



# ANNUAL REPORT 2023



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# Temporary margin pressure due to loss of the COVID business and under-utilization

The 2023 financial year was marked by the nearly complete loss of the high-margin COVID business and the reduction of high security stocks among customers from nearly all sectors. These two one-off negative effects weighed on revenue development and led to under-utilization of the recently expanded production capacities and to an unfavorable development in the product mix. However, thanks to the intact megatrends and the company's strong market position, Datwyler was able at the same time to gain a large number of promising new projects with new and existing customers.



**1'151.5** million  
Net revenue



**10.5** %  
EBIT margin



**120.4** million  
Operating result (EBIT)



**896.6** million  
Average capital  
employed



**13.4** %  
ROCE



**53.0** million  
Capital expenditures



**8'056**  
Full-time equivalents

# Review



Despite the destocking among customers, Datwyler was able to maintain revenue at the prior year's level at CHF 1'151.5 million (previous year: CHF 1'150.6 million). The two companies acquired in the previous year, QSR and Xinhui, were taken into account for a twelve-month period for the first time. This led to a positive acquisition effect of CHF 55.0 million or 4.8%. The strong Swiss franc caused substantial negative currency effects of CHF 50.4 million or -4.4%, resulting in a slight organic decrease in revenue of 0.3%.

## Emerging from the low point: margin to recover in the second half of the year

At the level of EBIT, the insufficient capacity utilization due to destocking among customers, the one-off restructuring costs and the temporarily higher energy costs led to a decline to CHF 120.4 million (previous year: CHF 149.2 million). The EBIT margin temporarily declined to an unsatisfactory 10.5% (previous year: 13.0%). Despite negative seasonal effects and restructuring costs, the EBIT margin recovered in the second half of the year, and at 10.9%, exceeded the figure from the first six months (10.0%).

In the process of optimizing our cost structures, we took care to maintain our capacities and competencies for processing new customer projects to ensure medium-term growth potential was not put at risk. Due to the lower EBIT and the significantly higher financial expenses, the net result declined to CHF 66.8 million (previous year: CHF 104.8 million). The net result per share came to CHF 3.93 (previous year: CHF 6.16). The strong Swiss franc also had a significant negative impact on the profit figures in the reporting year.

## Stable dividend

The cash flow statement normalized in 2023 compared to the previous year, which was affected by acquisitions. Cash from operating activities amounted to CHF 194.9 million (previous year: CHF 118.6 million). Through advanced investments, we were able to reduce our investment activity significantly. Accordingly, free cash flow in 2023 improved to a strong CHF 136.7 million. This allows us to further strengthen the balance sheet and still propose a stable dividend. The Board of Directors proposes to the Annual General Meeting a cash dividend of CHF 3.20 per bearer share and CHF 0.64 per registered share.



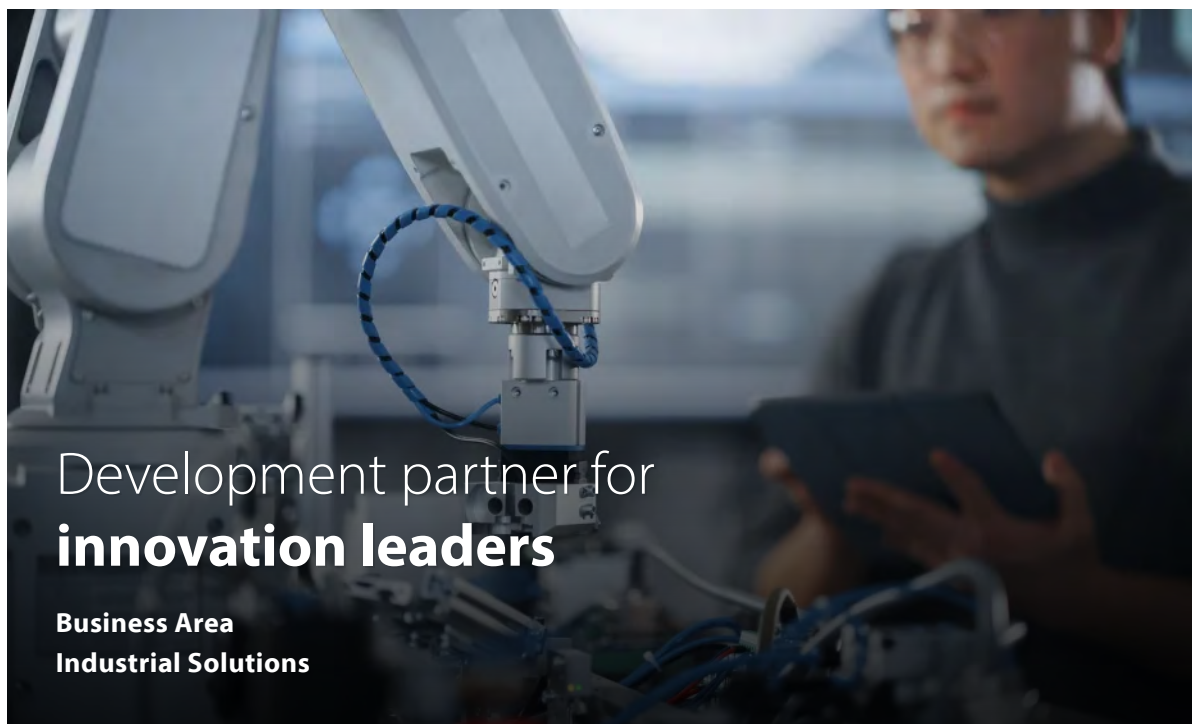
## Strategic topics

### Technological advances open up further growth potential

Thanks to the expansion of its production capacities and on-schedule integration of the most recent acquisitions, Datwyler is in a strong position strategically to tap into the attractive potential for profitable growth in the markets it serves. Technological advances mean the systems of our customers and the end products in which our system-critical components are used are becoming increasingly powerful, but also more complex. This increases the mechanical, thermal, and chemical requirements of our components, but also opens up new applications and additional growth potential.



One example of this is the trend toward biotechnological medicines which can only be administered by injection. Already over half of FDA-approved medicines are injectable. The required injection devices, whether it be syringes or portable auto-injectors, only function with high-quality elastomer components. Another example is the electrification of vehicles. In the drive train, batteries, and driver assistance systems, high-quality Datwyler products made from newly developed materials make a significant contribution to the functioning of subsystems and the safety of drivers and passengers.



## New customers and projects thanks to strengthened core competencies

In order to leverage these new growth opportunities, we have continuously strengthened our recognized core competencies over the years by commissioning a central technology and innovation lab and expanding the material development and engineering teams. Through the combination of our solution design, materials expertise, and operational excellence, we are able to support our customers as development partners from the design study and the prototype phase through to global serial production. At the same time, our three core competencies allow for high levels of synergies across all business units.

In the reporting year, we introduced, among other things, the new UltraShield film coating for healthcare components and new products for temperature management in batteries. We also achieved significant progress in industrializing electroactive polymers in a patented stacked design. The new products, coupled with our strong market position, have resulted in a large number of promising new projects with new and existing customers. Particularly in Healthcare Solutions, Mobility, and General Industry, we have gained several global innovation leaders as new customers, all of which have the potential to develop into long term major customers.







## Advanced manufacturing of a novel actuation technology

**Electro active polymers**



## The film coated solution for safely storing innovative drugs

**UltraShield™**

## Further development of sustainability in difficult conditions

Datwyler has a comprehensive sustainability strategy with 12 focus topics structured in line with the globally established ESG concept (Environmental, Social, and Governance). Each topic bundles activities and projects, and contains clear responsibilities with measurable objectives for effective management. This way, we take account not only of our impacts on the environment and society, but also the effects of ecological, social, and regulatory developments on the company. To the benefit of our stakeholders, we have driven forward our sustainability activities, despite the difficult environment. This is evident, among other things, in the EcoVadis gold standard, which places us among the top 5% of the more than 100'000 companies analyzed. The positive ratings from regularly conducted employee and customer surveys also motivate us.

Considering currency-adjusted revenue, we further reduced the consumption of heating fuels, electricity as well as waste volume per revenue unit again in the year under review. The share of electricity from renewable sources has increased further to 38.3%. With a new human rights guideline and updated code of conduct, we are raising awareness among employees, suppliers, and customers of possible human rights risks in our own operations and along the value chain. In addition, selected sustainability information is now subject to a limited assurance by the auditor.

## Changes in the Executive Management

As announced in October 2023, after seven years as CEO and 18 years in Datwyler's Executive Management, Datwyler CEO Dirk Lambrecht (63) has decided to relinquish his operational roles at the end of March 2024. He will be proposed for election to the Board of Directors at the upcoming General Meeting. The Board of Directors thanks Dirk Lambrecht on behalf of the shareholders and employees for his high level of commitment to Datwyler. For almost two decades, he has succeeded in expanding the current business organically with system-critical elastomer seals and through acquisitions.

The Datwyler Board of Directors has appointed Volker Cwielong (46) to take over as new CEO on 1 April 2024. He has broad-based entrepreneurial leadership experience that also includes the successful market launch of new product lines, acquisitions, and reorganizations. Most recently, he was responsible for the globally operating Purem business area of the German automotive supplier Eberspächer.

Further, the Board of Directors has appointed Judith van Walsum as new CFO and Head of the Group function Finance & Shared Services. She succeeds Walter Scherz, who has decided to pursue a new professional challenge outside Datwyler. Judith van Walsum has held various global management positions at Roche Group since 2004, most recently as CFO and Head of IT at Roche Diabetes Care with revenue of over CHF 1.4 billion. She has also been a member of the Datwyler Board of Directors since the 2022 Annual General Meeting and so is already familiar with the company. She will not stand for re-election to the Board at the forthcoming Annual General Meeting on 14 March 2024. In Judith van Walsum we are gaining a proven manager with extensive financial and strategic expertise as our new CFO. Her career path will enable her to strengthen the pharma and healthcare expertise in Datwyler's Executive Management and she will be an asset to that body.

Judith van Walsum will take over as CFO effective 1 June 2024. Until then Walter Scherz will remain CFO and ensure a smooth handover. Walter Scherz joined Datwyler in 2012 and held various positions, finally as CFO since 2020. We would like to thank Walter Scherz warmly for the fruitful and agreeable working relationship and for the commitment and dedication he has shown to Datwyler. We very much regret his decision and wish him all the best for his future career.

## Outlook

Cautiously optimistic outlook  
despite challenging environment



In the immediate future, the focus will be on achieving profitable organic growth by scaling the business model and production capacities and on strengthening the balance sheet. In the process, Datwyler intends to tap into the potential of its existing customers and markets more effectively, extend the markets it can serve with high-quality products, expand into new regions with the Healthcare and Connectors business units and increase the share of revenue generated by new products from the innovation pipeline. The large number of promising new projects with existing and new customers shows that the growth trends are intact in the markets with high entry barriers that Datwyler serves. For that reason, Datwyler confirms the medium-term objectives communicated to date.

Despite a challenging environment, Datwyler remains cautiously optimistic for the year 2024 on the whole. On the one hand, sustainably optimized cost structures, lower energy costs, the continuous recovery of the Connectors business unit, and the decline in the price of raw materials expected for this year should support the margin. On the other hand, geopolitical uncertainties, the strengthening of the Swiss franc, ongoing destocking at customers, recessive tendencies, and the modest forecasts for the global Mobility and General Industry markets call for caution. Accounting for the opportunities and risks, we expect organic revenue growth in the low single-digit percentage range and an improved EBIT margin.

## Thanks

We would like to take this opportunity to send a heartfelt thanks to our employees for the high level of commitment they show to Datwyler. It is the competencies and creativity of each and every employee which makes the development of new products and acquisition of new customer projects possible.

We would also like to show our gratitude to our new and existing customers for the trust they place in us with every new order. Our shareholders also deserve our thanks for their loyalty to our company.

On behalf of the Board of Directors and the Executive Management



*Dr. Paul Hälg, Chairman*



*Dirk Lambrecht, CEO*

## 2 Business Areas

Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, connectivity, general industry, and food & beverage.



### Subchapters

2.1 Healthcare Solutions

2.2 Industrial Solutions

### 2.1 Healthcare Solutions

Datwyler is a leading supplier of system-critical elastomer components for injectable drug delivery systems. These components are used in billions of prefilled syringes, glass vials and cartridges worldwide, improving patients' lives. With a worldwide network of highly automated production facilities, Datwyler is able to supply locally manufactured components to global pharmaceutical companies in the key economic regions. The market for healthcare components is low cyclical and is characterized by high entry barriers and long-term growth trends such as the aging society in industrialized countries or the increase in living standards in emerging markets.



### Products and services



#### High-quality rubber components

for prefilled syringes, pens and injection systems



✓ **Components and closures**

for injectable drugs in vials

✓ **Rubber components**

for blood collection systems, IV administration sets, disposable syringes, etc.

✓ **Rubber components**

for diagnostics and medical devices

## Target groups

- Pharmaceutical and biotech companies
- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic and medical products
- Manufacturers of parenteral drug delivery systems

## Geographical markets

- Europe
- North and South America
- Asia
- Australia

## Revenue and earnings

Healthcare Solutions with temporary decline in revenue and margins

**5.2** %

**Revenue decline**

organic

In 2023, the Healthcare Solutions business area was confronted with the almost complete loss of the COVID business. As a result, reported revenue fell in comparison with the very strong previous year to CHF 469.0 million (previous year: CHF 520.3 million), which corresponds to an organic decline of 5.2% due to the substantial negative currency effect. The loss of the high-margin COVID components led to under-utilization of our recently expanded plants and a temporary unfavorable development of the product mix.

As a result, EBIT fell to CHF 74.4 million (previous year: CHF 106.3 million) and the EBIT margin declined to 15.9% (previous year: 20.4%). In the process of optimizing our cost structures, Datwyler takes care to maintain capacities and competences without restricting the use of future growth potential. Nevertheless, thanks to the measures implemented, we were able to improve the EBIT margin to 16.1% in the second half of the year despite negative seasonal effects. To assess the development of the Healthcare business, a comparison with the 2023 reporting should be drawn with 2019, the last year prior to the pandemic. With the same exchange rates and adjusted for the acquisition of Xinhui and the low COVID revenue in 2023, organic revenue growth amounts to 37.6%, corresponding to strong average annual growth of the regular business of 8.3%.

**15.9%**

**EBIT margin**

## **Key developments and priorities**

For some years now, Datwyler has been pursuing a growth strategy in its healthcare business which aims to increase the share of revenue generated by high-quality, high-margin products for modern injectable medicines. To this end, Datwyler has systematically invested in the expansion of its global production presence and of its product portfolio, as well as in market development and technical and scientific customer support.



### **Production presence**

In terms of production presence, we are currently focusing on upgrading the plant in China, which was acquired in 2022. This will be achieved through the modernization of the facilities and implementation of Datwyler's standards and processes.



## Product portfolio

During the reporting year, Datwyler expanded the product portfolio, among other things with the introduction of a proprietary film coating technology. This makes Datwyler the first company to offer its customers the optimal components with film or spray coating, depending on the requirements of the injectable medicine.

