



Reporting on Non-financial Matters
Extract from the 2023 Annual Report

23



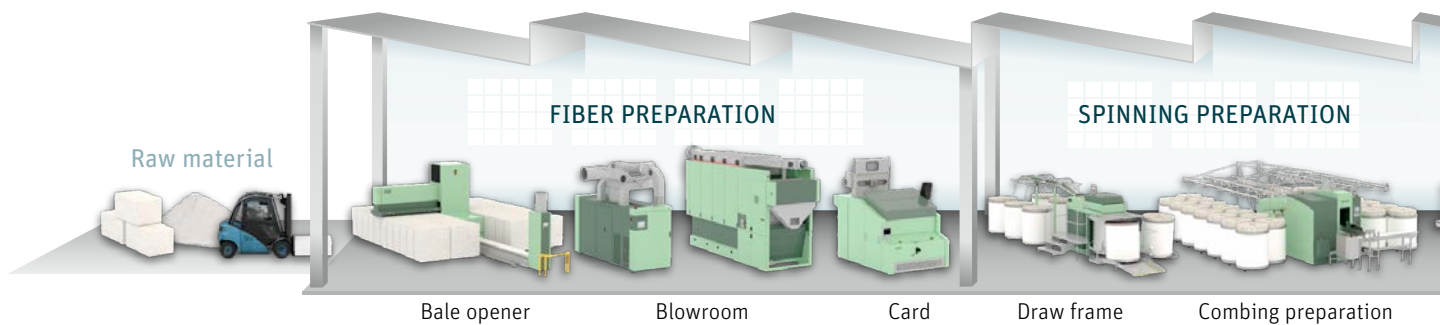
TABLE OF CONTENTS

Extract from the 2023 Annual Report

38	Rieter Business Model
42	Sustainability strategy
44	Materiality analysis
46	Corporate Governance on non-financial matters
48	Engaging with stakeholders and ESG ratings
50	Sustainability goals 2025
52	Goals 2025: progress planet
54	Energy management for environmentally friendly production
56	Goals 2025: progress people
58	Equal opportunity
60	Social commitment
62	About this report

RIETER BUSINESS MODEL

COMPACT-SPINNING SYSTEM (EXAMPLE)



With its spinning systems Rieter covers all four end spinning processes established on the market.

Around 110 million tons of fiber were processed around the world in 2023, mainly for clothing, technical textiles or home textiles. Fiber consumption is growing with the world population and disposable income, on average between two and three percent per year.

YARN PRODUCTION

The process from fiber to textile begins with fiber production. A yarn is produced from the fibers, for example from cotton, linen, polyester or viscose. A textile is then produced from the yarn via various processing steps such as weaving, knitting, dyeing or finishing.

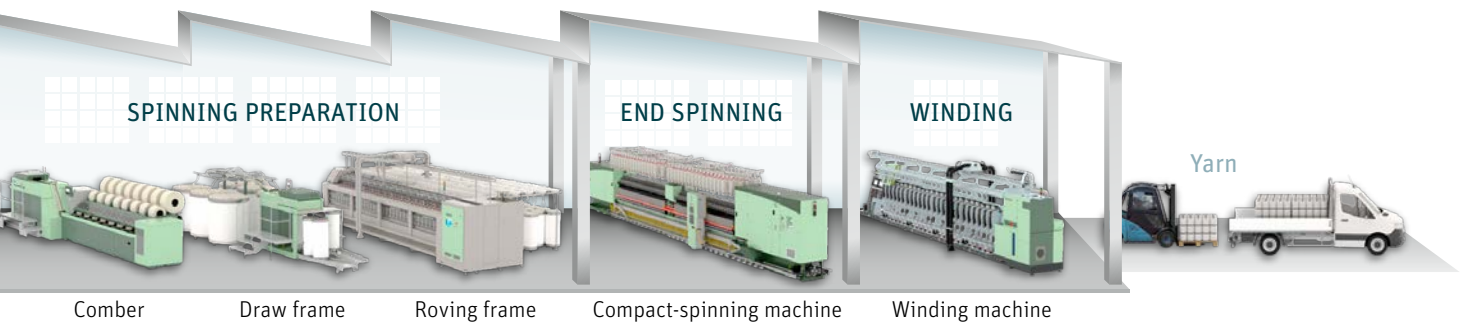
Yarn is produced in two basically different ways. On the one hand, this is done by spinning staple fibers. These are fibers with a staple length of 23 to 60 mm (short-staple fibers) or over 60 mm (long-staple fibers). On the other hand, yarn is produced by processing so-called filaments to make continuous filament yarn. The yarns resulting from filaments have different properties than those produced from staple fibers. In the clothing industry, the yarn produced from staple fiber predominates because it offers pleasant wearing comfort.

Each of the two types of yarn production accounts for around 50 percent of world fiber consumption.

Rieter is mainly engaged in yarn production from staple fibers. The most important of these in 2023 were cotton (about 25 million tons), polyester (about 18 million tons) and viscose (about six million tons).

The process for producing a yarn from staple fibers consists of three stages: fiber preparation, spinning preparation and end spinning.

In fiber preparation, the fibers, which are delivered in bales, are separated, cleaned if necessary, and aligned. This takes place in the process stages blowroom/opener and card. Spinning preparation involves the homogenization and drawing of the sliver. The machine required for this is known as the draw frame. In cotton processing, the comber also plays a role: here, short fibers are combed out in order to produce a higher quality yarn. By the end of the spinning preparation stage, a uniform sliver or roving has been produced.



SPINNING PROCESS

In the end-spinning stage, the fiber mesh is further drawn (up to about 40 fibers in cross-section for very fine yarns) and spun into a yarn by twisting. Twisting takes place either by means of a rotating spindle (ring spinning, compact spinning), by rotation of a rotor (rotor spinning) or by an air flow (air-jet spinning). Compact spinning is a variant of ring spinning that uses an auxiliary device to achieve yarn with a higher density as a result of improved fiber integration.

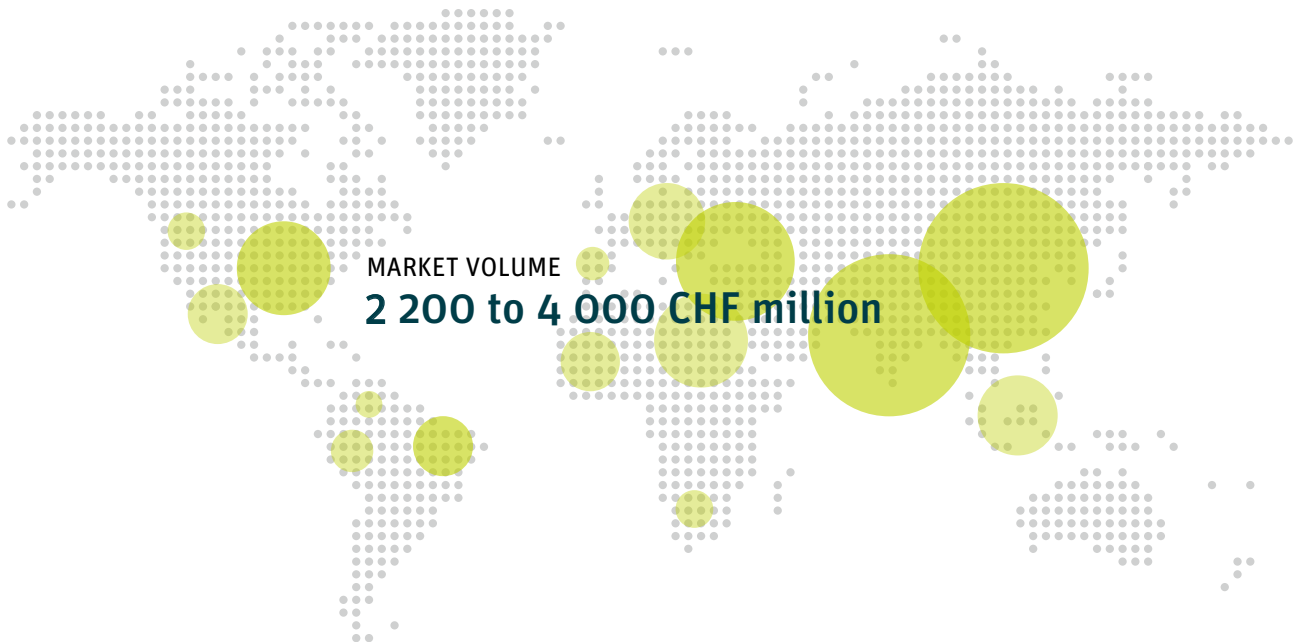
After spinning, imperfections are removed from the yarn. The yarn is then wound on a package, in order to present it in a suitable form for the subsequent process steps in the textile production chain.

