project. The team of 2017 is following the success of last year and won the second price in the regional contest with their concept to annually save 11 tons of plastic by using an alternative flange cover.

Anti-Corruption Principles

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

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

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

With the publication of ARI-Armaturen's Code of Conduct at the beginning of the year 2015 we presented a binding aid of orientation for all employees, management personnel and the top management. In the official publication the ARI Management expressed its expectation towards every employee to comply with the Code of Conduct. We are taking our expectations to a new level by implementing binding leadership guidelines for our managers to set good examples for our employees to follow.

In 2017 we performed a variety of compliance seminars for our employees to be up to date on international laws, rules, regulations and local customs. These individual activities have been performed to improve our employees awareness of unethical and legally critical business behavior and to strengthen their overall capabilities within the field of international operations.

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

ARI – your strong partner. Worldwide



► www.ari-armaturen.com