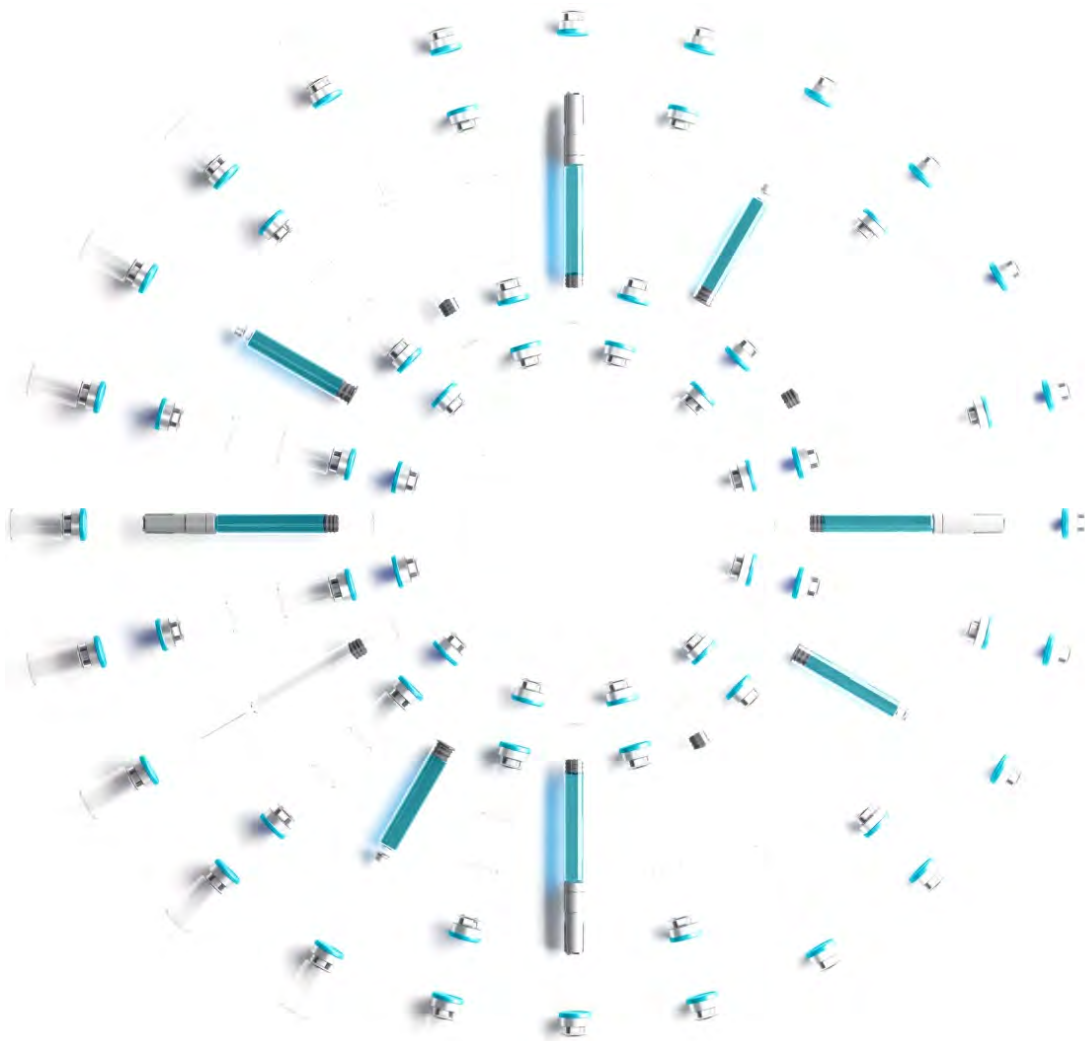


## Market development

For market development, Datwyler has further expanded its traditional measures and activities to include digital marketing campaigns and offers its customers strong scientific support when choosing package components. In this way, the rapidly growing number of small but innovative medicine development companies can be addressed and supported in a targeted and cost-efficient way.



Datwyler as first supplier of film and spray coatings for Healthcare components



## Outlook

Over the short term, the ongoing destocking among customers will limit growth and margin potential at least in the first half of the year. Once the demand situation normalizes, Datwyler will be able to benefit from economies of scale thanks to advanced investments and the production capacities made available by these investments. In addition, Datwyler is strengthening its competitiveness by transferring product lines from European facilities to the recently expanded Indian facility.

In the medium term, Datwyler has a strong foundation in the Healthcare Solutions to exceed market growth and gain market shares through the development work completed over the past few years. Revenue growth will be driven by three developments:

### ➔ **Organic growth**

After reducing inventories, organic growth with existing products and customers will accelerate again.

### → The trend of dual sourcing for existing and new medicines

The pandemic showed the healthcare industry how high the risks are of disruptions to the supply chain and how important the availability of packaging components is for the delivery of life-critical medicines. To reduce dependence on individual suppliers or production facilities and to improve business continuity, more and more healthcare and pharmaceutical companies are switching to dual procurement with local production for local markets.

### → Significantly growing number of injectable medicines

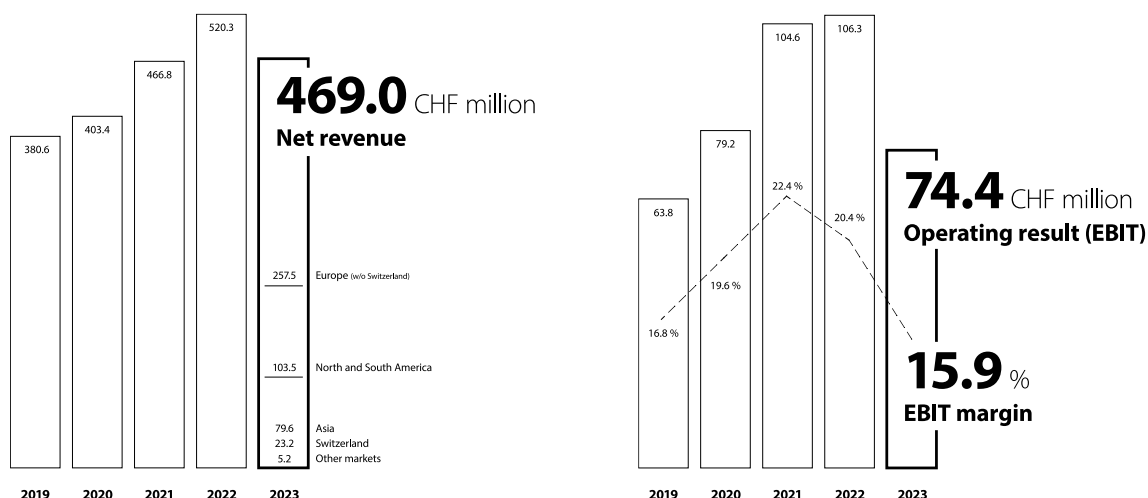
Injection is the preferred method to administer. This is shown in the fact that more than half of FDA-approved medicines are injectable. According to forecasts, medicines, among other things, with the metabolic hormone GLP-1 to treat obesity will expand the addressable market further.

With its harmonized global production presence with three identical cutting-edge FirstLine plants on three continents, Datwyler was known during the pandemic to be an extremely flexible and reliable partner for the healthcare and pharmaceutical industry.

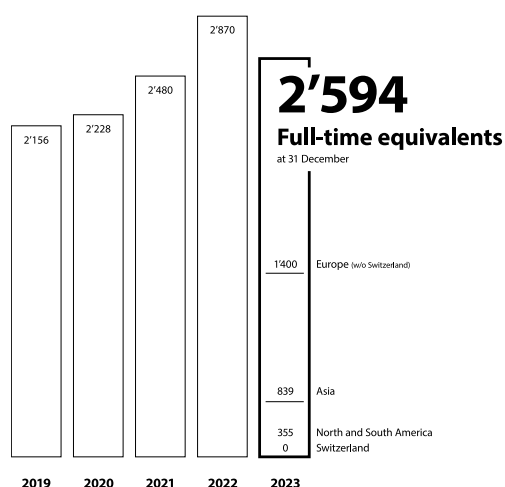
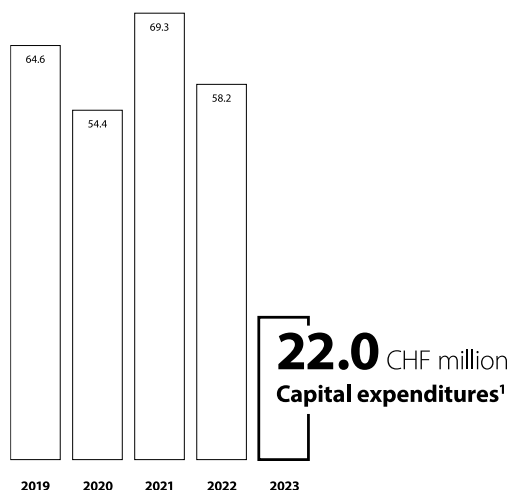
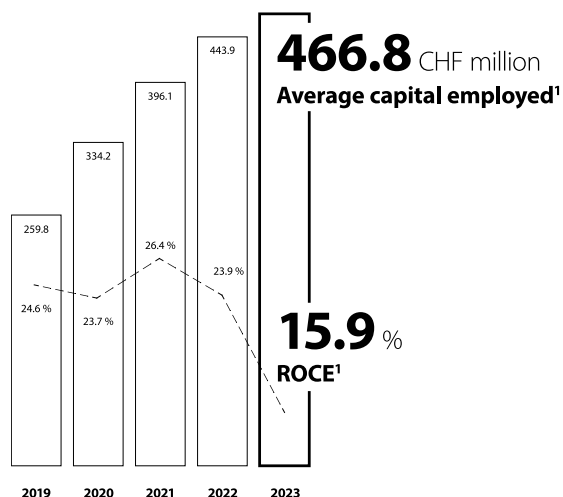
The additional customer contacts, together with the large number of new injectable medicines led to a new record of offered projects for existing and new medicines. As the high-value products for biotech drugs are growing significantly faster, their share of revenue will increase continuously.

## Key figures

Healthcare Solutions, 12 months ended at **31 December**, in CHF millions







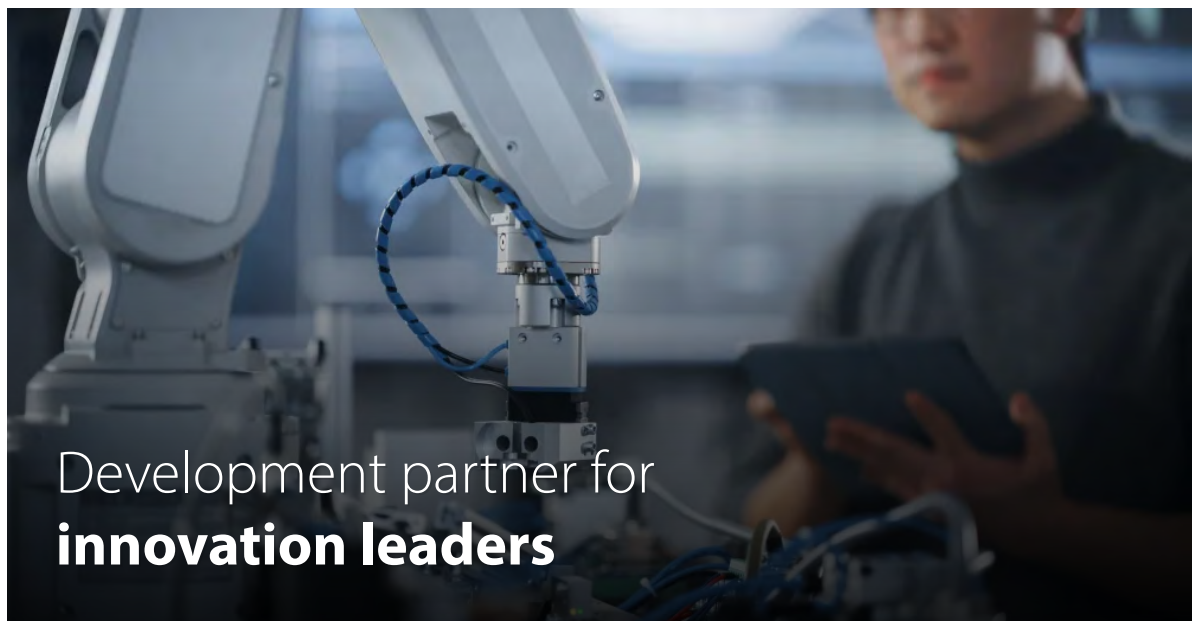
	2023	2022	Change
<b>Net revenue</b>	469.0	520.3	−9.9 %
<b>Operating result (EBIT)</b>	74.4	106.3	−30.0 %
↳ as % of net revenue (EBIT margin)	15.9 %	20.4 %	n/a
<b>ROCE<sup>1</sup></b>	15.9 %	23.9 %	n/a
Average capital employed <sup>1</sup>	466.8	443.9	+5.2 %
<b>Capital expenditures<sup>1</sup></b>	22.0	58.2	−62.2 %
<b>Full-time equivalents</b> at 31 December	2'594	2'870	−9.6 %

1. Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained in the [Financial Report 2023](#) (pages F58–F59).

## 2.2 Industrial Solutions

Datwyler is a leading supplier of system-critical elastomer components to the attractive global Mobility, Connectivity, General Industry and Food & Beverage markets. For instance, customer-specific components make an important contribution to driver and passenger safety in more than every second car worldwide. Leading core competencies in solution design, material expertise and operational excellence as well as a worldwide presence with its own production sites form the successful basis for this.

As a recognized development partner, Datwyler maintains close, long-standing relationships with global innovation leaders and has in-depth knowledge of business models, technologies and development trends in the markets it serves.



### Products and services



#### **System-critical components**

for cars with all drive concepts. Applications include batteries and powertrains in electric vehicles, brake systems, interior and active assistance and safety systems in all cars as well as fuel and engine management and exhaust gas aftertreatment in combustion engines



#### **Seals and components**

for electrical connectors for demanding applications in various markets such as mobility, aerospace or the manufacturing industry



### **Sealing components**

for upstream systems in the oil and gas industry, aerospace and heavy machinery, power tools, process and water treatment industries



### **Sealing solutions**

for portioned food and beverages

## **Target groups**

- Automotive system suppliers
- Electrical connector manufacturers
- Oil and gas service companies
- Aerospace and heavy machinery
- Manufacturers of power tools
- Process and water treatment industries
- Manufacturers of portioned food products

## **Geographical markets**

- Europe
- North and South America
- Asia

## **Revenue and earnings**

### Industrial Solutions with operating progress

**3.6%**

**Revenue growth**

organic

The Industrial Solutions business area increased its revenue by 8.2% to CHF 688.2 million (previous year: CHF 636.1 million) in 2023. QSR, acquired in 2022, was included for a twelve-month period for the first time. Adjusted for acquisition effects and considerable negative currency effects, organic growth amounted to 3.6%.

**6.7** %  
**EBIT margin**

In absolute terms, EBIT increased to CHF 46.0 million (previous year: CHF 42.9 million). This corresponds to an unchanged EBIT margin of 6.7%. For the year overall, operational improvements and positive effects from the restructuring measures were more than offset by shifts in the product mix and higher one-off energy costs, especially in the Swiss plant. However, in the second half of the year and despite negative seasonal effects, the positive effects led to an improvement in the EBIT margin to 7.5%, which clearly exceeds the amount of the first six months (5.9%).