MEASURED VARIABLES FOR CAPACITY

The production capacity for producing yarn from staple fibers is measured in spindle equivalents. The production capacity of a ring spindle serves as the basis. The spinning unit of a rotor spinning machine corresponds to the productivity of five to six ring spindles, whereas that of an air-jet spinning machine corresponds to the productivity of 20 ring spindles.

A total of more than 250 million spindle equivalents worldwide were used in 2023 to produce yarn from the around 60 million tons of staple fibers, of which around 95 million are in China, 63 million in India, 73 million in the Asian countries (excluding China, India and Türkiye) and 14 million in Türkiye. Every year, between 11 and 13 million spindle equivalents are installed on average. Rieter delivered 2.31 million spindle equivalents (2022: 2.56 million) in 2023. In addition, spinning mills require consumables, wear & tear and spare parts for ongoing operation.

MARKET VOLUME



Global volume for new staple fiber machines per year

MARKET

The world market for staple fiber machines, which is relevant for Rieter, has an annual volume of CHF 2 200 to 4 000 million. Rieter is the market leader with a market share of around 30 per cent.

BUSINESS WITH NEW MACHINES, CONSUMABLES, WEAR & TEAR AND SPARE PARTS

The business with new machines is cyclical. The tendency to invest in the spinning industry is mainly influenced by expectations regarding fiber consumption and the margins that can be achieved by selling yarns. Fiber consumption is dependent on the economy, while the margins for yarn depend on the movement of raw material prices, capacity utilization and the production costs of the spinning mills as well as foreign exchange rates and are influenced by government policies.

The business with consumables, wear & tear and spare parts is much less cyclical. The basic business is driven by the degree of capacity utilization of spinning mills – operational spinning mills require consumables, wear & tear and spare parts. Project business such as the conversion or modernization of entire spinning

mills, on the other hand, are subject to the investment cycle described above.

PRODUCT AND SERVICE OFFERING

Rieter plans spinning mills, develops, produces and supplies the machines for fiber preparation, spinning preparation and end spinning, and supervises the installed machines throughout their life cycle.

Rieter with all its brands is established worldwide as a premium supplier. Innovative products and services from Rieter enable spinning mill operators to be more competitive. Success factors are either low yarn production costs, which are achieved through savings on raw materials, energy, labor and productivity advantages and therefore enable a sustainable yarn production, or special yarns, which allow higher prices to be achieved.

The professionalism and availability of the service is also a key aspect when customers decide to buy Rieter solutions.

BUSINESS GROUPS



Established premium supplier with innovative products and services

THREE BUSINESS GROUPS

The Business Group Machines & Systems develops, produces and distributes new equipment as spinning systems or as single machines. Blowroom and cards are used for fiber preparation; draw frames, combers and roving frames are used for spinning preparation; and ring, compact-, rotor and air-jet spinning machines as well as winding machines are used for end spinning. The offer is supplemented by planning services and automation solutions as well as ESSENTIAL, the digital platform for the complete spinning mill.

The Business Group Components develops, produces and distributes technology components and precision winding machines as well as solutions for the production of filament yarns and nonwoven fabrics. Technology components come into contact with fibers and affect yarn properties; they are used in new machines and have to be replaced at regular intervals during operation.

The Business Group After Sales develops, produces and distributes spare parts for Rieter machines as well as building conversions and modernizations. After Sales also sells technology components that are not included in the range of products offered by the Business Group Components. After Sales also offers services that enable Rieter customers to improve the efficiency and effectiveness of their spinning mills.

(Sources: ITMF, Wood Mackenzie, estimate Rieter)

SUSTAINABILITY STRATEGY

Rieter has been committed to sustainability in relation to the “environment, social issues and corporate governance” (ESG) for many years. ESG is an integral part of corporate strategy. Rieter is committed to driving forward the 2050 energy transition and the goals of the Paris Climate Agreement. Two dimensions are considered here: the development and provision of high-quality technology for the spinning process and the minimization of the company’s own environmental footprint.

based on the European Sustainability Reporting Standards (ESRS). Five new key topics were identified. The Group will take these topics into account accordingly in the further development of its sustainability strategy:

- Biodiversity (ESRS – E4)
- Circular economy (ESRS – E5)
- Climate change (ESRS – E1)
- Own workforce (ESRS – S1)
- Business conduct (ESRS – G1)



For the spinning process, Rieter offers state-of-the-art technologies that use digitization and artificial intelligence to increase energy efficiency and optimize the use of raw materials. The company’s recycling spinning systems enable spinning mills to overcome the challenges associated with mechanically recycled fibers. This allows customers to benefit from the growing demand for sustainable textiles. At the same time, the recycling systems contribute to the reduction of textile waste and improve the framework conditions for the development of a circular economy. In addition to technologies, Rieter also supports customers with textile know-how in the production of innovative yarns from recycled or chemically produced fibers.

Rieter is working intensively to reduce its environmental footprint in all areas of the company and, together with its suppliers, along the entire value chain.

In the fourth quarter of 2023, Rieter conducted a materiality survey among the company’s key stakeholder groups. The survey was

At the same time, Rieter plans to develop a net-zero strategy in the 2024 financial year. The company will continue to report annually on its progress in achieving the “People and Planet” targets for 2025.

The Board of Directors of Rieter Holding Ltd. defines the goals and priorities of the company’s sustainability strategy, for example in the areas of the circular economy and the reduction of CO₂ emissions. Group management implements the sustainability strategy at the operational level and monitors the achievement of targets and progress in the areas of “People” and “Planet”. Rieter Group’s finance department is putting the necessary structures in place to enable transparent ESG reporting and to meet upcoming regulatory requirements.

The product and market-related measures, such as optimizing the energy consumption of the individual spinning systems or establishing sustainable supply chains, are the responsibility of the respective business groups. The local Rieter companies are re-

sponsible for site-specific measures in the areas of energy, waste, biodiversity and occupational safety. They are supported by Corporate Risk Management. Environmental risks are systematically identified, assessed, and considered in all decision-making and investment processes.

Based on these risk analyses, Rieter assumes that climate change will have only a limited impact on the company. The effects of climate change are making cotton production difficult in more and more regions of the world. On the one hand, this development increases the demand for fossil-based fibers such as polyester; on the other hand, it accelerates the demand for recycled fibers and thus promotes the development of new yarns. These are often made from plant-based materials and are increasingly being designed specifically for the circular economy. Spinning mills are also feeling the change. Fashion brands are increasingly seeking direct contact with yarn manufacturers, whose expertise is becoming more and more important. Rieter’s technologies, services and components, as well as the expertise of its employees in textile technology, help spinning mills adapt to these changes and meet the growing demand for circular yarns for sustainable textiles.

The sustainability strategy is based on the following pillars:

ENVIRONMENT

- Sustainable spinning processes thanks to Rieter technology
- Complete spinning systems for the production of recycled yarns
- Energy-efficient and ecological production concepts

SOCIAL

- Safe and healthy workplaces
- Continuous education and training
- Diversity
- Suppliers
- Social engagement

CORPORATE GOVERNANCE

- Code of Conduct
- Business ethics
- Certificates, awards and ratings
- Sustainability Committee

THESE PRINCIPLES ARE SET OUT IN THE FOLLOWING GUIDELINES:

- Mission, vision, values and principles
- Code of Conduct
- Corporate governance
- Safety, health and environmental concept
- Supplier and purchasing conditions
- Supplier Code of Conduct
- Risk management policy (see Corporate Governance, page 34)
- IT information policy

Once a year, the company publishes data on the “environment, social issues and corporate governance”.

GOVERNANCE SUSTAINABILITY

The Board of Directors of Rieter Holding Ltd. defines the company’s sustainability strategy, which is executed by the Group Executive Committee. The business groups implement product- and market-related measures.



