

United Nations Global Compact Communication on Progress (COP) 2021



**ARI-ARMATUREN – Your Partner for Control, Isolation,
Safety, Steam Trapping and Engineered Systems**

Date: 16th August 2021



ARI-Armaturen

Albert Richter GmbH & Co. KG

Contents

Commitment to the GC initiative	3
ARI-International	4
Introduction to the CoP	5
Human Rights	6
Labour	7
Environment	8
Anti-corruption	9



Commitment to the GC initiative



For more than 60 years, ARI-Armaturen has been successfully active in the industrial valve industry for control, isolation, safety and steam trapping of liquid and gaseous media. During this time, ARI-Armaturen has positioned itself as a leading international manufacturer, developer and distributor of valves with a "one-stop-shop" philosophy. At the same time, we name our values as a family-owned company of the Westphalian medium-sized business in accordance with our corporate guidelines with three production sites exclusively in Germany. We continuously adhere to our guiding principles and core values and exemplify them with consistency and determination as part of our corporate culture. We rely on forward-looking, strong partnerships and create trust through open and cooperative relations with both customers and suppliers.

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

"For more than 60 years, ARI is your partner for control, isolation, safety and steam trapping of liquid and gaseous media. With ARI, you get everything from a single source."

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

Herewith we submit the current Communication on Progress to demonstrate the continuous integration of the ten UN Global Compact principles into our business strategy, culture and operations.

Sincerely yours

Heinrich Brechmann
Managing Director

Our markets:



Chemical Industry:
refining / petrochemical, mid-downstream, organic chemicals, alcohols, polymers and others.



Plant Engineering / EPC: power plants, oil & gas, metallurgy paper, engineered wood manufacturing



Industry: food and beverages, power plants & renewable energy, steelworks, district heat, building materials, wood, pulp & paper, tyres, hot water & steam, thermal oil, refrigeration



Shipbuilding:
cooling water systems, ballast water systems, exhaust gas & auxiliary boilers, HVAC systems



HVAC: heating, air conditioning & cold water, district heat, hot water & steam

ARI International



Global Operations

Your global partner with a global footprint.

The ARI Group is your strong partner worldwide with 15 branch offices and sales partners in more than 60 countries. Supporting & advising customers supplying local stocks largely to meet regional demands.

Europe

ARI-Armaturen Albert Richter GmbH & Co. KG
 ARI Armaturen UK Ltd
 Comeval Valve Systems, S.L.y Cia. (Spain)
 ARI-Armaturen France S.A.R.L.
 ARI-Armaturen Italia SRL & C. SAS ARI-Armaturen GmbH (Austria)
 OOO ARI Armaturen RUS (Russia) ARI-Armaturen A/S (Denmark)
 Högfors Oy (Finland)

Middle East

ARI-Armaturen Middle East FZE (Dubai)

Asia Pacific

ARI-Armaturen Trading (Shanghai) Co.Ltd. ARI-Armaturen SDN BHD (Malaysia)
 ARI-Armaturen (Singapore) PTE Ltd. ARI Armaturen Steamline LLP (India)

Americas

ARI-Armaturen USA, LP
 BERMO Válvulas e Equipamentos Industriais Ltda. (Brasil)

Introduction to the CoP



Together with many other companies, we are in a phase of global challenges. The impact of the worldwide pandemic on the society, on the economy and ultimately on global supply chains is significant.

Especially at this time, it is remarkable how much it depends on reliable partners, an open culture of trust and cooperative collaboration. These long-standing relationships of trust with employees, customers and partners must be maintained and strengthened.

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

We reacted to the pandemic situation with countermeasures at all ARI locations at an early stage.

The top priority was always to protect people's health. In addition to all information, hygiene and protection measures, a company-wide coordination of possible cases of infection with SARS CoV-2 was established. Therefore, a team for risk prevention, e.g. through isolation measures and Corona tests, was set up. In each case, we started our measures before the corresponding legal obligation came into force and have met or even gone beyond the respective requirements.

Economic success is linked to responsible action towards the environment and society. Even in times of the pandemic and despite all adversities, it is imperative to continue working on goals such as digitalization, value chains, new education and training measures, as well as sustainability.

Our sustainability goals should not be seen in isolation, but as a component of our corporate goals and within the framework of our social responsibility. Making these goals more integral to our mission is what raises our employees' awareness of the impact of our actions on the environment and on people, both at our sites and in other parts of the world.

As part of our membership of the UN Global Compact Initiative for Responsible Business, we remain fully committed to the sustainability goals defined in the ten principles of responsible business. These principles can be grouped under the headings of human rights, fair labour practices, environmental protection and anti-corruption. They are for the benefit of all people, communities and markets, and ultimately serve a sustainable global economy. We see our regular reports as an opportunity to classify each of our steps as progress under one of the sustainability principles and to continually build on them. In this way, we create a standard of value that becomes the guiding principle for our actions.

Human rights



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

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

Especially as a family-owned business, we are focused on our staff and the people that work for us. Respect for human rights is an all-encompassing mission for us, which concerns us ourselves, but also, to a special extent, our suppliers in other parts of the world.

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

“If we have positive knowledge of human rights violations, we steadfastly exclude any cooperation with any companies concerned. Companies that refuse to provide relevant information relating thereto will also be delisted from our list as a final consequence.”