Revenue growth of the Industrial Solutions business area was bolstered by both the Mobility and Food & Beverage business units. Despite modest economic development in China, Mobility was able to grow more or less in line with the market average. Food & Beverage significantly exceeded market growth thanks to close cooperation with successful innovation leaders. By contrast, both the Connectors and General Industry business units were affected by destocking among customers. While Connectors was able to hold steady at the prior year's level adjusted for currency effects, General Industry was hit especially hard compared to the strong previous year due to temporary market weaknesses of individual major customers.

## Key developments and priorities



### Connectors

2023 was marked, among other things, by the integration of QSR, which Datwyler acquired in May 2022 and manages as an independent Connectors business unit. Through the support of Datwyler specialists, the production processes in the Mexican QSR facility were stabilized and improved. This also steadily and sustainably increased the margin of the new Connectors business unit. The cross-selling projects between the Connectors business unit and the Mobility and General Industry business units are developing pleasingly and will generate additional revenue from 2024.



## Mobility

In the Mobility business unit, Datwyler has been working successfully on the transformation to e-mobility. By strengthening its presence with local development engineers in key markets, the company was able to acquire leading electric vehicle and battery manufacturers as new customers. The project pipeline is developing encouragingly and the share of acquired customer projects for vehicle electrification has risen to well over a third for the first time this year. At the same time, the EBIT margins on these projects are in double figures. To ensure cost-efficient production of the future Mobility product portfolio, Datwyler is working to optimize and consolidate the plants. The innovation project of electroactive polymers in stacked design also led to key technical advances in the reporting year and generated a lot of attention among potential customers.



The power of innovation for battery systems



## General Industry

The General Industry business unit also acquired promising new projects with existing and new customers in the reporting year, despite temporary market weakness. By digitalizing its marketing and sales and business processes, the business unit is expanding market access and accelerating the acquisition of profitable new orders. In parallel, the product and service offer is being expanded.



## Food & Beverage

The Food & Beverage business unit has further optimized its production facilities and processes through internal engineering efforts and in doing so, will strengthen its margins. With the European Union's new regulation on packaging and packaging waste, packaging materials must be recyclable in the future. Aluminum, which is used by Datwyler for the production of coffee capsules, meets this requirement. To promote a circular economy, Datwyler has already used primarily recycled aluminum for some time now.





## Outlook

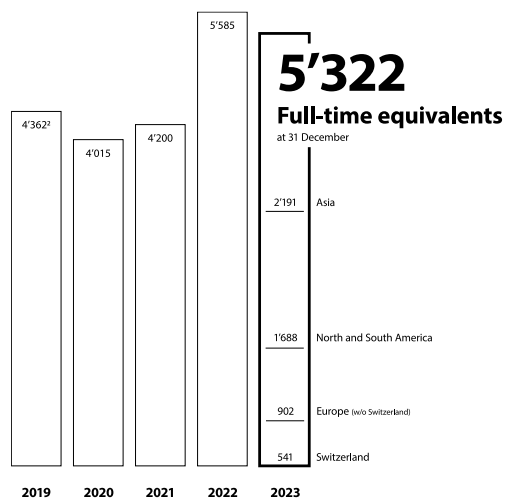
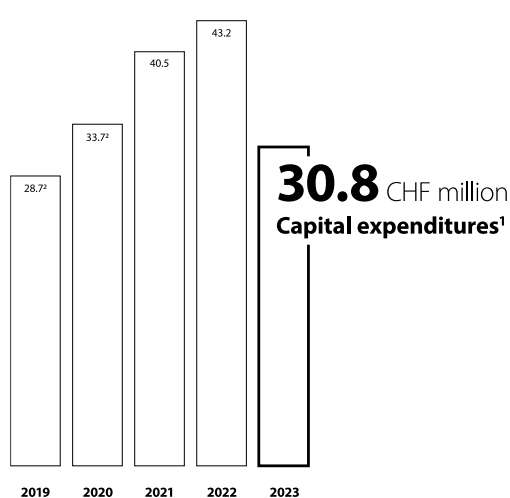
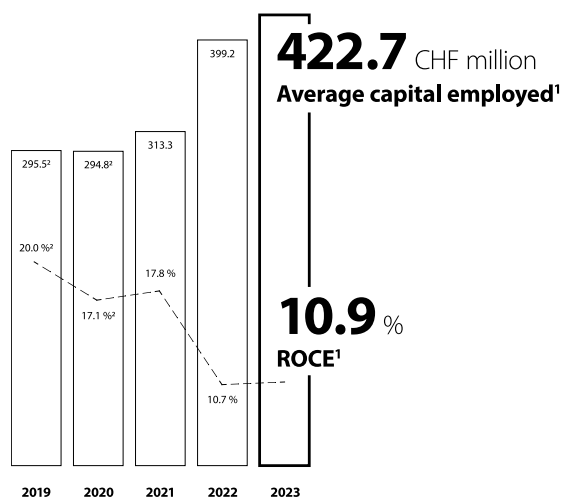
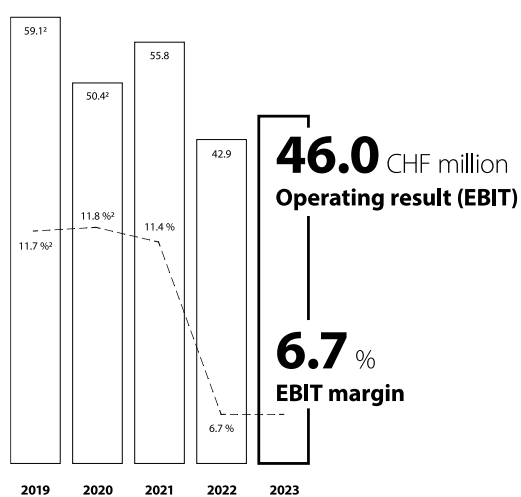
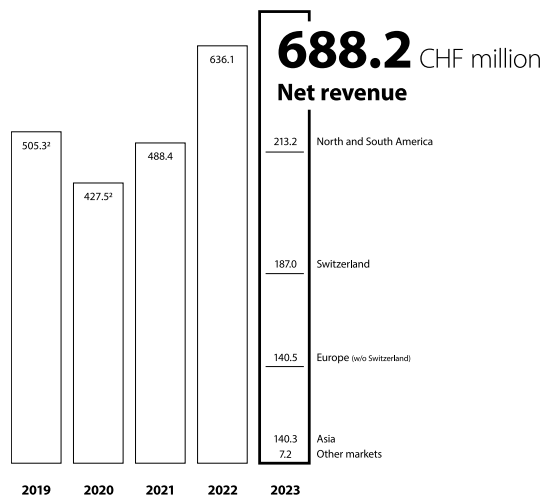
Despite a demanding environment and modest forecasts for the global Mobility and General Industry markets, Datwyler is cautiously optimistic for 2024. Lower energy costs, optimization of cost structures, and the ongoing recovery of the Connectors business unit should contribute to a continuous improvement of the EBIT margin in the Industrial Solutions business area during the course of 2024.

In the medium term, potential for profitable growth remains intact. Thanks to the stable megatrend in the markets served, Datwyler has promising product pipelines in all four business units. Moreover, the Connectors business unit is intensifying its market development in Europe.

For the Food & Beverage business unit, the European Union's new packaging regulation provides additional opportunities for growth. The requirement for coffee capsules to be recyclable is expected to result in a shift from plastic to aluminum.

## Key figures

Industrial Solutions, 12 months ended at **31 December**, in CHF millions



	2023	2022	Change
<b>Net revenue</b>	688.2	636.1	+8.2 %
<b>Operating result (EBIT)</b>	46.0	42.9	+7.2 %
└ as % of net revenue (EBIT margin)	6.7 %	6.7 %	n/a
<b>ROCE<sup>1</sup></b>	10.9 %	10.7 %	n/a
Average capital employed <sup>1</sup>	422.7	399.2	+5.9 %
<b>Capital expenditures<sup>1</sup></b>	30.8	43.2	–28.7 %
<b>Full-time equivalents</b> at 31 December	5'322	5'585	–4.7 %

1. Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained in the Financial Report 2023 (pages F58–F59).

2. Continuing operations

# 3 Sustainability

For Datwyler, sustainability means operating successfully in the present, while also being oriented toward the long term and delivering more value for all stakeholders.



## Subchapters

- 3.1 Highlights
- 3.2 Dedication
- 3.3 Focus topics
- 3.4 Governance
- 3.5 Environmental
- 3.6 Social
- 3.7 Regulations and standards
- 3.8 Assurance report

## 3.1 Highlights

Successful strengthening of **human rights** in key documents and processes

Social







Achievement of the **EcoVadis Gold rating**, ranking in the top 5% of all evaluated companies worldwide

Environment, Social, Governance



Achievement of an **Employee commitment rate of 85**, which is above industry benchmark

Social



Increased the amount of **electricity from renewable sources to 38.3%**

Environment

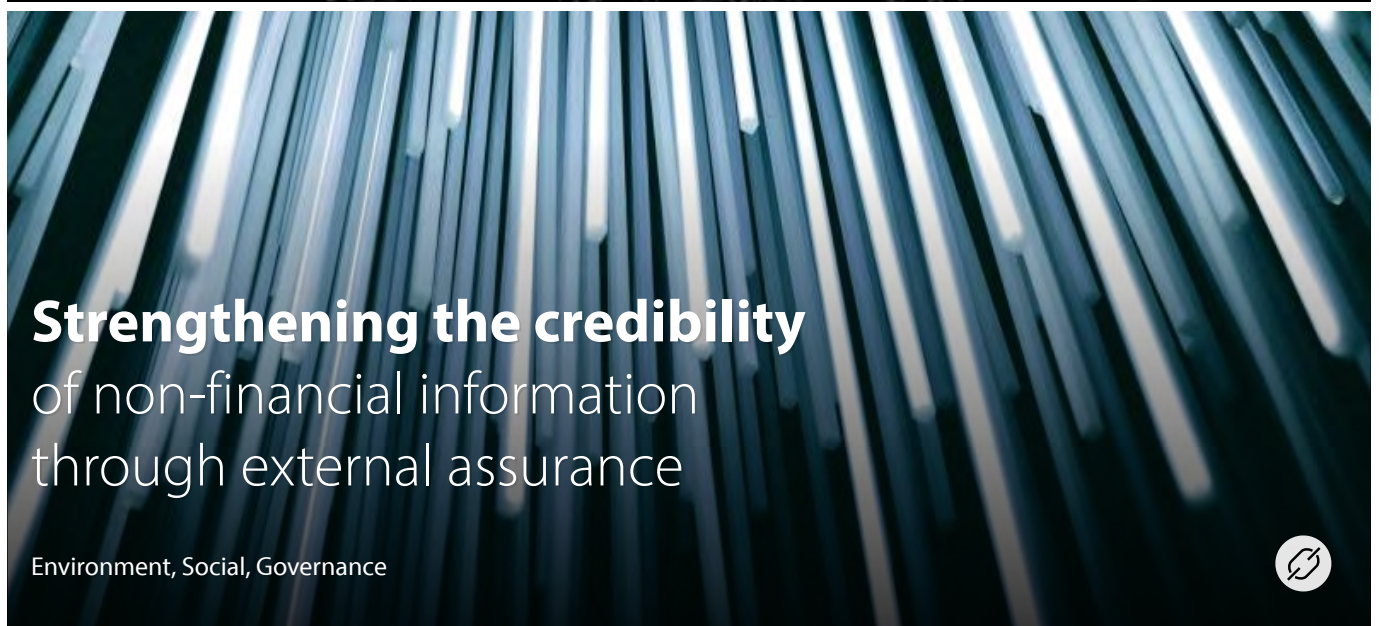






Offering first **PCF analyses** to customers based on requests

Environment



**Strengthening the credibility** of non-financial information through external assurance

Environment, Social, Governance



70% of sites engaged in at least one **external community activity**

Social



## **Driving forward sustainability despite a challenging environment**

We are aware that our own activities, as well as upstream and downstream activities, have an impact on the economy, the environment, people, and society. Conversely, we are also affected by ecological, social, and regulatory developments. In our sustainability strategy, we consider the topics that are of particular importance in one of these dimensions. The focus is on twelve focus topics, which are structured according to the globally established ESG (Environmental, Social, and Governance) scheme. Each topic bundles activities related to current and future projects and contains clear responsibilities with measurable targets and quantifiable key figures for effective management.

As early as 2009, we joined the UN Global Compact and committed ourselves to complying with its ten principles on human rights, labor practices, environmental protection and anti-corruption.

And for the sixteenth time, we are publishing a sustainability report in accordance with the globally recognized guidelines of the GRI standards. This report also fulfills the new legal requirements in Switzerland for reporting on non-financial matters.

We have always seen sustainability as an integral part of our business, even in a challenging environment, and are driving it forward for the benefit of all our stakeholders. This is demonstrated, among others, with the Executive Management function "Sustainability and operational excellence". In order to embed the topic of sustainability even more firmly in the company, we have included three sustainability metrics with a total weighting of 20% in the calculation of the variable incentive for all eligible employees.

### EcoVadis Gold and increased focus on human rights

In the year under review, we were awarded the Gold standard for our sustainability performance by EcoVadis for the first time. This shows that we made further progress and are fulfilling our social and environmental responsibilities with a clear sustainability strategy.

In order to meet market trends and new regulatory requirements, we have updated our sustainability strategy and are now putting an even higher focus on the topic of human rights. We want to increase all of our global operations' and employees' awareness of the human rights topic and the potential impacts on human rights, not only in our own operations but also along our value chain. That's why we have worked on a human rights policy, risk and impact assessments, stakeholder consultations, and the identification of salient human rights issues.

True to our mission «We materialize ideas for a safer, smarter and more sustainable world», we support our customers in implementing innovative systems and, among other things, make an important contribution to the safety of patients and drivers around the world.


In addition, our new components and materials for electric vehicles support the transformation to e-mobility and the achievement of climate targets. The electrical connector seals from the acquired QSR are also making a particular contribution to this.