Further information on sustainability at Rieter can be found here: www.rieter.com/esg-data

MATERIALITY ANALYSIS

In 2023, Rieter conducted a materiality survey among the company's key stakeholder groups. The aim was to identify the most relevant environmental, social and governance issues for the company, so that the Group could better align its sustainability strategy. The response rate was a high 83.7 percent.

The company surveyed customers, representatives, suppliers, banks, associations, the Board of Directors, the Group Executive Committee and Rieter employees. They responded to 26 questions on the 12 key topics of the European Sustainability Reporting Standard (ESRS). Four questions about corporate culture were directed exclusively to employees.

Focus on environmental issues

Based on an analysis of the survey results, five new key areas are important for Rieter in terms of long-term value creation. Three of these relate to the environment:

- Biodiversity (ESRS – E4)
- Circular Economy (ESRS – E5)
- Climate Change (ESRS – E1)
- Own Workforce (ESRS – S1)
- Business Conduct (ESRS – G1)

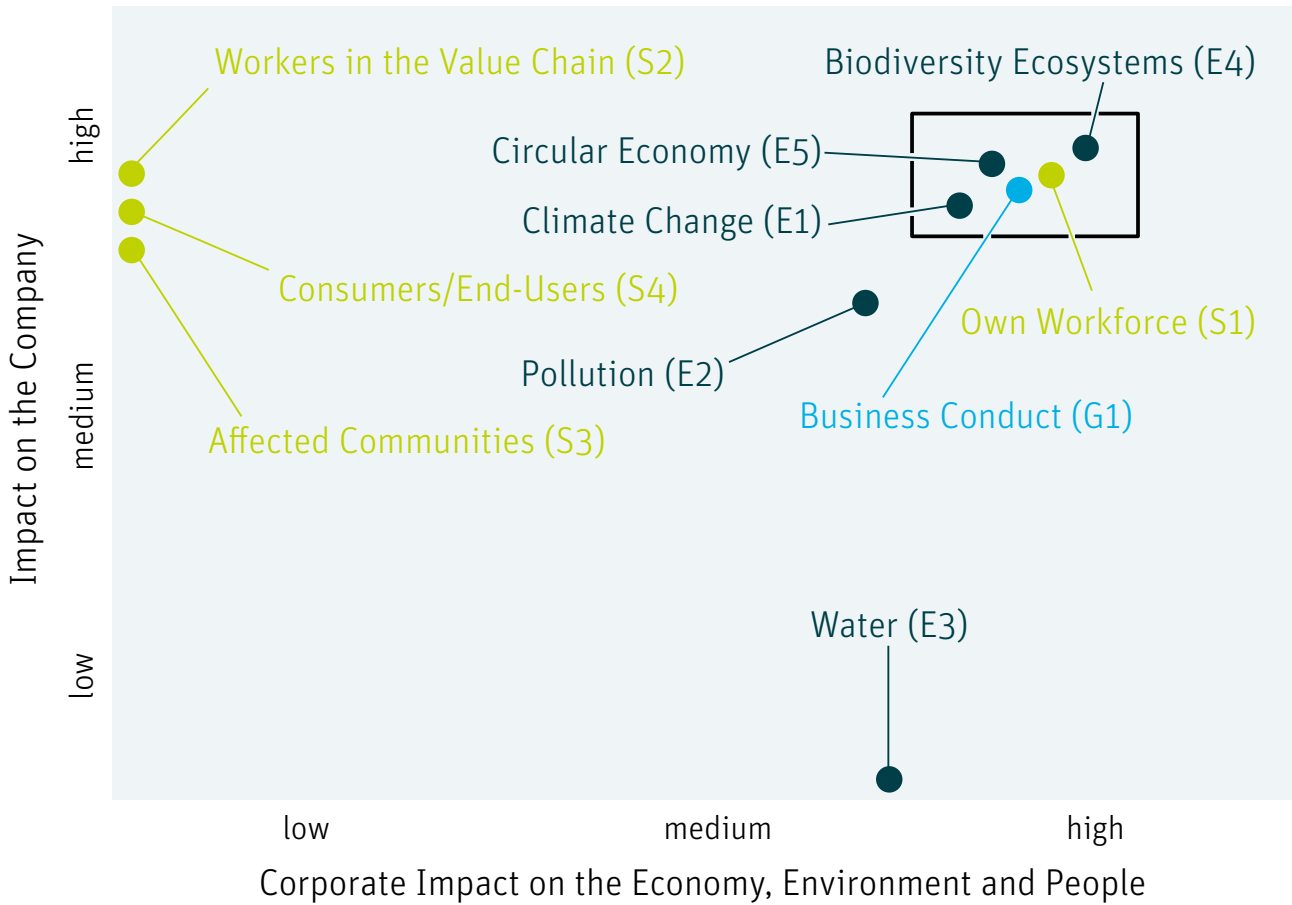
Cutting-edge spinning technology from Rieter contributes to sustainability in the textile value chain by minimizing the use of resources. Accordingly, the analysis clearly highlights Rieter's potential to create sustainable added value, particularly in the area of biodiversity. The company also actively develops textile recy-

cling technologies and shares important know-how through specialist publications and other means. As a leading supplier, Rieter believes it has a responsibility to play a key role in promoting the circular economy. To this end, the company works with recycling specialists at other process stages of the textile value chain, such as Recover, a leading global producer of environmentally friendly recycled cotton fibers and cotton fiber blends. To address climate change, the company has set energy efficiency targets for 2025 and 2030 for all spinning technologies.

Rieter employees recognize the importance of continuous learning to increase business success. The recently launched learning platform will help them to further advance their professional development. Other key factors are the safety culture, a varied and inclusive working environment, and diversity: Rieter plans to increase the proportion of women in management positions to over 20 percent by 2025. The company is committed to continuing to provide an attractive work environment for a diverse and highly talented workforce.

The results of the business conduct analysis are a clear indication of just how important corporate culture is at Rieter. The secure integrity line operated by an external provider for reporting suspected violations of laws and regulations is highly valued. Rieter has a zero tolerance policy toward any form of harassment or discrimination. The company is developing additional policies to continue to ensure a safe and inclusive workplace for all.





A balanced focus

Issues relating to employees in the value chain, consumers and local communities are important to Rieter, even if they are outside the primary focus area. The company ensures compliance with the Code of Conduct, which is an integral part of all employment contracts. A vast majority of suppliers has signed the Supplier Code of Conduct. Rieter has close ties to the company’s locations and is actively involved in effective social initiatives in its key markets, such as relief efforts for earthquake-affected communities in Türkiye and support for local communities in India (see pages 60 and 61).

The textile industry as a whole has been criticized for its water consumption, particularly in cotton production, downstream processes and during the use phase. The manufacture of spinning machines, consumables, wear & tear and spare parts and the spinning process itself require very little water.

Pollution of the environment is recognized by the participants as an important issue. Nevertheless, the analysis shows that Rieter, as a supplier of spinning technology, can exert only a limited influence.

Looking to the future

The results of the materiality analysis confirm that Rieter’s research and development strategies set the right priorities. By focusing increasingly on digitization, automation and artificial intelligence, the company will make an important contribution to improving sustainability in the textile value chain. Rieter continues to promote cross-industry collaboration to drive significant recycling initiatives and actively shape the development of a circular economy. In addition, Rieter plans to develop a net-zero strategy in the 2024 financial year.

CORPORATE GOVERNANCE ON NON-FINANCIAL MATTERS

Integrity and trust form the core of Rieter's corporate culture. These central values are firmly anchored in the Code of Conduct and Supplier Code as well as in the company's mission and vision.

Code of conduct

As a global company, Rieter observes the laws and regulations of the countries in which it operates. The actions and practices of all Rieter companies and their employees are in accordance with the Universal Declaration of Human Rights of the United Nations, the fundamental conventions of the international labor organizations and the OECD guidelines for multinational companies.

Business ethics

The business relationships between Rieter and its partners are based on the principles of honesty and trust.

The safety of Rieter's products for customers as well as operating and maintenance personnel in all phases of the product cycle is of great importance to Rieter.

Rieter and its business partners work together closely to achieve a high standard and continuous improvements in this area.

Human rights

Rieter respects the human rights of its employees and provides them with a professional, safe and hazard-free working environment. Rieter obliges its suppliers to observe human rights.

Rieter rejects any form of compulsory or forced labor and does not tolerate any kind of abusive disciplinary measures. Working hours are always set in accordance with applicable local legislation.