In 2020, as well as even before, we had expanded our disclosure process to avoid trading in “conflict minerals” to include a query of our suppliers. Conflict minerals are minerals, ores or metals (especially tin, tantalum, tungsten and gold) that are extracted under inhumane or human rights violating circumstances and/or directly or indirectly promote armed conflicts.

In addition to the corresponding query, we have been obliging our suppliers since this year to immediately report to us any violations of regulations on conflict minerals that have come to attention, so that we can actively trace them on a case-by-case basis and initiate appropriate countermeasures. This process will be digitalized and automated in the next step.

In addition, it is planned to expand this system to include further elements of holistic “material compliance”, for example with regard to the mining of mica.

On-site visits to companies to check for human rights violations currently have to be suspended due to the worldwide Corona pandemic. Defined verification criteria are being planned for the future on the occasion of on-site visits. This and other steps are intended to complement our corporate guidelines, which outline our conduct in respecting human rights, working conditions, environmental protection and anti-corruption, in the long term.

Fair labour conditions



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

Principle 4: the elimination of all forms of forced and compulsory labour.

Principle 5: the effective abolition of child labour.

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

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

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

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

In the pandemic years 2020 and 2021, occupational health and safety has experienced a special turn and has been given a special status. We have already actively contributed to improving working conditions with the measures against the spread of infectious diseases described above.

In addition to the usual hygiene and protection measures, we have, for example, also digitalized various processes at all locations worldwide in various divisions, through the introduction of an expanded IT and software infrastructure and converted as many workplaces as possible to “home office”.

Through improved automation of machines, workplaces with physical activities were made more ergonomic and relieving.

Despite the pandemic situation, we continued to recruit apprentices last year and this year, as well as facilitating company tours and visits to career fairs. We have maintained good contact with local schools and universities and intensified them through workshops, familiarization events and excursion courses. Selected participants from our staff have also continued to be given the opportunity for further education and training. Our “ARI Talent Academy” programme as well as general training courses from our ARI training catalogue to increase qualifications have been and will be continued – physically and virtually.

As on-site visits to companies have to be suspended due to the global Corona pandemic, our supplier management process will also be re-evaluated. As on-site inspections will be suspended indefinitely, we will actively seek information that will allow us to adequately assess fair wages, prohibition of child labour, anti-discrimination and other labour standards.

Environment



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

Principle 8: undertake initiatives to promote greater environmental responsibility.

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

“Climate change, above and beyond all regulatory requirements, concerns every company.”

ARI-Armaturen has a systematic environmental and energy management system (ISO 14001 and ISO 50001) as part of our efforts to constantly reduce CO₂ emissions. In addition, we are constantly improving our corporate processes in the fields of waste management, water protection, air pollution control, noise abatement and soil protection.

After we installed a solar system at our main site in 2020 with great success, this measure is also planned for all other sites in Germany. Corresponding contracts have already been concluded. In this way, we are specifically promoting environmentally friendly power generation.

Through comprehensive modernisation measures of our other infrastructure, we were able to achieve significant energy savings and use environmentally friendly technology.

Improvements were achieved across all locations, e.g. in the areas of compressed air technology, energy-efficient new construction projects, filter and heating technology (including the use of exhaust air heat), new machines with modern energy technology and the increased use of LED lighting technology.

We also continue to train our staff regularly to increase environmental and energy awareness so that everyone can make a contribution. This year, our team of apprentices is again taking part in a nationwide competition on energy-saving potential ("Energy Scouts").

The reduction of CO₂ is gradually being implemented in our supplier management system. In 2020, we began working with selected suppliers to develop a system for reporting the CO₂ emitted per kg of end product produced. In 2021, we will extend this to all our main suppliers and regularly record CO₂ values in the future. This will enable us to identify emissions and work towards a positive development in jointly coordinated steps.

Last but not least, the reduction in travel due to the pandemic situation also resulted in lower CO₂ emissions at ARI-Armaturen. We take this as an incentive to critically examine our travel behaviour in the future, e.g. to replace trips or to reduce them by consolidating.

Furthermore, we are discussing the possibility of recyclable products in waste oil disposal instead of disposable products and are aiming for an introduction before the end of 2021.

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

Anti-corruption



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

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

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

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

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

As a supplement to our leaflets, we have planned a seminar event on the topic of “Compliance & Gifts”. Due to the Corona pandemic, this event will be digitally adapted and launched on a virtual basis in the near future. In addition to making the relevant information available digitally, we have set ourselves the goal of continuing to regularly raise awareness of this topic through personal contact and exchange.

Our employees are obliged to report every single case of suspected corruption to the management. We will maintain this business principle unchanged.

ARI-Armaturen

Albert Richter GmbH & Co. KG
Mergelheide 56-60
33758 Schloß Holte-Stukenbrock
Deutschland / Germany

Phone: +49 5207 994-0

Fax: +49 5207 994-158 / 159

E-Mail: info.sales@ari-armaturen.com

 www.ari-armaturen.com

 https://www.youtube.com/c/ARI-Armaturen_DE

 [linkedin.com/company/6838304/](https://www.linkedin.com/company/6838304/)

International customers: please contact your local ARI-branch.

For contact details please refer to our website:

www.ari-armaturen.com/contact/ari-international/

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