*Dr. Paul Hälg, Chairman*



*Dirk Lambrecht, CEO*



*Sabrina Gérard, CSO*

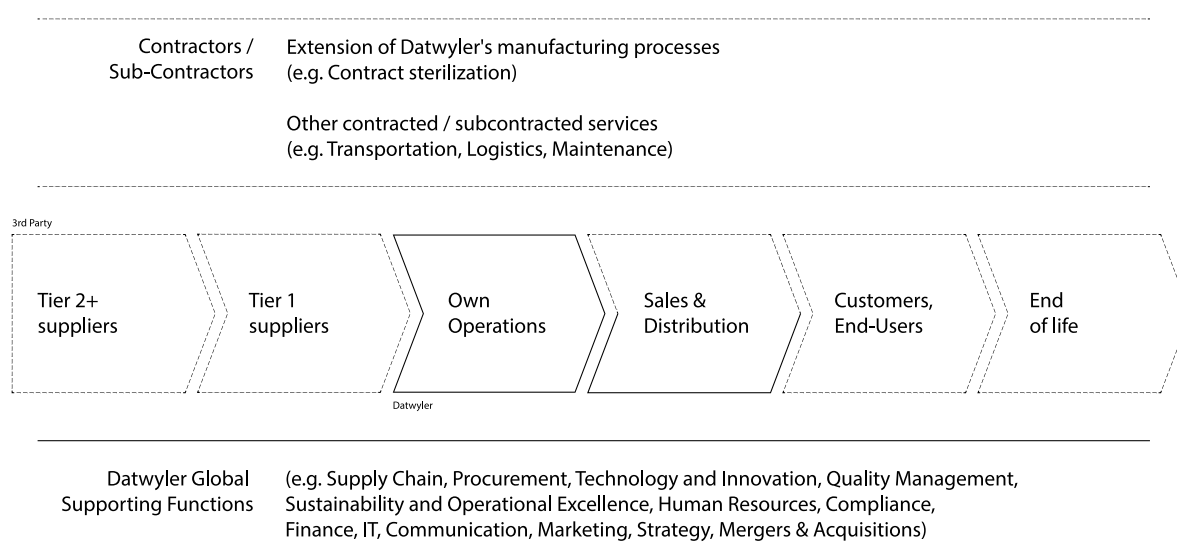
## 3.2 Dedication

### **Business model**

Datwyler produces system-critical elastomer components for customers in global markets such as Healthcare, Mobility, Connectivity, General Industry, and Food & Beverage. The key raw materials for this business are elastomers, plastics, aluminum, metals, and operating supplies. With more than 25 sites on four continents, Datwyler has a global production footprint with own elastomer mixing sites, mold shops, and new and dedicated sales and R&D centers close to its customers.

Datwyler's internal value chain encompasses the engineering of products, the designing of production processes, the manufacturing of product-related equipment such as molds, the mixing of compounds, the internal manufacturing processes such as calendaring, molding and trimming, and the packaging of components. The components are then supplied to over 1'000 customers in more than 100 countries, where they are assembled into final systems or a final product. Our net revenue, totaling CHF 1'151.5 million, is mainly generated in Europe (CHF 608.1 million), North and South America (CHF 316.7 million), and Asia (CHF 219.9 million). Other regions are summarized in "other markets" and generated net revenue of CHF 6.8 million.

More details on the products and services can be found in chapter 2 Business Areas of this report.



*Datwyler generic value chain (reflecting inputs from a diverse team of internal specialists).*

### **Tier 2+ suppliers**

- Suppliers of monomers, base chemicals
- Suppliers of silicon (silicon sand mining)
- Suppliers of aluminium ore (bauxite mining)
- Suppliers of other ores and minerals (e.g. talc clay mining) / Suppliers of natural rubber
- Suppliers of processed raw materials used by Tier 1

### **Tier 1 suppliers**

- Suppliers of raw materials and semi-finished parts (rubber, silicon, aluminium, inserts, etc.)
- Suppliers of trading / finished goods
- Suppliers of packaging materials
- Suppliers of indirect materials (e.g. solvents, mold release agents, dry trimming solutions, maintenance/spare parts, internal consumption)
- Suppliers of machinery/fixed assets/molds/parts for molds
- Utilities suppliers/providers

### **Own Operations**

- Engineering of products
- Designing of production processes
- Tooling
- Compound mixing
- Internal manufacturing processes (e.g. calendaring, molding, trimming)
- Packaging
- Waste/scrap and water treatment in own operations

#### **Sales & Distribution**

- Sales activities to promote and sell Datwyler products
- Distributors of Datwyler products

#### **Customers, End-Users**

- Assembly of Datwyler components into final systems (direct customers)
- Assembly system into final product (OEMs)
- Use of the final product (end-user/consumer)

#### **End of life**

- Disposal, reuse, recycle of Datwyler components
- Disposal, reuse, recycle of final products using Datwyler components

## **About Sustainability at Datwyler**

Sustainability is about balancing economic, social, and environmental responsibility. Within the Datwyler Group, sustainability is one of four strategic priorities embedded in everything Datwyler does, from product development and production to customer support and human resource management.

Given the considerable importance of sustainability to the company, employees, and communities where it does business, Datwyler has integrated the sustainability report into the annual report since 2022 and applied the GRI standard as an external reporting framework. We also provide a [reference table](#) that shows the relationship between our material topics and the non-financial matters in accordance with Article 964b of the Swiss Code of Obligations.

## **News and stories**

Datwyler is continuously working on the implementation of its sustainability objectives and reports on this in current news and stories on its website.



Discover more

## Decision maker in charge for sustainability

Ambitious sustainability goals can only be achieved if they are carried across all units and levels of a company. At Datwyler, the entire management team is committed to sustainability and drives developments in their individual areas of responsibility.

## External ESG developments

In recent years, corporate sustainability has gained significantly in importance, especially for listed companies. The primary driver has been the increasing global risk of climate change, which has been playing a major role in politics and society.

These external ESG developments are taken into account in the annual review of the sustainability strategy to ensure that Datwyler's strategy, including the focus topics and objectives, is aligned with the market trends we observe.



### Responding to climate change

- Increased attention of regulators, investors and large customers for ambitious climate goals for the whole value chain
- Exponential growth of SBTi commitments and scope 3 analyses
- Mandatory disclosure of climate governance, risks, and strategy (TCFD guidelines)
- Growing customer preference regarding low carbon products and solutions



### Increasing ESG regulations

- Regulatory focus in EU and globally on climate change, labor inequality, human rights, diversity, equity and inclusion, and social justice for all businesses, including reporting on non-financial matters and due diligence
- Far-reaching ESG regulations for financial industry and investors
- Increased demand from investors and customers to perform in ESG ratings & rankings
- Increasing expectations to assure sustainability information and data





## **Embed ESG in business operations**

- Integrating ESG risks in corporate strategy and risk management
- Increasing number of businesses with integrated reporting of financial and non-financial performance
- Accelerating the transition towards a circular economy and circular products
- Integrating sustainability aspects into product development



## **Protecting social and human rights**

- Increased requirements from regulators, investors, and NGOs on diversity in management and workforce, and on protecting human rights
- Regulations pertaining to human rights, health & safety, and environment
- Far-reaching regulations on responsible supply chains



## **Industry-specific sustainability trends**

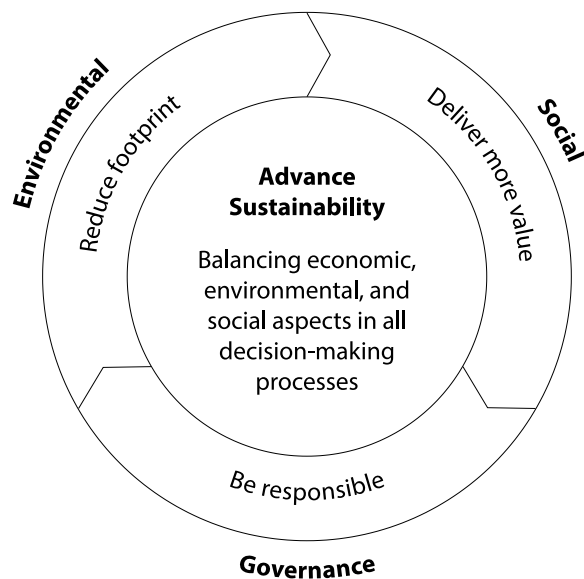
- Supply chain disruptions
- Healthcare: accelerating digitalization
- Shift toward eMobility
- Sustainable packaging



## «Advance Sustainability» as proactive strategic priority

For Datwyler, sustainability means operating successfully in the present, while also being oriented toward the long term. Thus, the company wants to not only be responsive to current global and market trends, but to proactively contribute to shaping a sustainable future. A long-term orientation means striking a balance between economic, environmental, and social aspects in all decision-making processes. To measure our progress in advancing sustainability, we take sustainability ratings into account as they give us a comprehensive overview of where we stand, focusing on several aspects of sustainability. Our goal is to be in the top 25% within our industry in all relevant sustainability ratings by 2030.

Datwyler's vision is to become a truly sustainable company focused on people, planet, and profit. This vision is inspired by the company's intrinsic motivation to safeguard what is most essential for the business and its shareholders, customers, workforce, and their families. Building on more than 100 years of corporate history and over a decade of sustainability achievements, when Datwyler made sustainability a strategic priority in 2020, it reinforced the importance of integrating sustainability across the company's activities.

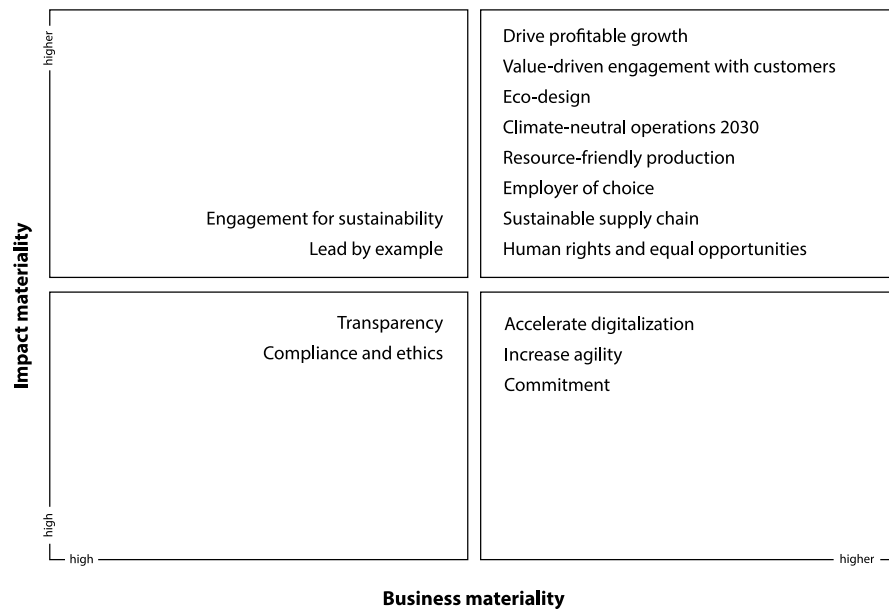




### 3.3 Focus topics

For over a decade, Datwyler has been dedicated to reporting in alignment with GRI, showcasing a steadfast commitment to transparency and accountability in the area of sustainability. Early on, Datwyler recognized the importance of materiality analyses guided by GRI principles.

Datwyler conducted a first comprehensive analysis in 2016. This entailed the collection of a long list, including those rooted in sustainability standards, industry relevance, and alignment with Datwyler's corporate strategy. These topics were discussed in workshops involving the extended management team and the Executive Management. Topics were assessed in terms of relevance from management and stakeholders.



In 2021, as part of crafting its sustainability strategy, Datwyler revisited and updated its material topics. The material topics were evaluated regarding Datwyler's impact on the economy, society, and the environment. The result was validated and approved by both the Executive Management and the Board of Directors. The extended management team played a key role in the alignment of these material topics with the strategy and objectives. Of the 15 topics that are material for Datwyler, twelve focus topics form the core of Datwyler's ESG strategy. The three additional material topics - drive profitable growth, accelerate digitalization, and increase agility - are part of the overarching corporate strategy.

In 2023, Datwyler revisited the materiality analysis again. Four material topics underwent adjustments to better reflect the evolving sustainability landscape, all while being evaluated regarding business relevance (business materiality) and impact on the economy, society, and the environment (impact materiality).

- ➔ To foster a holistic approach to environmental concerns encompassing the entire value chain, Datwyler transitioned from "Sustainable procurement" to "Sustainable supply chain".
- ➔ Acknowledging the significance of a "Safe and healthy workforce" in its sustainability efforts, Datwyler integrated this focus into the broader theme of "Employer of choice", recognizing its substantial contribution to employee satisfaction.
- ➔ In response to emerging requirements, including new legislation regarding human rights, Datwyler introduced a new social focus topic, "Human rights and equal opportunities", previously mentioned under "Compliance and ethics".
- ➔ Datwyler expanded the scope of the topic "Diversity of the Board of Directors and Executive Management" to "Lead by Example", acknowledging the pivotal role of every leader in the sustainability journey.

No external stakeholders were involved in this process. The result was approved by the Executive Management and the Board of Directors.

For 2024, Datwyler is planning a new double materiality assessment. This will align with the guidelines of the EU Corporate Sustainability Reporting Directive (CSRD), encompassing both external and internal stakeholders.

## Twelve ESG focus topics for further development

Datwyler structures its commitment to reducing its environmental footprint and creating added value for all stakeholders around an ESG landscape with twelve focus topic. The focus topics are structured according to Environmental, Social, and Governance (ESG) priorities and are intended to close gaps and build on existing strengths.

A separate allocation of Datwyler's material topics on non-financial matters according to the Swiss Code of Obligations is given in a corresponding reference table.



[Discover the Swiss Code of Obligations \(CO\) reference table](#)

### Environmental focus topics – Reduce footprint



#### **Climate-neutral operations 2030**

Scope 1+2 emissions (Science Based Targets)



#### **Eco-design**

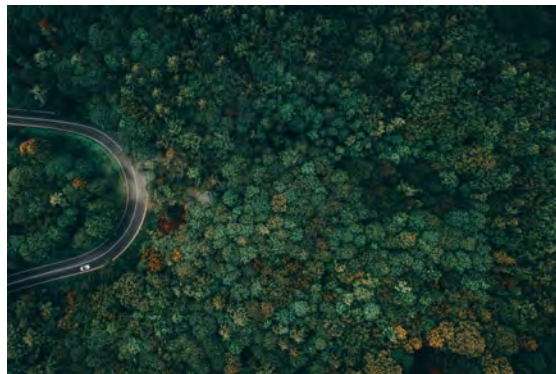
Life-cycle thinking, sustainable products





### **Resource-friendly production**

Waste, water, materials



### **Sustainable supply chain**

Scope 3 emissions, sustainable solutions through supplier and customer base



Social focus topics – Deliver more value



### **Employer of choice**

Employee commitment & satisfaction, employer branding, safe and healthy workplace



### **Value-driven engagement with customers**

Interactions, collaboration, positive social impact







### **Human rights and equal opportunities**

Diversity, equity, inclusion and belonging, protecting human rights of all stakeholders



### **Engagement for sustainability**

Volunteering for activities for company, customers, society

## Governance focus topics – Be responsible



### **Transparency**

Reporting, standards, ratings



### **Compliance and ethics**

Policies, proactive chemical compliance



### **Lead by example**

ESG integration at all levels of the organization



### **Commitment**

Budget & resources, principles, memberships, remuneration

# Impacts of our business activities

Negative impacts on the environment, people, society, and the economy can occur at all stages of our products' lives - from raw material extraction to production, distribution, and use through end of life. Although we endeavor to avoid these wherever possible or at least mitigate them to a certain extent, the nature of our products and activities means that this is not always possible. Our activities and products have an impact in the following ways:

## Environmental impact

Our activities - particularly those in the upstream value chain - have an impact on the environment. This takes the form of greenhouse gas emissions as well as air, soil and water pollution, caused in particular by the production of the raw materials we procure, our own production, transport, and final disposal. Datwyler is focusing on greenhouse gas emissions in this report, since we do not obtain a full air pollution balance (e.g. on volatile organic compounds) at group level at the moment. Air pollution is handled on a site-specific basis, taking into account the different local regulations. We will assess whether a full air pollution balance at group level will be published in future.