Rieter is committed to the fundamental conventions of the International Labor Organization, the OECD guidelines for multinational companies and the principles opposed to the systematic exploitation of natural resources and raw materials.

Conflicts of interest

Rieter prohibits all forms of bribery and other corrupt business practices. In particular, Rieter employees or their agents may not offer, promise or give anything of value to officials or representatives of Rieter's customers or suppliers in order to gain an improper advantage. Furthermore, they may not accept gifts or favors from such persons.





Taxes

As both a company and employer, Rieter complies, in good faith, with the applicable tax legislation and obligations in all countries in which the company operates. This applies to all direct and indirect taxes. Rieter also complies with international agreements and tax guidelines. In accordance with the Base Erosion and Profit Shifting (BEPS) campaigns of the OECD, Rieter prepares the Country-by-Country Report (CbCR) for the entire Rieter Group and makes it available to the Swiss tax authorities. Rieter shares the CbCR with the competent authorities in the countries that have signed the relevant agreements. Rieter recognizes that all taxes that the company pays and collects for governments are an integral part of corporate social responsibility.

Data protection

Rieter takes the protection of personal data very seriously. This includes all information that allows a person to be identified. The privacy statement provides information about which data the company collects and how it uses and protects the collected data. Rieter takes appropriate technical and organizational measures to protect personal data against manipulation, loss or access by unauthorized third parties. These measures are continuously checked and improved taking account of new technological developments.

Risk management

Rieter has introduced a comprehensive risk management system that also records and handles risks in connection with non-financial topics. The risk management process is regulated by the directive “Rieter Risk Management System”. This directive sets out

the procedures for the identification, reporting and handling of risks, the criteria for qualitative and quantitative risk assessment, and the thresholds for reporting identified risks to the competent management levels.

Environmental risks are also evaluated and assessed as part of this risk assessment. Based on this analysis, various fields of action and measures have already been defined. At least once a year, the risks are assessed in the context of a workshop under the direction of the General Counsel and recorded in a report to the Board of Directors.

Conflict minerals

Besides the new law on transparency on non-financial matters, the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO) entered into force in January 2023. In 2023, Rieter’s assessment of imported volumes of minerals and metals containing tin, tantalum, tungsten, or gold (so-called 3TG) did not identify any relevant import above the minimis amounts mentioned in the Swiss CO Ordinance. Hence, no additional due diligence in relation to minerals and metals from conflict-affected areas is required according to the Swiss Code of Obligations Art. 964j.

Child labor

In terms of child labor, there were no indications of reasonable suspicion of child labor in the production/delivery of the company’s products or services according to Rieter’s assessment conducted in 2023.

ENGAGING WITH STAKEHOLDERS

Rieter engages in a lively exchange with internal and external dialog groups. This ensures that the company is able to include a wide range of viewpoints in its corporate management and thus create long-term value. Personal contact remains important, even though digital forms of communication are gaining in importance.

The main stakeholders for Rieter are customers, employees, suppliers, the financial community, investors, local communities and NGOs, regulatory authorities and industry associations, universities (research and partnerships), the public and the media. The company conducted a comprehensive materiality analysis in 2023.

Customers

Rieter offers cutting-edge technology that enables customers to maintain and strengthen their competitiveness in a demanding environment. Sales, textile technologists, service experts and customer training teams are in close contact with customers and support them in realizing the full potential of Rieter products and systems through knowledge transfer and training. In 2023, Rieter conducted a representative survey among its customers based on the Net Promoter Score.

Employees

Rieter is an innovative technology leader thanks to the know-how, competence and passion of its employees. Diversity plays an important role for the globally active group. This includes cultural and age diversity in addition to the promotion of women (read more on pages 56 ff.).

Suppliers

Rieter attaches strategic importance to its supplier relationships. The company cooperates closely with them to minimize social and environmental risks along the supply chain and to promote sustainable development. Rieter therefore enhances the overall value creation and adds value for all.

Financial community

Rieter maintains a lively exchange with the financial community to ensure transparency and build trust. Rieter is stepping up its focus on non-financial reporting and is creating the basis to meet the upcoming regulatory requirements in Environment, Social and Corporate Governance matters both in Switzerland and the European Union. The company also works with ESG rating agencies and addresses questions from NGOs on sustainability issues.

Investors

The Rieter Group regularly informs shareholders about the course of business by means of the integrated Annual Report (including the report on non-financial matters), Semi-Annual Reports as well as the Annual General Meeting. The company also maintains an ongoing dialog with institutional investors that hold Rieter shares by hosting roadshows and investor days. Through open communication, Rieter aims to attract a shareholder base that is as broadly diversified as possible, international and focused on the long term.

Local community and NGOs

Rieter has close ties with its locations worldwide. The company is one of the largest employers in the respective regions: Changzhou (China), Ústí nad Orlicí (Czech Republic), Wing (India) and Winterthur (Switzerland). Rieter's commitment to cultural, educational and charitable activities is particularly strong in these regions.

Regulatory authorities and industry associations

As a leading company in textile machinery technology, Rieter is an active member of the relevant industry associations, such as Swissmem.

Universities – research and partnerships

For decades, Rieter has been working with top-class research institutes worldwide with a view to further expanding its technology leadership. Since September 1, 2023, Dr. Alisa Rupenyan has held the endowed professorship for Industrial Artificial Intelligence at the ZHAW School of Engineering, which Rieter supports together with the Johann Jacob Rieter Foundation.

Rieter has a network of partnerships with European universities with which it works on projects aimed at increasing the recycled content of fine recycled cotton ring yarns. They include the Swiss Federal Institute of Technology (Switzerland), the University of Leeds (UK), the Technical University of Liberec (Czech Republic) and Saxion University of Applied Sciences (Netherlands).

Public and media

Rieter informs the public and the media in a transparent and open manner. The financial media, in particular, play a major role in this context. Daily newspapers are also given special attention, as they are important to the respective local populations.

ESG RATINGS

Rieter works with ESG rating agencies to make its commitment to environmental, social and governance issues more transparent.

The European rating agency Ethifinance has raised Rieter's rating for 2022 compared to the previous year, in particular due to progress in the areas of corporate governance and environment. Ethifinance sees potential for improvement at Rieter in the social area. The results for the 2023 reporting year will be published in spring 2024.

The independent Swiss sustainability rating agency Inrate ranked Rieter 102nd out of 169 companies with a solid score of 63 out of a possible 100 points in the year 2022. This rating confirms that Rieter operates in a long-term sustainable business field and strives to continuously improve its contribution to sustainability.

Rieter received an A rating (on a scale from AAA to CCC) in the 2022 MSCI ESG rating. The MSCI ESG ratings assess companies based on their industry-specific exposure to environmental, social and governance risks and their ability to manage these risks.