All employees along the value chain and the communities near our production sites are affected by our activities. We are aware of the ecological footprint of our activities and those for which we are indirectly responsible, and try to avoid, minimize and mitigate the negative effects on the environment. To reduce the environmental impact further, we enable the transition to more environmentally friendly mobility with our new components and solutions for electrified vehicles in cooperation with our Mobility customers.

## Social impact

We have an impact on various external stakeholders in our upstream and downstream supply chain. The focus of our efforts to avoid negative impacts is on the protection of the health of the employees and on the protection of human rights. Following a risk assessment exercise involving several internal teams (covering different geographies, businesses, or roles) and also external parties, we have defined those human rights areas that are seen as more salient in our value chain, i.e., presenting higher risk and severity of a potential impact. Those are:

- Consumer & product safety
- Environmental issues impacting human rights
- Child labor



- Forced labor
- Occupational health and safety
- Labor conditions
- Corruption

Our Healthcare components for injectable drugs are of crucial importance for the health and the well-being of humanity. The quality of these products is key to preventing undesirable negative effects. At a strategic level, our focus is on securing the availability of important medicine components in partnership with our customers. The pandemic has shown that a shortage of Healthcare components could have serious negative consequences for the population. We were a main supplier of vaccine components and acted successfully as a critical supplier during the pandemic.

## **Impact on employees**

Datwyler is often one of the largest employers in the regions in which we operate. Therefore, we have a potentially significant impact on those regions' available work opportunities and, consequently, enhance prospects for employees. We aim to play an active role in creating job opportunities, attracting talents, providing development opportunities, offering volunteering work, and supporting the communities in which we operate.

The physical and mental health of our employees can be influenced by their work. There are aspects that can affect all employees - such as pay, vacation, corporate culture, or ergonomics - and aspects that affect employees in production in particular. Depending on their place of work and area of responsibility, the latter group of employees may be in contact with hazardous substances or operate in a noisy environment. Datwyler has internal processes in place that help mitigate health and safety-related risks and protect our employees.

## **Governance impact**

We operate in countries with a certain risk of bribery. However, we strictly prohibit any special treatment, bribery, corruption, or any other form of fraud or money laundering activities, which is clearly stated in our Code of Conduct, anti-fraud and anti-money laundering policies, to avoid supporting or, in the best case, preventing any anti-competitive and corrupt processes.

Internal stakeholders (Executive Management, site directors, employees) and external stakeholders (suppliers, customers, investors, contractors) could be impacted by a fraud incident, so all internal stakeholders receive regular training to raise awareness regarding the risk of bribery and all stakeholders have the possibility to report compliance cases / potential fraud cases (e.g. corruption, bribery) through Datwyler's whistleblowing hotline.

Our anti-corruption measures are intended to promote an open and honest culture and to make our employees aware in advance of any disadvantages or other damage caused by corruption incidents. We also want to make a general contribution that is in line with our principles in the Code of Conduct and is part of Datwyler's corporate culture. Preventive measures help us to avoid greater damage and raise the awareness of each individual employee.

## **Open dialog**

The Datwyler Group maintains an open dialog with all stakeholders. This is also applicable to our employees. Regular employee surveys provide the foundation for continuous improvements. Our employees are free to join trade unions or form internal employee representative bodies. Where employees have decided to form internal employee representatives, we maintain a constructive dialog with them in accordance with legal requirements. By referring to our ESG strategy and our climate transition plan at all our shareholder and investor touchpoints and by discussing ESG topics with our customers, suppliers, and contractors, we regularly collect external feedback.

## **Top 10 goals**

To make the ESG focus topics more tangible, Datwyler developed its top 10 sustainability goals for 2030.



### **Climate-neutral operations (scope 1+2) by 2030 mainly based on a Science Based Targets (SBT) compatible reduction pathway**

Difference in absolute scope 1 and 2 emissions in tons CO<sub>2</sub> equivalent (eq) compared to base year 2023

Due to the fact that the base year is defined as 2023, this KPI can only be measured from 2024 onwards. However, compared to 2022, the absolute CO<sub>2</sub>eq emissions could be reduced by 0.4% in 2023.

→ [Climate-neutral operations 2030](#)



### **ISO 14001, ISO 45001 and ISO 50001 certificates at all production sites**

Percentual coverage of ISO 14001, ISO 45001 and ISO 50001 at all production sites

At the end of 2023, 63% of the production sites were certified according to ISO 14001, 33% according to ISO 45001, and 7% according to ISO 50001.

→ [Climate-neutral operations 2030](#)

→ [Resource-friendly production](#)

→ [Employer of choice](#)



### **Product carbon footprint available for each new product**

Percentage of new products covered by a product carbon footprint analysis

In 2023, the focus was on the processes for calculating the product carbon footprint (PCF), and initial PCF analyses were carried out for typical products for Healthcare and Industrial Solutions. From 2024, we will start to measure the percentage of new products for which a PCF has been assessed. In the case of existing products, we will determine on an ad hoc basis which products are to be analyzed.

→ [Eco-design](#)



### **Strive for all quality-critical suppliers to sign Supplier Code of Conduct**

Percentage of quality-critical suppliers that signed the Supplier Code of Conduct

At the end of 2023, 96% of the quality-critical suppliers signed the Supplier Code of Conduct.

→ [Sustainable supply chain](#)



## Employee commitment rates above industry benchmark for all sites

Employee commitment rate assessed via the employee survey

The employee commitment rate in 2023 was 85 out of 100, which is higher than the industry benchmark of 82.

→ Employer of choice



## High rankings in customer service rating for sustainability

Score for sustainability related questions in customer questionnaires

The number of questions on sustainability in the customer satisfaction survey was increased in 2023 in order to better understand how customers perceive our sustainability performance. In the questions on different aspects of sustainability, customers rated our performance better than that of our peers.

→ Value-driven engagement with customers



## Strive for zero accidents, zero injuries and a healthy working environment

Accident severity rate (absences due to work-related accidents in days / total hours worked \*1'000)

In 2023, there were 1'668 days of absence due to work-related accidents, which corresponds to an accident severity rate of 0.10.

→ Employer of choice



## Embed human rights due diligence and considerations in all applicable key processes, contracts, and relationships along the value chain

Number of processes and documents where human rights topics are embedded

In 2023, besides key processes such as establishing a human rights policy and doing a human rights risk and impact assessment, we further embedded human rights topics in key documents such as our employees Code of Conduct, Supplier Code of Conduct, and in the business continuity planning process.

→ Human rights and equal opportunities



### **At least one annual external community activity per location**

Percentage of sites that engage in at least one external community activity

In 2023, 70% of all sites engaged in at least one external community activity.

→ Engagement for sustainability

### **Be among the top 25% within our industry in all relevant sustainability ratings**

Percentage of relevant ratings where we are among the top 25% within our industry

In 2023, Datwyler has already achieved this for the following ratings: EcoVadis (top 2% within our industry) and Sustainalytics (top 9% within our industry).

→ Overarching

## **Contribution to the SDGs**

The 2030 Agenda for Sustainable Development was adopted by all United Nation Members States in 2015. The 17 Sustainable Development Goals (SDGs) provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. As a reliable partner, we fulfill our social and environmental responsibilities and contribute to the achievement of the UN Sustainable Development Goals.





Sustainable Development Goal #3 [↗](#)

Ensure healthy lives and promote well-being for all at all ages.

→ Customer Health and Safety and Chemical Compliance



Sustainable Development Goal #4 [↗](#)

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

→ Employer of choice

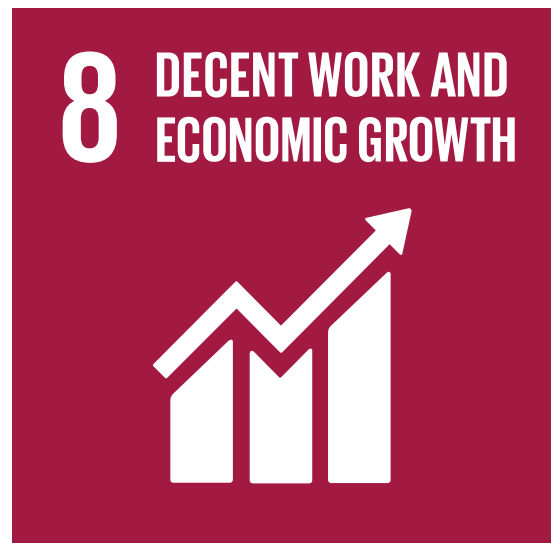


Sustainable Development Goal #5 [↗](#)

Achieve gender equality and empower all women and girls.

→ Employer of choice

→ Human rights and equal opportunities



Sustainable Development Goal #8 [↗](#)

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

→ Resource-friendly production

→ Employer of choice



[Sustainable Development Goal #9](#) 

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

- [Eco-design](#)
- [Resource-friendly production](#)
- [Sustainable supply chain](#)



[Sustainable Development Goal #12](#)

Ensure sustainable consumption and production patterns.

- [Resource-friendly production](#)
- [Eco-design](#)



[Sustainable Development Goal #13](#) 

Take urgent action to combat climate change and its impacts.

- [Climate-neutral operations 2030](#)
- [Sustainable supply chain](#)



[Sustainable Development Goal #17](#) 

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development



→ Value-driven engagement with customers

## 3.4 Governance

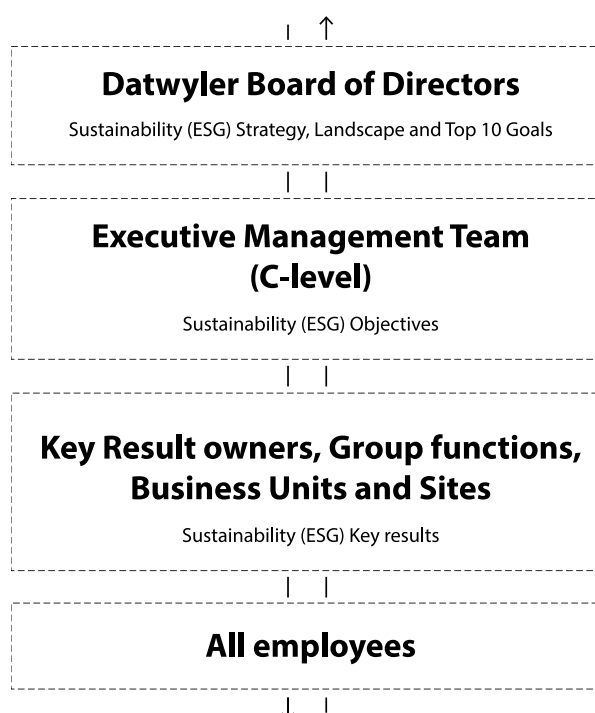
In the area of Governance, Datwyler focuses on continuous development of transparency, lead by example, commitment, such as integrating a sustainability component into variable pay for all bonus-eligible employees and compliance and ethics, such as a proactive chemical compliance management.

### ESG Governance

#### Oversight and execution of the sustainability (ESG) strategy at Datwyler

A strong governance framework is key to ensuring that the sustainability (ESG) strategy Datwyler has committed to is incorporated into the corporate agenda.

The governance of sustainability (ESG) is integrated into the corporate governance structure throughout the Group – from Board level to Management level, Group functions, Business Units and all employees.



## **Datwyler Board of Directors**

The highest governance body at Datwyler is represented by the Datwyler Board of Directors (BoD) and has overall responsibility for Datwyler's ESG strategy and reporting.

In line with the Board of Directors' responsibility to determine the principles of corporate strategy (see the Corporate Governance section), the Board oversees the Executive Management on matters required to enable:

- ➔ the Datwyler Group to operate on a sustainable basis for the benefit of current and future generations;
- ➔ the development and adoption of the Datwyler Sustainability (ESG) Strategy and related policies, including the Sustainability (ESG) landscape and the top 10 goals;
- ➔ the effective management of ESG related risks;
- ➔ the communication of critical concerns to the highest governance body;
- ➔ the development of ESG knowledge at BoD and group level.

While the Board is responsible for oversight, the Datwyler Executive Management ensures the implementation of the Sustainability (ESG) Strategy.

## **The Executive Management**

Implementation responsibility for sustainability (ESG) lies with the Executive Management consisting of the C-level.

The Executive Management has defined 'advancing sustainability' as one of the four strategic priorities and has established sustainability (ESG) related objectives for the organization. For each objective measurable Key Results are defined and led by a Key Result (KR) owner.

The CSO (Chief Sustainability Officer) coordinates the sustainability activities within the organization and has regular exchange meetings with the KR owners.

## **Business integration**

The Objectives and Key Result (OKR) system uses an iterative approach which facilitates to handle complex topics in an agile way. The Key Result (KR) owners initiate and track key activities related to their Key Result and discuss progress and challenges on a regular basis within their team and with their respective leaders.

Everyday sustainability topics are managed, as appropriate, by the sustainability functions, business units, sites and other corporate functions such as human resources, procurement, technology and innovation, communications, development, engineering, and compliance.

All Datwyler employees contribute to the Datwyler sustainability journey.

### **Collective knowledge of the highest governance body**

Annual knowledge exchange sessions are organized for the BoD members with the goal of advancing the collective knowledge, skills and experience in sustainable development.

In 2023, the following topics were presented to the BoD:

- ➔ Understanding the ongoing sustainability trends from a market, customer and compliance point of view (BoD meeting May 2023)
- ➔ Datwyler's ongoing and planned sustainability activities to respond to these trends (BoD meeting May 2023)
- ➔ Review of the sustainability strategy including SWOT analysis, focus topics, top 10 goals (BoD meeting May 2023)
- ➔ Deep dive into the topic of scope 3 and SBTi as well as human rights due diligence (BoD meeting May 2023)
- ➔ Deep dive into the new legal requirements in Switzerland for reporting on non-financial matters and the associated responsibilities of the BoD (BoD meeting September 2023)
- ➔ ESG reporting standards carried out by KPMG (Audit Committee meeting December 2023)
- ➔ Review of the 2023 sustainability report (Audit Committee and BoD meeting December 2023)

### **Evaluation of the performance of the highest governance body**

Each year the BoD Chair takes the initiative to evaluate the skill set of the BoD members by using an independent evaluation questionnaire assessing e.g. leadership, culture, role clarity, teamwork, accountability, decision making, communications, board operations. This questionnaire includes economic, environment, social and governance related questions.


The questionnaires are completed individually and reviewed by the Chair. Actions to close gaps related to the boards operation and skill set are taken if needed.

## Risk management

As a globally active company, Datwyler has an institutionalized and systematic risk management system. Risks are divided into four categories: strategic, operational, financial, and compliance. ESG risks are translated into one or several of these business risk categories according to their impact at Group level as well as at business units and production site levels.

## Environmental risks

When it comes to environmental risks, global warming contributes to more unpredictable events, such as natural disasters or droughts (see TCFD report). This could impact the current products and business models as the market might need to change to address those risks. One example is that a scarcity of water could have a severe impact on our business because it is an essential input for the washing of Healthcare components.

 [Discover the TCFD report](#)

In addition to risks with a broad effect, our industry is also exposed to specific environmental risks. Therefore, we are monitoring the evolvement of stricter environmental regulations such as, for example, a potential ban on specific chemicals because of their environmental impact (e.g. fluoropolymers). Alongside monitoring new potential regulations, we also assess the impact those might have on our operations and products and define potential action plans. A delayed adoption of environmental changes/requirements could impact the business model and products - therefore an ongoing and proactive adoption of needs and demands must be fostered. Another potential risk is related with carbon taxes, which could lead to increasing costs of raw materials and energy.

## Social risks

Increasing regulation means that social risks are on the rise. Until now, misdemeanours in the area of supply chain due diligence were primarily associated with reputational risks. As a result of the legal obligation, human rights issues are receiving more attention and now entail financial and litigation risks.

## Employee-related risks

Datwyler is dependent on access to committed and skilled employees to meet its operational needs. Due to demographic trends in countries where Datwyler has operations, there is a potential risk that there will be a shortage of suitable labor in the future, due to an aging and shrinking workforce. This is becoming increasingly evident since around 35% of people in leadership positions within Datwyler are older than 50.

Risks also arise if we are unable to respond quickly enough to the changing demands of a volatile market environment and are therefore unable to fulfill our employees' expectations of a modern working environment, including the demand for a workplace that promotes diversity, equality, inclusion, and belonging. This would not only pose a risk for talent attraction, but also for employee retention.

## Governance risks

Regarding governance, there is a risk of not meeting stakeholder expectations if we do not report transparently on our ESG data. Fulfilling this is associated with increasing effort. In many areas, increasing regulatory requirements require additional monitoring of legal and geopolitical developments. This requires additional expertise to be built up within the company or provided by third parties. These circumstances can affect all Business Areas and have a direct impact on operations. At the same time, they mean increased administrative effort to ensure compliance with relevant requirements or new laws.

Due to the new regulatory requirements, there is a particular focus on how companies deal with corruption risks. Corruption incidents, which are an indication of insufficient governance, that are going public might break up business relationships and have an impact on investors (existing and potential) through a decrease in the share price or valuation of the group.

In addition, corruption can cause direct financial damage to local companies and the Group. This may include legal consequences and associated legal costs, as well as fines/sanctions that may be imposed by regulatory or legislative/judicial bodies. In addition, there is indirect financial damage caused by the above-mentioned cases.

↑↓ [More information is available in the risk management section of the Corporate Governance chapter](#)

## Communication of critical concerns

Critical concerns include concerns about the organization's potential and actual negative impacts on stakeholders raised through grievance mechanisms and other processes. They also include concerns identified through other mechanisms about the organization's business conduct in its operations and its business relationships.<sup>1</sup>

At Datwyler, critical concerns are immediately reported by the CEO, CFO or CSO to the Board of Directors (BoD). An overview of critical concerns is included in the compliance report, in the annual risk management report and reported to the BoD twice a year by the CFO.

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1. Definition taken from GRI standards, GRI 2: General Disclosures 2021



FOCUS TOPIC



# Transparency

Datwyler believes transparency is fundamental for stakeholders to recognize the company as a reliable partner. The company has consistently disclosed its ESG performance against leading and internationally recognized frameworks and published a sustainability report in accordance with GRI and the ten principles of the UN Global Compact since 2009.

For the first time in 2023, Datwyler obtained a limited assurance on selected KPIs in cooperation with KPMG in order to strengthen the credibility of non-financial information towards external stakeholders. The following KPIs were verified:

- ➔ Greenhouse gas (CO<sub>2</sub>eq) emissions (scope 1 and 2) and greenhouse gas emissions intensity
- ➔ Percentage of suppliers that are certified according to sustainable certificates (ISO 14001, ISO 45001, ISO 50001)
- ➔ Employee commitment
- ➔ Accident severity rate
- ➔ Number of confirmed corruption incidents



The verified KPIs are marked and reported

The company has also disclosed its energy consumption and resulting CO<sub>2</sub> emissions to CDP (Carbon Disclosure Project) since 2013, and since 2022 also its water consumption and the impact on deforestation. After receiving the Silver award from the globally recognized rating agency EcoVadis four times in a row, Datwyler received the Gold rating for the first time in 2023. This places Datwyler among the top 5% of more than 100'000 companies from 175 countries that have been analyzed by EcoVadis. In the elastomer industry, the company even ranks among the top 2% of all companies evaluated.



[Read more about Datwyler's EcoVadis rating](#)



**United Nations**  
Global Compact



## UN Global Compact

With more than 24'000 members, the United Nations Global Compact promotes awareness of the social and ecological responsibility of business.

→ [Learn more](#)

## Carbon Disclosure Project

CDP operates a leading global system for reporting on energy and resource consumption on behalf of institutional investors.

→ [Learn more](#)

# ecovadis

## EcoVadis

EcoVadis is one of the world's leading providers for corporate social responsibility (CSR) audits. 100'000 companies from 175 countries have been assessed already.

→ [Learn more](#)



## Global Reporting Initiative

The GRI Standards are the most widely used standards for sustainability reporting worldwide.

→ [Learn more](#)



# Compliance and Ethics

Datwyler aspires to have an industry-leading ESG/sustainability policy framework that is continuously evaluated and improved. Datwyler's first Code of Conduct—which is binding for all employees at all sites across the Group—was published in 2008. This code mandates that the companies and employees within the Group must respect the national laws, human rights, personal dignity, and privacy of each individual person.

## A fair and responsible partner

In its Code of Conduct and with its participation in the UN Global Compact, the Datwyler Group has firmly committed itself to protecting human rights. Additionally, since 2020, sustainability has become one of the Group's key strategic priorities, reinforcing its commitment with people and planet. To put this into practice, topics related to human rights and sustainability have been embedded in various policies and processes within Datwyler Group, such as its Supplier Code of Conduct, internal audits, or its DEI/ Whistleblowing policies, just to name a few. Since 2022, the internal Global Business Continuity Planning (BCP) process includes enhanced focus on risks related to the environment (cf TCFD), human rights (e.g. child labour) and conflict minerals.

First BCP assessments including the increased risk related focus items were conducted in January 2023 and continued throughout the year. Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment, or insults. The Code of Conduct also articulates how to deal with business partners and competitors, strictly prohibiting any special treatment, bribery, or corruption. For example, clear rules are defined in the code for placing orders, awarding sponsorship money, and dealing with conflicts of interest. When dealing with whistleblowing cases, the general requirements of the EU Whistleblowing Directive (Directive (EU) 2019/1937 on the Protection of Persons Who Report Breaches of Union Law) and applicable local laws are followed.

Datwyler had already been offering its employees a whistleblower hotline for reporting code violations since 2009. A visible whistleblowing hotline that is actively utilized builds trust and reduces the risk of potential corruption and other fraud cases. None of the whistleblower reports received in 2023 were in connection with a corruption case<sup>1</sup>. Some of the measures adopted to promote awareness and foster compliance include, for example, training on our Code of Conduct, the implementation of a new digital reporting channel, internal audits, and the improvement of compliance case tracking.

Further, site directors have to confirm, on an annual basis, that they comply with general compliance standards required at group level.

#### ↑↓ 4.4 Risk management and compliance

Datwyler has defined expectations of suppliers in a separate Supplier Code of Conduct. With a publicly available tax strategy, Datwyler assumes its social responsibility and commits not to engage in aggressive tax planning.

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1. Assured through KPMG



FOCUS TOPIC

# Lead by example

Leading by example is about implementing ESG at all levels of the organization. At Datwyler, we are convinced that fostering leadership must rely not only on the development of individual personalities and their personal strengths, but on an actively shared corporate culture. Only leaders who share our values and truly embody them can succeed in motivating all employees to act sustainably. To achieve that, we have to focus on people empowerment; giving direction, inspiration and power to everyone, and ensuring psychological safety.

## **Rising diversity in Datwyler's Board of Directors and Executive Management**

Leading by example also encompasses diversity on Datwyler's Board of Directors and Executive Management, which was previously defined as a separate focus topic. Diversity, equity, inclusion, and belonging are becoming increasingly important. Therefore, this should also be reflected in the Executive Management and the Board of Directors.

Regarding female representation in leadership positions, Datwyler has set concrete goals in line with regulatory requirements of the Swiss government: By 2025 the Board of Directors should reach 30% female representation while female representation in Executive Management should reach 20% by 2030. To achieve this goal, Datwyler makes no compromises on the required competencies. However, if different candidates have comparable qualifications, the one who can contribute positively to the diversity of the Board or of Executive Management is preferred.

At the end of 2023, female representation of the Board of Directors was at 25% and female representation on the Executive Management was 20%. Therefore, the Datwyler Group has already reached its 2030 goal at least 20% female representation in Executive Management.

 [Read more about the current composition of Datwyler's Executive Management](#)

 [Read more about the current composition of Datwyler's Board of Directors](#)



#### FOCUS TOPIC

## Commitment

On the basis of the sustainability strategy, the Board of Directors has decided to add a sustainability indicator to the variable incentive model. The sustainability performance indicator determines 20% of the variable incentive and has been applied for members of the Executive Management and for all eligible employees from 2022 onward.

The two previous performance indicators—net revenue growth and EBIT—will be taken into account at a rate of 40% each.

The measurement parameters for the sustainability performance indicator are derived from the twelve focus topics of the enhanced sustainability strategy. They can be redefined by the Board of Directors annually.

The Board of Directors has defined the following three measurement parameters for 2023:

- Reduction of CO<sub>2</sub>eq emissions (scope 1 and 2) in relation to net revenue compared to 2022 (weighted at 50%)
- Accident severity rate (25%)
- Customer satisfaction (25%)

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases.

By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

↑↓ [Read more in the current remuneration report](#)

## 3.5 Environmental

In the area of environment, Datwyler focuses on climate-neutral operations 2030, embedding eco-design principles into its products and manufacturing development processes, reinforcing initiatives to ensure a resource-friendly production and working together with the supplier and customer base to enable a sustainable supply chain. Reducing its ecological footprint is an important aspect of sustainability, supported by many of Datwyler's stakeholders.

In parallel with the continuous reduction in relative resource and material consumption, Datwyler is striving for climate neutrality (scope 1 + 2) at its own sites by 2030 mainly based on a Science Based Targets Initiative (SBTi) compatible reduction pathway.





FOCUS TOPIC

# Climate-neutral operations 2030

Climate change poses a critical risk to society and the global economy. The Paris Agreement, which was concluded in December 2015 at the Paris Climate Conference, is the leading global climate protection agreement. The Science Based Targets Initiative (SBTi) guides companies to contribute to the agreement and to develop reduction plans for greenhouse gas emissions that limit global warming to 1.5°C.






## Our focus

Datwyler has set a goal to achieve climate neutrality for its own operations (scope 1 and 2) by 2030. This target is mainly based on the 1.5°C reduction path defined by the SBTi, although Datwyler has not yet made a commitment to SBTi. The reduction plan includes implementing measures to purchase renewable energy, increase energy efficiency, and invest in its own production of renewable energy. Datwyler has defined 2023 as the base year in order to take into account the full-year data of the most recent acquisitions.

These actions are intended to drastically reduce greenhouse gas emissions despite forecasted business growth. In addition, Datwyler will engage in beyond-value-chain mitigation for emissions that continue to occur in order to achieve climate neutrality. Datwyler has also quantified the scope 3 emissions, mainly related to buying materials from suppliers for production and to upstream and downstream transportation by third parties.



## Our long-term ambition

Climate-neutral operations (scope 1+2) by 2030 mainly based on a Science Based Targets (SBT)  compatible reduction pathway.



## Our future key targets

- Annual reduction in absolute scope 1 and 2 emissions by 4.2% compared to 2023
- ISO 14001 and ISO 50001 certificates at all production sites



## Our approach

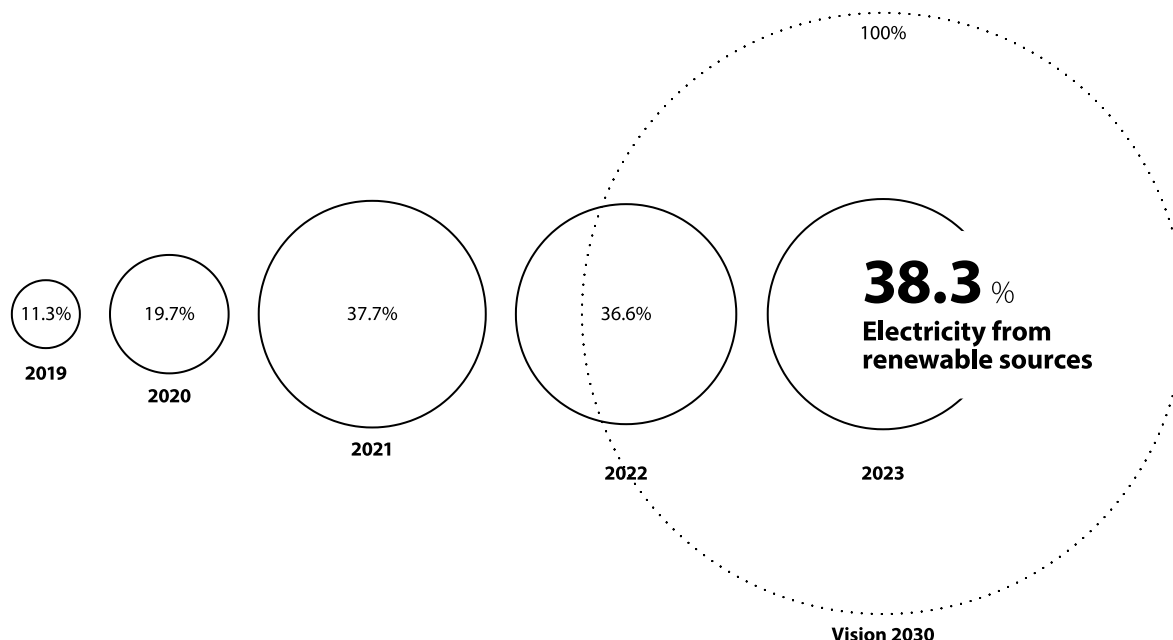
### Ambitious commitment to climate target

Energy management at the production sites is part of the integrated Environmental Management System (EMS) and is part of the Datwyler Production System. A global Sustainability Manager coordinates the energy management reporting across all sites and is supported by a dedicated EHS officer at each individual site.

Datwyler commits to a far-reaching climate target for its operations: climate-neutral operations by 2030. The SBTi [☞](#) offers a 1.5°C reduction pathway to calculate Datwyler's «fair share» in reducing carbon emissions in order to help achieve the 1.5°C level. The overall reduction pathway offers Datwyler a basis on the reductions needed to reach this goal by 2030 and beyond.

Determining the specific investments needed to achieve greater energy efficiency is one focus of the implementation program. In 2023, most European sites conducted an energy audit with a third party to increase energy efficiency. There were several potential energy saving measures identified and the sites will now evaluate the feasibility of the suggested measures. Purchasing renewable energy and the self-generation of electricity will be a main contribution to achieving our goals. Datwyler's electricity consumption was more than 75% in 2023 of its overall energy consumption. By the end of 2022, already six sites had installed photovoltaic systems: Kesurdi in India, Montegaldella, Pregnana and Viadanica - all in Italy -, Schattdorf in Switzerland and Karslbach in Germany. In 2023, a photovoltaic system was installed in Daegu, Korea, and in Ningguo, China. Some of the sites that already installed PV panels in previous years began an expansion in 2023.