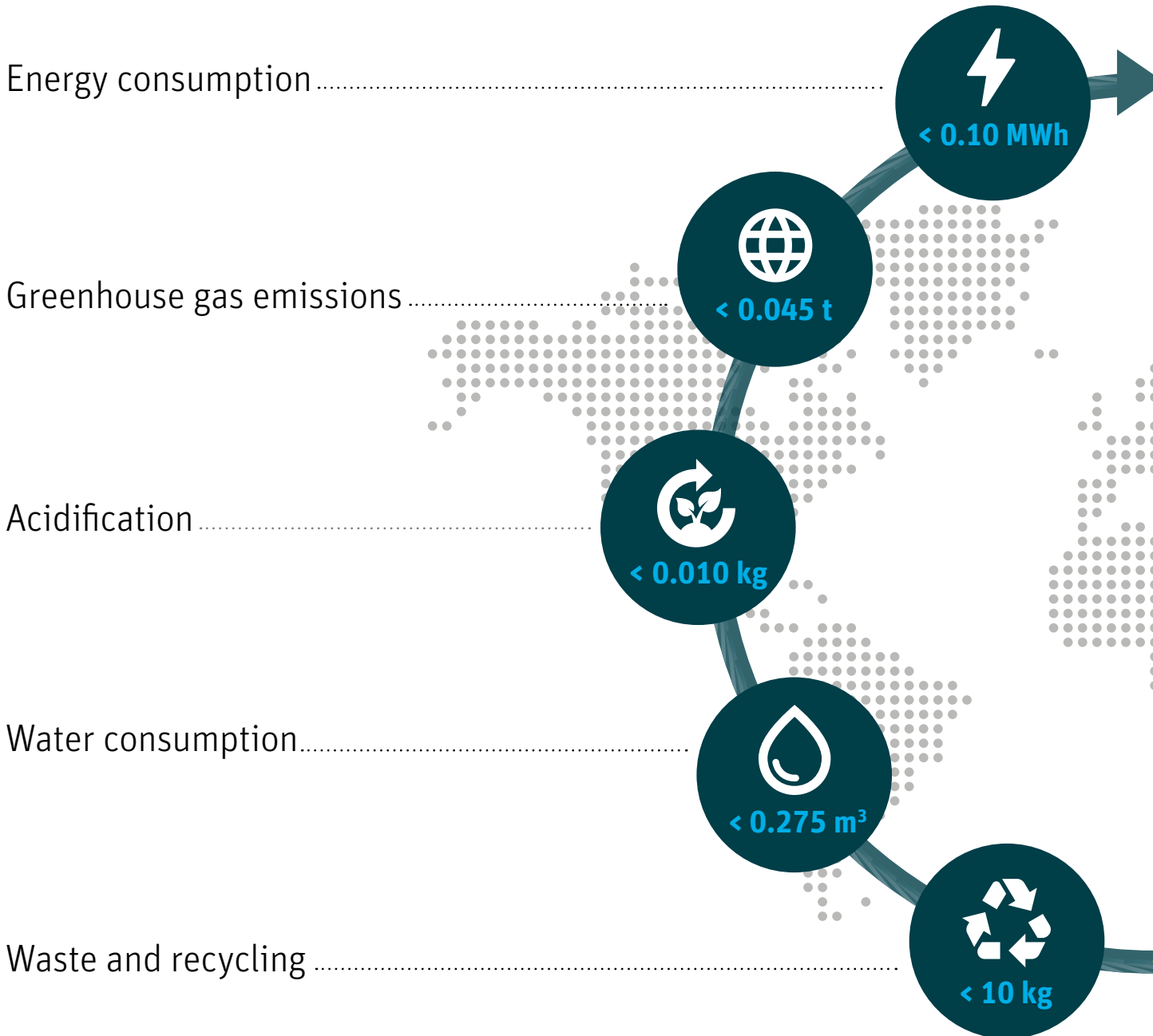
Since 2021, the Rieter share/outstanding bond has been part of the SPI-ESG Share Index/SBI-ESG Bond Index of the SIX Swiss Exchange. The indices are based on data from the rating agency Inrate.

Rating Agency	Performance 2020	Performance 2021	Performance 2022
Ethifinance	29/100	31/100	38/100
Inrate	58/100	64/100	63/100
MSCI ESG-Rating (AAA bis CCC)	A	A	A



SUSTAINABILITY GOALS 2025

Rieter is conscious of its responsibility towards its employees, the environment and society. The company has set specific goals for 2025 in relation to the environment and its employees.



The environmental targets are calculated based on CHF 1 000 sales.

The data for measuring the goals are recorded in the SEED database (Social, Environmental, Economic Data). They form the basis for key data on the environment, social issues and corporate governance. Progress is reviewed and evaluated annually. For 2024, the Group plans to take the key topics identified in the materiality analysis into account in the further development of its sustainability strategy.

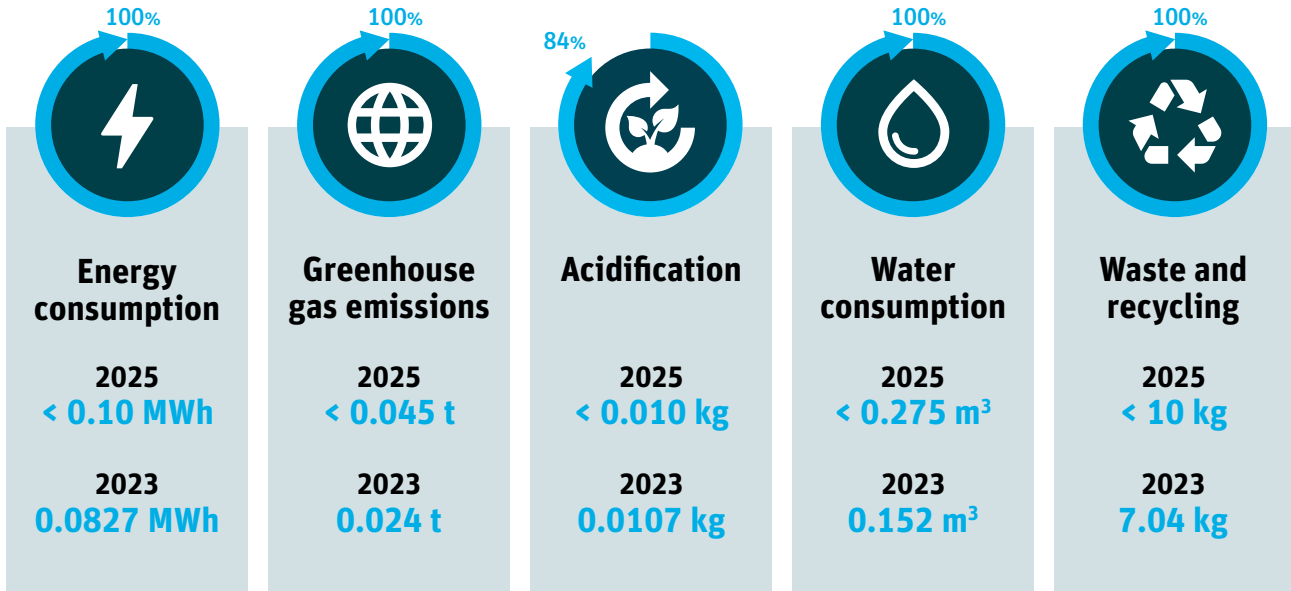


GOALS 2025: PROGRESS AT A GLANCE

Planet

CO₂

Circular economy



The environmental targets are calculated based on CHF 1 000 sales.

Source: base year 2020

RIETER IMPROVES CARBON FOOTPRINT

Rieter is well on the way to achieving its environmental goals for 2025. The company has already significantly exceeded four of the five goals. This success is based on a long-term strategy of expanding renewable energy supplies and continuously reducing energy consumption.

The company remains committed to its plan to switch fully to renewable energy sources for heating and cooling by 2030.

Energy consumption

In 2023, Rieter reduced its energy consumption to 0.0827 MWh per CHF 1 000 of sales. This means that, for the second year in succession, energy consumption is below the target value for 2025 of 0.10 MWh per CHF 1 000 of sales. Compared to the base year level of 0.1697 MWh per CHF 1 000 of sales, the company has halved its energy consumption. In absolute figures, energy consumption in the 2023 reporting year was 117 294 MWh compared to 124 532 MWh in the previous year.

Electricity and gas are still the two most important energy sources, accounting for about 42 percent and 36 percent of total consumption respectively. The share of renewable energies is being continuously expanded and reached around 15 percent in the

reporting year, compared to 11 percent in the previous year. At company-owned sites, about one-third of renewable energy comes from solar power. In China, India and the Czech Republic, Rieter has a total capacity of 6 800 MWh. In addition, Rieter is improving the energy mix at non-company-owned sites by sourcing sustainable energy for heating and cooling from solar power, green electricity, water, biogas and wood pellets. As a consequence of energy shortages in recent years, Rieter had to resort in some cases to fossil-fueled emergency power generators. Regular maintenance and use increased the burning of fossil fuels from around four percent in 2022 to around seven percent in the year under review.

Greenhouse gas emissions

Greenhouse gas emissions declined by approximately 33 percent from 50 541 tons of CO₂ equivalents in 2022 to 33 865 tons of CO₂ equivalents in 2023. As a result, greenhouse gas emissions were reduced to 0.024 t per CHF 1 000 of sales in the reporting year compared to 0.035 t per CHF 1 000 of sales in the previous year, a decrease of approximately 31 percent. Compared to 0.069 t per CHF 1 000 of sales in the base year 2020, greenhouse gas emissions have been reduced by around 65 percent. For the second year running, Rieter thus exceeded its target of 0.045 t per CHF 1 000 of sales. Direct emissions from production, known as Scope 1, accounted for only half of one percent of

the reduction. This is attributable to the increased use of fossil fuels and gas combined with high capacity utilization of production facilities. Scope 2 emissions, which arise indirectly from energy procurement, accounted for the remainder. This is the result of an enhanced energy mix combined with an improvement in the CO₂ equivalent value of the electricity supplied.