To ensure that we achieve our targets, we have started to proactively forecast our emissions for the next few years up to 2030. For this reason, each site prepared an overview of their current status and future plans for renewable energy, energy saving measures, etc. in 2023. On group level, the consolidated overview was used to identify gaps between the forecast and the target according to SBTi 1.5° and to define measures. To raise awareness at each site, quarterly CO<sub>2</sub> emissions meetings were held with all Chief Operating Officers, Business Unit leads, and site directors, where actual and forecast emissions were presented, but also some trainings were provided, e.g. on the procurement of electricity from renewable energy sources.



Further investments in PV systems and the extensions of contracts to procure renewable electricity increased the share of electricity from renewable sources to 38.3%. The drop in 2022 was due to the acquisitions of QSR and Xinhui. By integrating the newly acquired sites into Datwyler's sustainability strategy and targets, the share of electricity from renewable sources increased again in 2023.

The main goal is to reduce greenhouse gas emissions as much as possible by 2030. Datwyler will engage in beyond-value-chain mitigation for emissions that continue to occur. We are aware that the greenhouse gas emissions outside our operations—so-called scope 3 emissions—exceed the greenhouse gas emissions of our own operations. Our scope 3 emissions are described in the chapter [Sustainable supply chain](#).

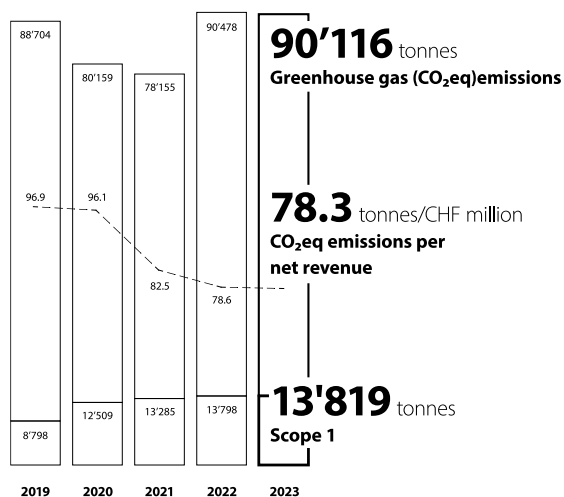
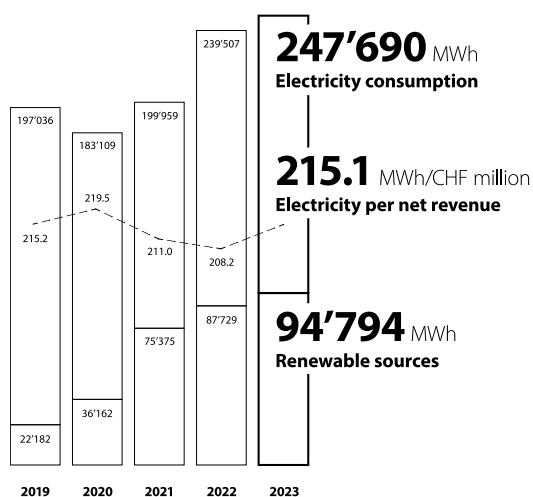
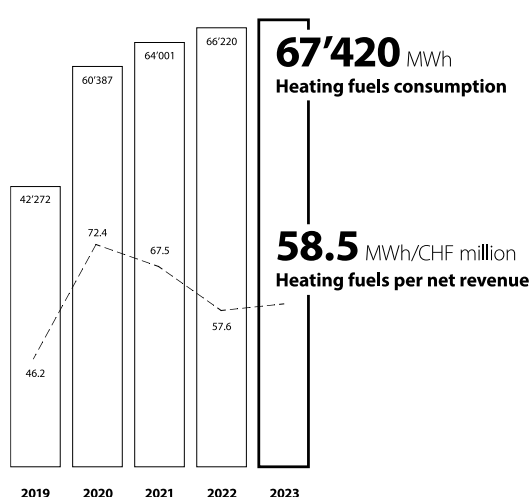
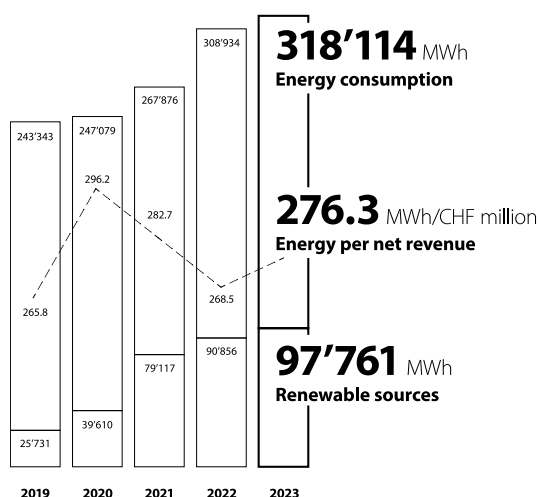
## 10 sites already source 100% renewable electricity

Datwyler has been recording the energy consumption and greenhouse gas emissions caused by its own operations for many years. The results of the last five years are shown in the accompanying table.

The five-year track record reveals an increase in energy consumption mainly resulting from business growth, new sites and acquisitions.

In 2023, Datwyler's operations were responsible for emissions of about 90'116 tons CO<sub>2</sub>eq (scope 1 and 2), which results in a decrease of 0.4% compared to 2022. Relative CO<sub>2</sub>eq emissions have decreased by 0.48%. Looking at currency-adjusted net revenue for 2023 using the previous year's exchange rates, we were able to reduce relative emissions by 4.8% thanks to the measures implemented to improve energy efficiency and the switch to renewable electricity.

The sites in Schattdorf and Sao Leopoldo have been using renewable electricity since 2012 and 2016, respectively. In 2020, two sites, Alken and Vandalia, transitioned to renewable electricity. In 2021, four more—Pregnana, Montegaldella, Viadanica, and Karlsbad-Ittersbach—switched to renewable electricity. The site in Novy Bydzov has been purchasing renewable electricity since 2022. The site in Dongguan purchased renewable electricity for the full year 2023 and Pennsauken since December 2023. In 2023, 38.3% of Datwyler's total electricity consumption at all sites came from renewable energy sources. The increase in the share of renewable electricity compared to 2022 is not as high, as some major energy-saving measures have been implemented at sites that already source electricity from renewable energies.



**13'819** tonnes  
Scope 1

## 5-year comparison of energy consumption

	2019	2020	2021	2022	2023
<b>Total energy</b> (MWh)	243'343	247'079	267'876	308'934	318'114
└ of which renewable sources (MWh)	25'731	39'610	79'117	90'856	97'761
└ Proportion of renewable sources	10.6 %	16.0 %	29.5 %	29.4 %	30.7 %
Total energy per net revenue (MWh/CHF millions)	265.8	296.2	282.7	268.5	276.3
<b>Heating fuels</b> (MWh)	42'272	60'387	64'001	66'220	67'420
Heating fuels per net revenue (MWh/CHF millions)	46.2	72.4	67.5	57.6	58.5
Overview electricity + district heating (MWh)	201'057	186'692	203'848	242'714	250'694
<b>Of which electricity</b> (MWh)	197'036	183'109	199'959	239'507	247'690

	2019	2020	2021	2022	2023
└ of which renewable sources (MWh)	22'182	36'162	75'375	87'729	94'794
└ Proportion of renewable sources	11.3 %	19.7 %	37.7 %	36.6 %	38.3 %
└ Electricity per net revenue (MWh/CHF millions)	215.2	219.5	211.0	208.2	215.1
<b>Of which district heating (MWh)</b>	4'021	3'583	3'889	3'207	3'004
└ of which renewable sources (MWh)	3'535	3'448	3'715	3'127	2'967
└ Proportion of renewable sources	87.9 %	96.2 %	95.5 %	97.5 %	98.8 %
Net revenue (CHF millions)	915.6	834.1	947.6	1'150.6	1'151.5

For the reporting of energy consumption, all 27 production sites are included in 2023. Locations where only office activities take place were excluded due to their low impact. For newly acquired companies, energy consumption was included in the first full calendar year until 2021. Accordingly, the energy consumption of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The energy consumption of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. The increase in absolute energy consumption is due to the organic growth at existing sites and due to the acquisitions of QSR and Xinhui. Looking at currency-adjusted net revenue for 2023 using the previous year's exchange rates, we were able to reduce total energy per net revenue by 1.6%, heating fuels per net revenue by 2.7% and electricity per net revenue by 1.1%, all compared to 2022.



## 5-year comparison of greenhouse gas emissions (CO<sub>2</sub>eq)

	2019	2020	2021	2022	2023
<b>Total scope 1 and 2 (market-based) emissions</b> (tons)	88'704	80'159	78'155	90'478	90'116 <sup>5</sup>
└ of which scope 1 <sup>1</sup> (tons)	8'798	12'509	13'285	13'798	13'819 <sup>5</sup>
└ of which scope 2 <sup>2</sup> - market-based (tons)	79'906	67'650	64'870	76'680	76'297 <sup>5</sup>
└ of which scope 2 - location-based (tons)	–	–	80'419	94'901	101'905 <sup>5</sup>
Total emissions per net revenue <sup>3</sup> (tons/CHF millions)	96.9	96.1	82.5	78.6	78.3 <sup>5</sup>
Biogenic emissions <sup>4</sup> - outside of scopes tons	1'238	1'207	1'300	1'094	1'038 <sup>5</sup>
Net revenue (CHF millions)	915.6	834.1	947.6	1'150.6	1'151.5 <sup>5</sup>

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For the reporting of CO<sub>2</sub>eq emissions, all 27 production sites are included in 2023. Consolidating GHG emissions is based on the operational control approach. Locations where only office activities take place were excluded due to their low impact. For newly acquired companies, CO<sub>2</sub>eq emissions were included in the first full calendar year until 2021. Accordingly, the CO<sub>2</sub>eq emissions of the acquired companies Parco (USA) and Bins (Brazil) were included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The CO<sub>2</sub>eq emissions of the acquired company Xinhui (China) were included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. The greenhouse gas inventory was calculated in line with WRI/WBCSD Greenhouse Gas Protocol guidelines. Scope 1: GHG emissions from combustibles. Emission factor used: DEFRA. Scope 2: GHG emissions arising from the production of electricity and district heating purchased by the companies. Emissions factors used: IEA and EPA eGRID. Datwyler has defined 2023 as the base year in order to take into account the full-year data of the most recent acquisitions.

1. GHG emissions reported in scope 1 are from stationary (non-transport) combustion of fossil fuels at the facilities (e.g. boilers, turbines, process heat). Direct GHG emissions associated with fuel combustion from mobile sources (fleet), process-related emissions, and direct fugitive emissions from refrigeration / air conditioning are excluded due to a lack of data and limited materiality. These will be assessed in the future.
2. Results in the table stem from a 'market-based approach' where for 10 sites with 100% renewable electricity, the emissions factors reflect emissions from electricity that sites have purposefully chosen (contractual agreements with electricity providers) and for the rest of the sites the national grid emission factors were used. Under sole consideration of the 'location-based approach' (using national grid emission factors for all sites), greenhouse gas emissions associated with the production of electricity would account for 101'905 t CO<sub>2</sub>eq in 2023.
3. The GHG intensity ratio is based on scope 1 and scope 2 (market-based) emissions per net revenue, as this is the best available approximation of the development of production output. Looking at currency-adjusted net revenue for 2023 using the previous year's exchange rates, we were able to reduce total emissions per net revenue by 4.8% compared to 2022.
4. Biogenic emissions reported stem from district heating at the site in Switzerland, which obtains process and heating energy from a nearby wood-fired heating plant, and take into account the direct carbon dioxide (CO<sub>2</sub>) impact of burning biomass, assuming 100% conversion of the energy burned. The corresponding methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions are reported in Scope 2 as of 2023.
5. Assured through KPMG



#### FOCUS TOPIC

## Eco-design

Applying the highest quality standards during product development while striving for the utmost reliability and security are paramount to Datwyler's success. This is reflected in the corporate value of «We excel in what we do». At the same time, the company must stay on top of future-oriented technologies, particularly regarding environmentally-friendly alternatives to the status quo. The concept of eco-design is hence moving to the forefront of Datwyler's product development strategy.





## **Our focus**

Datwyler's quality management is based on internationally recognized quality and safety assurance systems, proactive chemical compliance, and innovative collaborations with higher education institutions, international standardization committees, and independent testing bodies.

The company believes that the concept of eco-design must be part of a holistic approach to quality product development that considers environmental, social, and economic benefits throughout the life cycle of products.



## **Our long-term ambition**

Eco-design is integrated in all new product developments.



## **Future key targets**

Product carbon footprint available for each new product.



## **Our approach**

Datwyler continuously invests in even better materials, process technologies, production equipment, and testing methods.

## **Quality assurance through standardized processes**

Datwyler's quality management system processes are compliant with internationally recognized quality management standards. For example, sites making products for the automotive industry are certified to IATF 16949:2016, while Healthcare sites have ISO 9001:2015 and/or ISO 15378:2017 certification.

State-of-the-art clean room technologies paired with automatic camera inspections, among other systems, ensure impeccable quality for Datwyler's over 300 billion manufactured components. In addition, the impacts of its products on user health and safety are closely examined.

### **Statutory information obligations as minimum standards**

Raw materials, and therefore substances used across the material portfolio, go through a very accurate and rigorous selection process when it comes to new developments. All substances are subject to the highest levels of chemical regulatory compliance and are discarded in new developments based on their properties if dangerous to the environment or worker health.

With its proactive chemical compliance management, Datwyler goes above and beyond legal requirements. In its effort to proactively address critical substances, internally called "SoCs" (Substances of Concern), Datwyler is further engaging in analytical testing of finished products to determine if a full replacement is needed. This is also a commitment to its customers, to be able to produce clearer and more accurate statements that can help the entire supply chain.

### **Integration of eco-design in development and production**

Eco-design principles offer a critical perspective when developing products that reduce the environmental impact across all its life cycle stages. Datwyler's successful approach to eco-design optimizes the environmental performance of its products while also maintaining their functional qualities. This includes developing environmentally friendly elastomer compounds, optimizing design to save on materials, reducing process-related waste, and using reusable or recyclable packaging and boxes. But eco-design is more than simply reducing the environmental footprint of a product: this holistic approach helps developers think through social benefits and reconsider economic factors at the same time.

Datwyler successfully implemented the «Idea Box» tool where ideas and initiatives from employees have been selected from a development team to initiate concrete projects aimed at minimizing the ecological impact in different areas. For example, the platform has collected innovative ideas from several employees proposing to explore materials that reduce the carbon footprint of our products. These proposals were evaluated and discussed by a group of internal experts. The ideas have been acted upon based on recommendations from experts, ensuring alignment with our strategic objectives.