Acidification (SO_x emissions)

Absolute sulfur dioxide emissions (SO_x) were 15.19 tons compared to 9.47 tons in the previous year. For every CHF 1 000 of sales, therefore, the company emitted 0.0107 kg of SO_x, compared with 0.0065 kg per CHF 1 000 in the previous year, an increase of around 65 percent. In the year under review, Rieter only narrowly missed the target set for 2025 of 0.010 kg per CHF 1 000. Compared with the base year 2020, in which the company recorded 0.0144 kg per CHF 1 000 of sales, Rieter reduced emissions by around 25 percent in the reporting year. SO_x emissions are formed in industrial plants when fossil fuels are burned for the production process. Emergency generators are also used at some sites to maintain production capacity in the event of a power outage. Legally required air purification systems and filters at all Rieter sites help reduce acidification.

Water consumption

Rieter has improved water consumption for the third year running. Consumption fell from 0.197 m³ to 0.152 m³ per CHF 1 000 of sales. This represents a reduction of around 23 percent compared to the previous year, while sales decreased by around six percent. In relation to the base year 2020, the improvement is actually approximately 64 percent. Total water consumption in 2023 was 215 403 m³ compared to 287 146 m³ in the previous year. Water consumption per capita improved from 74.19 m³ to 68.33 m³, or about eight percent. The manufacturing process requires very little water and Rieter uses this resource sparingly.

Waste and recycling

At 7.04 kg in 2023, the Rieter sites were once again well below the waste and recycling target for 2025 of 10 kg per CHF 1 000 of sales. This represents an improvement of almost 20 percent compared to the previous year (8.77 kg per CHF 1 000 of sales) and around 38 percent compared to the base year 2020 (11.34 kg per CHF 1 000 of sales). Rieter uses resources sparingly and strives to recycle as much material as possible. All sites have had a collection system for recyclable waste since 2021. Compared to the previous year, the recycling rate increased from around 84 percent to 86 percent.

Responsibilities

The Board of Directors of Rieter Holding Ltd. defines the goals and priorities of the company's sustainability strategy. Group management implements the sustainability strategy at the operational level and monitors the achievement of targets and progress. For the implementation of site-specific measures, Group Management works closely with the local Rieter companies. It is supported by the heads of the business groups, the Risk Committee and the Environment, Health and Safety (EHS) Committee. In 2020, Rieter introduced the initiatives "Renewal of heating and ventilation systems with energy-efficient and environmentally friendly systems" and "Promotion and construction of solar systems at Rieter locations". The company consistently implements the recommendations of the energy audit carried out in 2022. At the end of 2023, Rieter launched an energy saving campaign at all sites.

New environmental goals: Improving sustainability in the textile value chain

As a result of the materiality assessment, Rieter will add three environmental goals to its sustainability strategy in 2024: "Biodiversity", "Circular economy" and "Climate change". The focus is on creating circular production processes and advancing the development of recycling technologies. At the same time, the company will continue to improve the carbon footprint of its production sites and further increase the energy efficiency of its spinning systems. Thanks to its extensive expertise in textile technology, Rieter can make an important contribution to increasing sustainability in the textile value chain. The improved carbon footprint paves the way for the introduction of a net zero strategy in 2024.

More information on the definitions of the key performance indicators and the individual targets is available at: www.rieter.com/esg-data.

ENERGY MANAGEMENT FOR ENVIRONMENTALLY FRIENDLY PRODUCTION

Rieter is pressing ahead with the implementation of energy efficiency measures, particularly at its production sites in key markets. In doing so, the company focuses on integrated approaches that combine renewable resources with intelligent solutions. This saves money and reduces CO₂ emissions.

In 2023, based on the recommendations of a company-wide energy audit, Rieter accelerated the implementation of efficiency measures at all locations. These range from replacing light sources with more energy-efficient light-emitting diode (LED) lamps to introducing an energy management platform at the site in China and making better use of daylight. Rieter also obtains about 6 800 MWh of renewable electricity per year from photovoltaic systems at company-owned sites in China, India and the Czech Republic.

Ústí nad Orlicí (Czech Republic)

With an annual capacity of around 700 MWh, the latest photovoltaic plant at the Ústí nad Orlicí production location has been covering around 20 percent of the annual electricity requirement since July 2023. The location where the world's first rotor spinning machine went into series production in 1967 has been part of the Rieter Group for almost 30 years. The surplus production from the photovoltaic plant is fed into the public grid on weekends when it is not in operation. The company has been using certified green

electricity from the public grid since 2021. Over the years, the insulation of the buildings at the location has been gradually improved, and today about 90 percent of the 33 000 m² of building space is thermally insulated and lit with LED lamps.

Changzhou (China)

An energy management platform (EMP) was introduced at Rieter's Changzhou location in 2023. This analyzes building and production data in order to optimize energy consumption. The EMP is the latest step in Rieter's strategy to minimize the CO₂ footprint at the location. To reduce energy requirements, the plant was designed from the outset to take advantage of natural light and ventilation. The company has now purchased more efficient equipment, such as variable frequency drive (VFD) compressors that can match the compressed air supply to production needs. As these are among the largest energy consumers at the location, electricity consumption has already been reduced this year.

In 2022, Rieter installed its largest photovoltaic plant in Changzhou with an annual capacity of 3 600 MWh, which covers around 25 percent of the site's energy requirements. The EMP helps to effectively manage peak loads and reduce electricity demand by eight to 10 percent.



Pavel Kubicek, Head of Operations, Rieter CZ, presents the latest photovoltaic system at the Ústí nad Orlicí location in the Czech Republic.

Wing (India)

At the Wing location in India in particular, the company knows how to use the forces of nature to minimize energy requirements. A photovoltaic plant has been covering around 20 percent of the electricity needs at the location since 2019. Natural light is also increasingly used in the production plant. In addition, about 85 percent of the factory premises are illuminated with LEDs. The company planted around 200 trees both at the Wing location and in the nearby village of Gokawadi. These will one day provide additional shade and reduce the need for air conditioning.

The production facilities are also being upgraded for greater efficiency and sustainability. For new purchases for the location, management opts for machines with energy-saving drives and purchases new fiber laser machines that use only half as much energy as their predecessors. Wherever possible, inefficient conventional motors are replaced with high-efficiency induction motors.

Winterthur (Switzerland)

The CAMPUS, which will open at the Winterthur site in spring 2024, is consistently based on ecological principles:

- 25 percent of electricity requirements from renewable sources,
- 60 geothermal probes for heating and cooling,
- E-charging stations available in the underground parking garage,
- two bus routes directly outside the building,
- 150 bicycle stands for employees,
- natural landscaping.

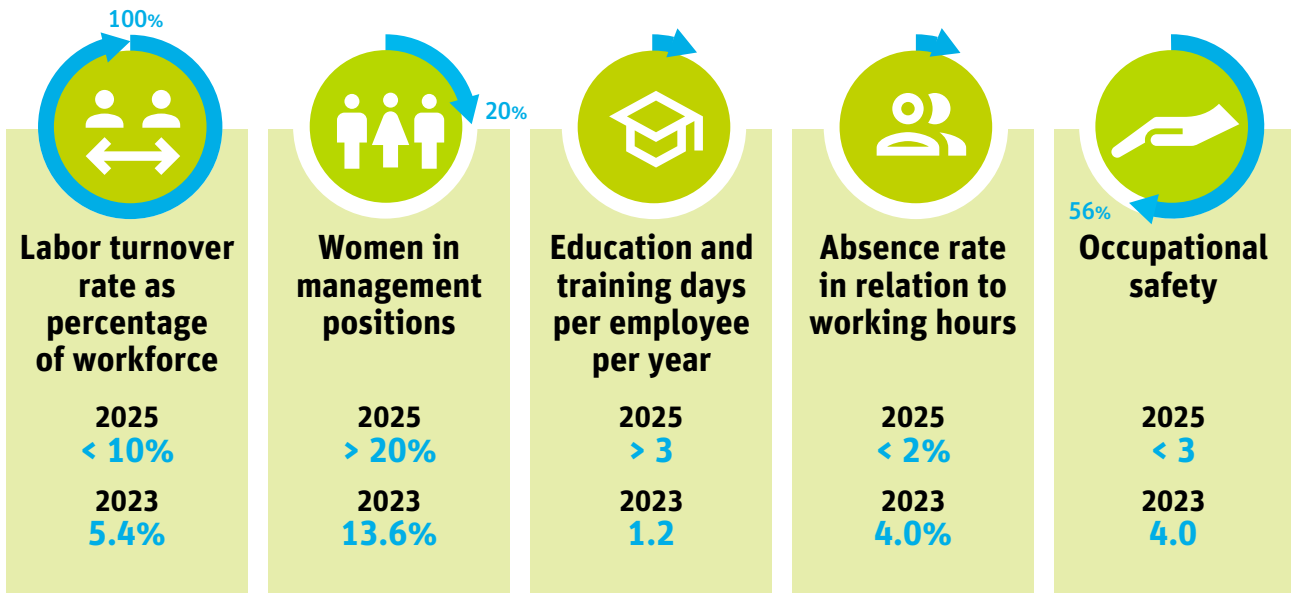


Rieter obtains around 6 800 MWh of renewable electricity from photovoltaic systems at company-owned sites.

GOALS 2025: PROGRESS AT A GLANCE

People

Employees



Source: base year 2020

TOWARD GREATER DIVERSITY

In the area of social sustainability, Rieter made significant progress in 2023, particularly with regard to the representation of women in management and occupational health and safety positions.

From 2024, as a follow-up measure to the materiality assessment, new goals will be developed under the headings “Own workforce” and “Business conduct”. This means that Rieter will pay even greater attention to employee satisfaction.

Labor turnover rate

With regard to the labor turnover rate, Rieter is now focusing on those employees who leave the company voluntarily because they have found what they consider to be a better alternative. This will allow Rieter to better measure employee satisfaction and the strength of its corporate culture. The number of employees who voluntarily left Rieter in the year under review remained stable at around 5.4 percent, compared with around 5.1 percent in the previous year and around 5.2 percent in the base year 2020. This is well below the 2025 target of no more than ten percent. This is a clear indication that Rieter is an attractive employer and is successful in retaining key talent over the long term.

Taking into account voluntary and involuntary departures, the turnover rate was approximately 16 percent, reflecting the one-time effect of the “Next Level” program and other optimization measures. It was around ten percent in the previous year and twelve percent in the base year.

At the end of 2023, Rieter employed 5 081 people (full-time equivalents), compared with 5 629 in the previous year. The proportion of employees in Switzerland remained stable at around 16 percent. The Rieter Group had 98 apprentices compared to 169 in the previous year. The reduction was primarily due to a realignment of the training approach in India, where employees are developed in a skills competence center. The number of apprentices in Switzerland fell only slightly from 57 to 54.

Responsibility for achieving the goals lies with the Human Resources department and Rieter’s managers. The Code of Conduct and the corporate mission statement set the direction.

Women in management positions

At the top management level, the proportion of women increased from around 12 percent in the previous year to around 13.6 percent, after it had also been around 12 percent in the base year 2020. This brings Rieter a step closer to its goal of increasing the proportion of women in management positions to more than

20 percent by 2025. Group Management had made achieving this goal a priority and launched the diversity initiative “Women@Rieter” (more on equal opportunities from page 58).

Responsibility for achieving the goals lies with the Board of Directors, Group Executive Committee and Rieter’s managers. The policies are set out in the Code of Conduct and the corporate mission statement.

Training days per employee per year

The average number of annual training days per employee was 1.2, slightly below the previous year’s figure of 1.3 and the base year 2020 figure of 1.5. This means that, in the year under review, it remained below the target of at least three days per year. This is mainly due to the fact that the focus in 2023 was on processing the order backlog. At the end of 2023, the company launched an online learning platform that employees can use to further their own education (more on this on page 59).

Responsibility for achieving the goals lies with the Human Resources department. The framework conditions are set out in the corporate mission statement.

Absence rate

The absence rate increased slightly from around 3.7 percent in the previous year to around 4.0 percent in the year under review, which is still higher than the target of a maximum of two percent. In the base year 2020, it was around 3.8 percent. This is a reflection of the difficult market environment in which Rieter operates.

The Human Resources department is responsible for achieving the targets, and the respective framework conditions are enshrined in the corporate mission statement.

Occupational health and safety

The absolute number of occupational accidents decreased to 44 in the year under review, compared to 50 in the previous year. As a result, the accident rate per million hours worked improved to around 4.0, compared with around 4.7 in 2022 and around 5.2 in the base year 2020. The number of serious accidents decreased significantly to 27, down from 36 in the previous year. A “serious” accident is defined as one in which the person or persons involved are absent for more than three days. Accidents are considered “minor” if they result in no more than three days absence from work. The number of accidents was 17, an increase of three over the previous year.

The improved accident rate is attributable to more intensive preventive measures and the implementation of targeted safety

training at Rieter sites. Each accident is investigated in detail and recorded in a case analysis that includes corrective actions. The results are then communicated to all locations for implementation and adaptation. Monthly online meetings with all personnel responsible for occupational health and safety ensure a continuous exchange of knowledge. Rieter’s goal is to completely prevent accidents at work.

The Environment, Health and Safety (EHS) Committee, in conjunction with the Site Managers, is responsible for achieving the targets, which are set out in the Code of Conduct and the Safety, Health and Environmental Policy.

New targets

A survey of the company’s key stakeholders identified five new core issues. One is under the heading “Own workforce” and another is under “Business conduct”. These will be incorporated into the ongoing development of the 2024 Sustainability Strategy. In 2024, one of the measures to be implemented is an employee survey that will enable the company to better take the pulse of its workforce and more effectively manage its efforts to be perceived as an attractive employer.

An overview of the policies adopted by Rieter can be found on page 43 of this report. More information on the definitions of the key performance indicators and the individual targets can be accessed at: www.rieter.com/esg-data.

EQUAL OPPORTUNITY CREATES ADDED VALUE

Rieter is committed to equal opportunity. The company attaches great importance to creating an inclusive culture that enables all employees to reach their full potential.

In 2023, the focus was on launching a diversity initiative, introducing a learning platform, and developing the next generation of leaders.

Gender diversity

In 2023, Rieter increased its focus on gender diversity to ensure that the 2025 target of at least 20 percent women in management positions can be achieved. A survey of female employees revealed their perceptions of equality in the company. Most of the survey results were positive. However, there was also room for improvement. Under the “Women@Rieter” initiative, the company has taken targeted measures to promote equal opportunities for women.

As a first step, the original target of 20 percent women in management positions at Group level was extended to business groups and departments. In addition, inclusive processes have been introduced to address issues such as inequality and unconscious bias.

Finally, a mentoring program for aspiring female managers was introduced in August 2023. Members of the Group Executive Committee have volunteered to serve as mentors to lead by example in promoting gender diversity.

Sarah Kreienbühl, member of the Board of Directors, took part in a panel discussion with other female executives on what it takes to be a successful female executive.

Creating an inclusive environment

Rieter strives to create a meaningful and value-driven environment through its mission and vision. This is also supported by the Code of Conduct, which is part of every employment contract. A dedicated integrity line makes it possible to report violations of legal regulations or internal policies, whether from a legal perspective or in relation to the company’s compliance policies. Rieter strictly rejects harassment and discrimination and actively works to improve safety and inclusion in the workplace by continuously developing its policies.



The “Women@Rieter” initiative provides for targeted measures to promote equal opportunities for women.



Thanks to a digital learning platform, employees can take charge of their own professional development.

Digital learning platform

Continuous learning is a key factor in further improving market proximity. In 2023, Rieter launched a digital learning platform that offers around 2 700 courses on topics such as management and leadership, human resources, and general business processes. The mandatory program for managers includes the course on unconscious bias, for example. The platform helps to onboard new employees faster, build relevant skills and create a more inclusive, high-performing culture. The courses offered allow employees to take charge of their own professional and personal development.

Goal-driven management process

The annual performance management process plays a key role in the professional development of the workforce and the identification of high-potential employees. The process ensures an ongoing dialog between managers and their team members and ensures that they work together towards the corporate objectives. It forms the basis of a strong talent pipeline that enables Rieter to promote high-potential employees from within and provide them with access to unique career opportunities. In return, the company can count on people with the expertise and network it needs to achieve its stated goals faster. By integrating Rieter's values into the target agreements of employees and teams, the company creates incentives to align business practices with its core values.

Leadership with impact

Rieter's annual nine-month leadership program combines digital learning opportunities with hands-on exercises. Participants acquire the ability to create long-term value for the company and achieve business objectives. The focus is on developing self-awareness, empathy, and the ability to inspire others. The participants are selected by their line managers and mentored by members of the Group Executive Committee.

The induction programs in 2023 focused on the topics of strategy, organization and corporate culture, textile technology and customer knowledge. Each program began with a Q&A session with the CEO.

In 2023, the Rieter Group employed 98 apprentices, 54 of whom were based in Switzerland.

RELIEF OPERATION FOR EARTHQUAKE VICTIMS IN TÜRKIYE

Rieter has made two container houses available to the victims of the February 2023 earthquakes. The province of Kahramanmaraş suffered particularly severe damage and losses. It is the heart of the country's textile industry and home to many Rieter customers.

The earthquakes that shook Türkiye and Syria on February 6, 2023 changed the lives of millions of people in a matter of seconds. This also affected 85 Rieter employees who were working in the region at the time.

In April 2023, Rieter set up a temporary housing container for Rieter employees and a second container for the local population, in order to support the reconstruction of the region. The 20 residential units in each house are equipped with a small kitchen and sanitary facilities. Kipaş Textiles, a long-standing Rieter customer, provided the land for the buildings.

The Istanbul Garment Exporters Association IHKIB donated a third container. Ahmet Öksüz, Member of the Board of Directors and Chairman of the Istanbul Textile and Raw Materials Exporters Association, says: "We have worked with Rieter toward the shared vision of rebuilding the lives and livelihoods of our local community and creating a future that is safe."

The container houses are more than just a roof over the head. In these protected spaces, residents find support and community, as many families have lost loved ones and their homes. The families will remain in their temporary homes until 2025. By then, the Turkish government plans to complete the reconstruction of residential buildings in the areas that are considered safe. In November 2023, Rieter sponsored a children's party where 600 young survivors enjoyed hamburgers and popcorn, live music, a soap bubble show and fireworks. Ali Özamsun, Managing Director of Rieter in Türkiye, says: "Seeing so many smiling faces was probably the happiest day in my more than 30 years of professional life. The relief efforts were made possible thanks to the global Rieter family and will make a real difference to the community here."

Rieter's repair center was almost completely destroyed in the earthquakes. However, it was able to reopen less than six weeks later. It provides access to much-needed repair services and expertise. This supported the rebuilding of the industry and helped customers to quickly put their spinning mills back into operation.

You can find more information about Rieter's commitment to the community here: www.rieter.com/esg-data.



One of many smiling faces at the children's party in the container village in Kahramanmaraş.



For a few hours, the children and young people were able to forget their worries.

RIETER SUPPORTS THE CONSTRUCTION OF AN ELEMENTARY SCHOOL IN INDIA

In India, Rieter supported the construction of a primary school in Gokawadi, a small village near Rieter's Wing plant in Pune, Maharashtra. The previous school collapsed a few years ago, and since then classes have been held in a temple or in the community hall.

Rieter donated CHF 150 000 for the construction of the building, which began in 2022. The schoolchildren have access to clean drinking water and can study in five classrooms. The building is designed to be expandable.



The future begins in the classroom.

ABOUT THIS REPORT

Rieter Holding Ltd. (Rieter) reports for the first time for the period from January 1, 2023 to December 31, 2023 on non-financial matters in accordance with the revised Swiss Code of Obligations (Art. 964a ff. CO). The company is organized as a public limited company under Swiss law with its registered office in Winterthur (Switzerland) and is listed on the SIX Swiss Exchange. This report includes all Group and associated companies as listed on page 103 of the 2023 Annual Report. Publication takes place on March 13, 2024.

As an integral part of the Group Report, it shows how the company develops, implements and measures its sustainability strategy. The report focuses on progress against the 2025 targets for “Planet” and “People”. “Planet” environmental targets include energy consumption, greenhouse gas emissions, acidification, water, and waste and recycling. Greenhouse gas emissions are measured according to the Greenhouse Gas Protocol. The environmental indicators are measured on a CHF 1 000 sales basis. As the report will be published in March 2024, the environmental data is collected for the first 11 months of 2023 and then annualized for the month of December.

The company measures the following data under “People”: employee turnover, women in management positions, training, absenteeism and occupational safety. Targets are measured against defined performance indicators. The base year for measuring

progress is 2020, and the company is guided by the Global Reporting Initiative: www.rieter.com/esg-data.

The report also provides information on how the company is making production in key markets more environmentally friendly and improving equal opportunities within the company through specific initiatives. One chapter is dedicated to relief efforts for the earthquake victims in Türkiye. The business model provides insights into yarn production, the spinning process, the market and the corporate strategy (see page 38 to 41).

Since 2016, Rieter has set itself measurable targets with a planning horizon of five years in the environmental and social areas. Since 2011, environmental, social and corporate governance data has been recorded in a dedicated SEED (Social, Environmental, Economic Data) database. Progress reports are published annually.

The reporting for 2023 also includes a materiality analysis based on a survey in the fourth quarter of the reporting year of the company’s most important stakeholder groups. They responded to 26 questions on the 12 key topics of the European Sustainability Reporting Standard (ESRS). The material topics identified will be taken into account in the further development of the sustainability strategy in 2024. The GRI Content Index is available separately here: www.rieter.com/esg-data.





Restatement of information

The data will now be compiled by the Rieter Group's finance department in order to increase transparency. As part of this change, the company has decided to shift the focus of the turnover rate to the number of voluntary departures as this provides a more precise indication of employee satisfaction. The relative measure per thousand francs of turnover for greenhouse gas emissions was corrected from kg to t. The Board of Directors has decided that the Strategy and Sustainability Committee will be dissolved as of December 31, 2023, and that relevant issues will be dealt with by the full Board of Directors in the future.

External audit

No external audit was carried out by the auditors. The report was reviewed by the Board of Directors and will be submitted to the Annual General Meeting for approval.

Employees

As of December 31, 2023, Rieter employed around 5 081 full-time employees worldwide, excluding apprentices and temporary employees. Around 16 percent of these are in Switzerland. Further information on employees and equal opportunities can be found from page 58 onwards. The figures on social objectives are collected via the national companies and consolidated at Group level.

Corporate Governance

The responsibility for non-financial reporting lies with the Board of Directors and was handled in the year under review by the Strategy and Sustainability Committee. It was chaired by the

Chairman of the Board, Bernhard Jucker. The Board of Directors delegates the implementation of the sustainability strategy to the Executive Committee. The Finance Department coordinates a cross-functional team consisting of members from Legal, Communications and Human Resources to consolidate the necessary data at Group level. Further information on the management structure, composition and nomination of the Board of Directors can be found in the Corporate Governance Report on pages 20 ff. Information on the compensation of the Board of Directors can be found in the Compensation Report on pages 64 ff. In December 2023, the members of the Group Executive Committee were trained by KPMG on sustainability.

Sustainability strategy

This report contains information on corporate governance on non-financial matters, including conflict minerals and child labor, on pages 46 ff. The information on the sustainability strategy on pages 42 and 43 is supplemented at: www.rieter.com/esg-data.

Stakeholder engagement

The materiality analysis on pages 44 and 45 provides an insight into how the company involves stakeholders in the identification of material topics. More on the stakeholder dialog can be found at: www.rieter.com/esg-data.





All statements in this report which do not refer to historical facts are forecasts which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

March 2024

This is a translation of the original German text.
© Rieter Holding Ltd., Winterthur, Switzerland

Copy: Rieter Management AG

Concept and design: Neidhart Schön, Zürich

Publishing-System: Multimedia Solutions AG, Zürich

Rieter Holding Ltd.
CH-8406 Winterthur
T +41 52 208 71 71
F +41 52 208 70 60

Group Communication
T +41 52 208 70 45
F +41 52 208 70 60
media@rieter.com

Investor Relations
T +41 52 208 70 15
F +41 52 208 70 60
investor@rieter.com

www.rieter.com