Datwyler has implemented the "eco-design checkboxes" for both "build-to-print" and "co-engineering" product development. With this new tool we will be able to provide an estimation of the cradle-to-gate product emissions already at the RFQ level. This will allow early identification of potential critical points and, together with our experts, we will develop strategies to reduce emissions while ensuring functionality and high-quality products. This will be a great asset to help create more opportunities and offer new solutions to support the common goal of reducing emissions.

Pilot projects on Product Carbon Footprint (PCF) and Life Cycle Assessments (LCA) have been conducted for typical products in both Mobility and Healthcare businesses. The studies revealed the great impact arising from the materials, making it clear that more urgent efforts are needed to find concrete solutions, where chemical compliance and safe workplaces are always taken into account in the overall equation of reducing emissions and impact.

Datwyler and its employees' strong commitment to eco-design provides added value for its customers by promoting and supporting common sustainability goals.



*Datwyler systematically integrates eco-design into the product development process. In this way, the company creates value for its customers and promotes sustainability.*

## **Sustainability also considered as criteria in new material developments**

Material development is an area in which Datwyler has the most control over new materials. Researching new materials not only involves assessing the cost, manufacture, and performance of the final product, but also its environmental impact, from the sustainability of the raw materials to the compostability and overall recyclability of the component.

Datwyler is currently working on a number of projects that could reduce the need for fossil fuels in the elastomer manufacturing process. These projects include replacing an oil-based polymer with a polymer made from sugar cane, using a plasticizer based on vegetables rather than petroleum oil, replacing plastic-based fibers with modified cellulose, and many more.

The use of recycled materials is another important area for sustainability, and we have been investigating how scrap material produced during manufacture can be used in brand new components. The process involves grinding leftover material down to a fine powder, which is then added to the raw materials for new components. Not only does this reduce the volume of discarded material in the original process, but it also increases the amount of reclaimed materials in new products.

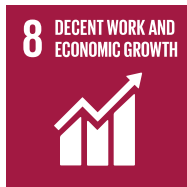


#### FOCUS TOPIC

## Resource-friendly production

Datwyler's corporate values and the Datwyler Code of Conduct highlight the company's commitment to the responsible handling of natural resources. In fulfilling its promise to be a responsible and sustainable company, Datwyler not only improves sustainability awareness but also gains a competitive advantage by attracting new customers. To uphold these goals, Datwyler has a vested interest in developing more resource-friendly production methods, such as reducing process-related elastomer waste through improvements in production processes and component engineering.





## Our focus

Resource consumption in production is one of Datwyler's focus topics, as it is a primary lever for reducing its environmental impact. We also recognize the importance of biodiversity and the link between water consumption, waste, and the release of greenhouse gases to the loss of biodiversity. Our corporate goals relating to resource-friendly production contribute to the protection of biodiversity. The impact of Datwyler on biodiversity, either directly via sites that are located near biodiversity-sensitive areas or indirectly via the impact of activities and products on biodiversity were not yet assessed, but we will explore the possibility of reporting on this in more detail in the future.

Datwyler's priority is the gradual reduction of waste and water consumption, in addition to improved energy efficiency and increased use of renewable energies. Energy- and emission-related activities are reported in the focus topic [Climate-neutral operations 2030](#).



## Our long-term ambition

Low-waste and highly water-efficient production.



## Future key targets

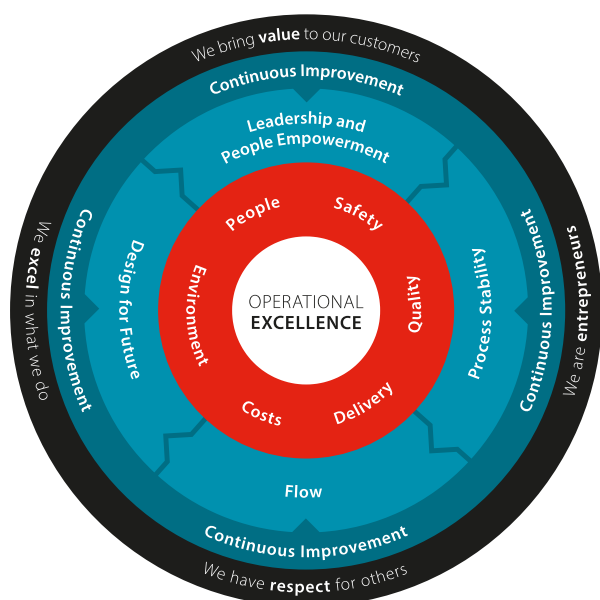
- Reduce water consumption relative to net revenue by 3% per year
- Reduce waste volume relative to net revenue by 3% per year
- ISO 14001 certificate at all production sites



## Our approach

### Datwyler Production System (DPS)

The Datwyler Production System, which is based on the company values and lean principles that guide Datwyler employees, is a long-term improvement program to foster a lean and agile culture and achieve operational excellence in both manufacturing and non-manufacturing areas. As a shared program for continuous improvement, this system supports uniform production processes across all sites on all continents. For Datwyler, the quest for operational excellence means not only a safe workplace, high-quality products, on-time deliveries, and satisfied and empowered employees, but waste-free processes and environmental protection as well. This makes reducing the consumption of resources and protecting the environment an integral dimension in the pursuit of operational excellence.



### Environmental Management System (EMS)

Within the Datwyler Production System, a certified and integrated Environmental Management System (EMS) provides the basis for optimizing resource use. This EMS aims to minimize the impact of the company's operations and products on the environment by designing and manufacturing products and processes that use natural resources sustainably and reduce the company's carbon footprint. A global sustainability manager reports on the environmental management across all sites and is supported by site EHS officers.

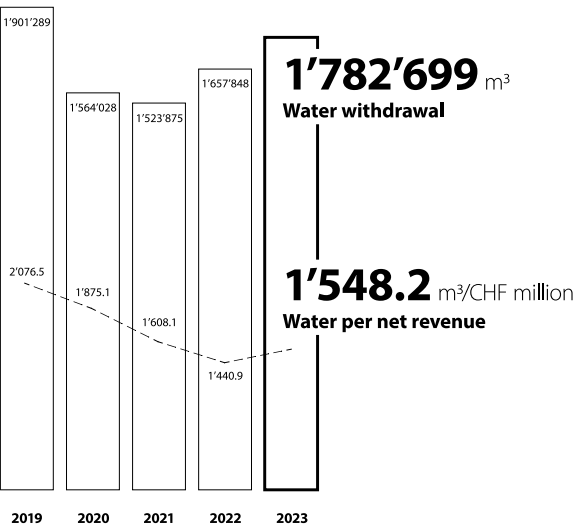
In addition, the impact on resource use is also considered when the Group embarks on maintenance or modernization of its worldwide production sites.

As a result of the EMS, seventeen of Datwyler’s sites have already achieved environmental certification in accordance with the ISO 14001 standard and other sites are laying the groundwork to achieve this certification. The Swiss site is also a member of the Energy Agency of the Swiss Private Sector (EnAW).

**Water withdrawal**

Most of Datwyler's total water withdrawal is attributable to the specific requirements of its production processes. Both the cooling systems used in the Food & Beverage business unit's production and the washing of components in the Healthcare sector require significant amounts of water. Specifically, approximately 30% of Group-wide water withdrawal occurs due to the groundwater cooling system used in Switzerland. Since this is a closed-loop system at our production site, the groundwater withdrawal in Switzerland is reported separately.

The long-term target (2015 to 2025) is to reduce relative water withdrawal per net revenue unit by 3% each year. In 2023, the absolute water withdrawal was higher than in the previous year. While most of our sites managed to decrease absolute water withdrawal by a large amount, there was a reporting error at some of the newly acquired sites in 2022. They either reported water withdrawal in the wrong measurement unit or did not report the water withdrawal from all sources. These errors were corrected in the 2023 analysis.



Even more informative than absolute water withdrawal is water withdrawal in relation to net revenue—the best approximation of the development of production output. This observation shows the development of efficiency in water use. Due to the errors mentioned before, water withdrawal per net revenue has increased by 7.4%.

## 5-year comparison of water withdrawal

	2019	2020	2021	2022	2023
<b>Groundwater cooling system<sup>1</sup></b> (m <sup>3</sup> )	672'204	828'087	913'404	1'057'769	747'230
<b>Drinking/industrial water</b> (m <sup>3</sup> )	1'901'289	1'564'028	1'523'875	1'657'848	1'782'699
Water per net revenue (m <sup>3</sup> /CHF millions)	2'076.5	1'875.1	1'608.1	1'440.9	1'548.2
Net revenue (CHF millions)	915.6	834.1	947.6	1'150.6	1'151.5

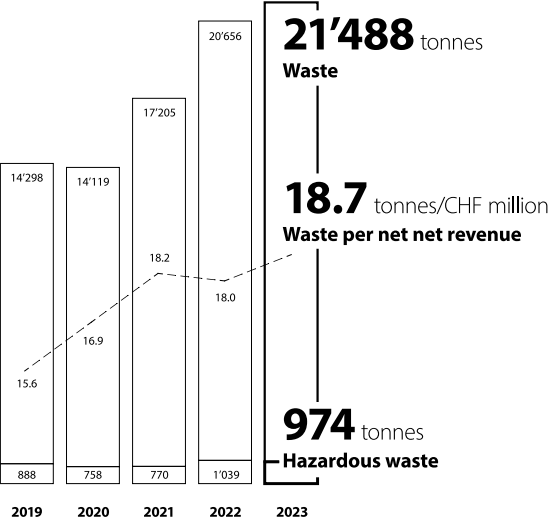
For the reporting of water withdrawal, all 27 production sites are included in 2023. Locations where only office activities take place were excluded due to their low impact. For newly acquired companies, water consumption was included in the first full calendar year until 2021. Accordingly, the water consumption of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The water consumption of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. The increase in absolute water withdrawal is due to a reporting error in 2022.

1. Groundwater withdrawal in Switzerland for the groundwater cooling system. Since this is a closed-loop system at our production site, it is reported separately and is not included in either the "Drinking/industrial water" line or the "Water per net revenue" line.

## Waste disposal

The EMS system also supported Datwyler in setting a goal to reduce the volume of waste in relation to net revenue (tons/CHF million) by 3% annually. Datwyler has succeeded in increasing the amount of elastomer waste used in downcycled products steadily over the past five years. For example, the company's process-related elastomer waste is increasingly used in the production of surface coverings for sports fields. With this application, Datwyler increased the amount of recycled and reused waste from 68.3% in 2017 to 71.9% in 2023.

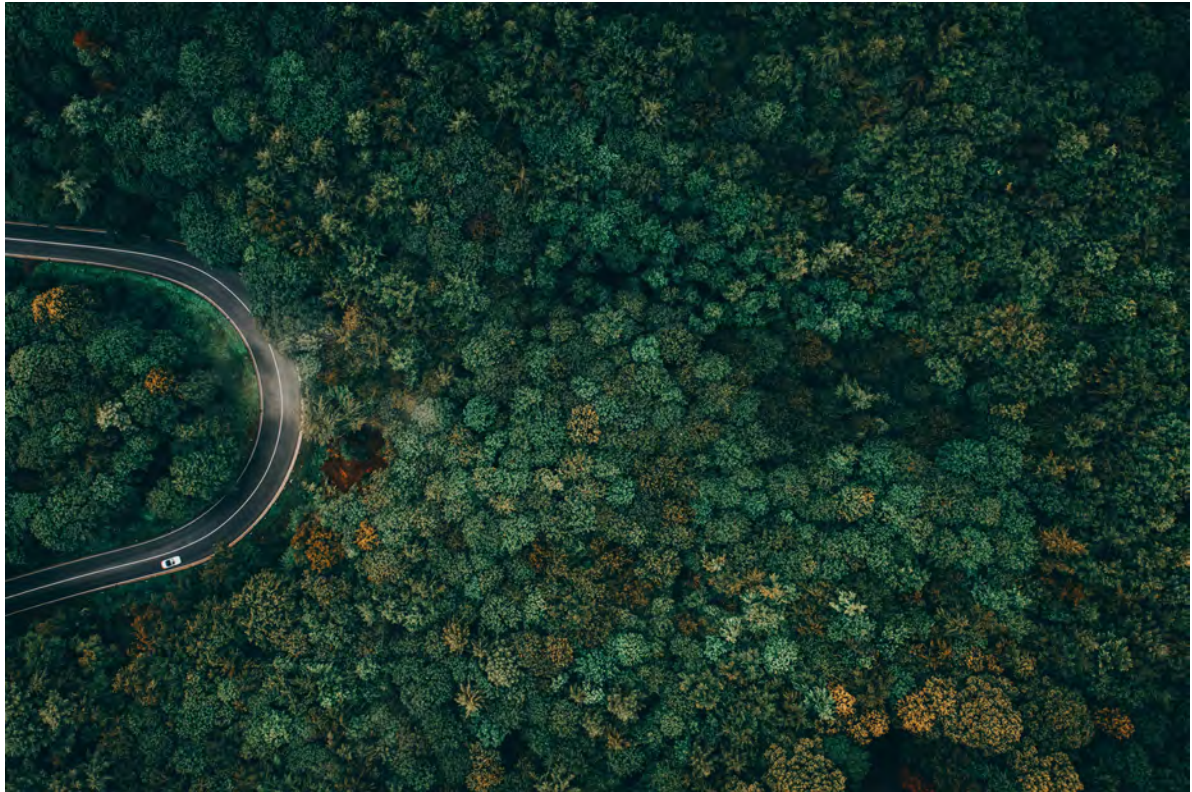
The absolute volume of waste increased by 4% from 20'656 tons in 2022 to 21'488 tons in 2023. This increase is mainly due to the acquisitions of QSR and Xinhui. As mentioned in the 2022 report, the accuracy of the waste reporting at the newly acquired companies QSR and Xinhui was not entirely given in the 2022 reporting, but it was presented as transparently as possible. As part of the post-merger integration, the accuracy of their waste reporting could be improved, leading to higher numbers. With an increase of waste per net revenue of 3.9% (reduction of 0.5% when looking at currency-adjusted net revenue for 2023), the target of a 3% reduction could not be reached. One of the measures for 2024 is to better understand our waste streams, assess the volume by different categories, and identify the greatest potential for improvement to ensure that the target is achieved next year.



## 5-year comparison of waste disposal

	2019	2020	2021	2022	2023
<b>Total waste</b> (tons)	14'298	14'119	17'205	20'656	21'488
└ of which regular waste (tons)	13'410	13'361	16'435	19'617	20'514
└ of which hazardous waste (tons)	888	758	770	1'039	974
└ of which recycling / reuse (tons)	10'309	10'253	12'750	14'452	15'440
└ of which incinerators / landfill (tons)	3'989	3'866	4'455	6'204	6'048
Proportion of waste sent for recycling or reuse	72.1 %	72.6 %	74.1 %	70.0 %	71.9 %
Total waste per net revenue (tons/CHF millions)	15.6	16.9	18.2	18.0	18.7
Net revenue (CHF millions)	915.6	834.1	947.6	1'150.6	1'151.5

For the reporting of waste volume, all 27 production sites are included in 2023. Locations where only office activities take place were excluded due to their low impact. For newly acquired companies, waste volume was included in the first full calendar year until 2021. Accordingly, the waste volume of the acquired companies Parco (USA) and Bins (Brazil) was included for the first time in 2019, as well as Middletown (USA) in 2020. Since 2022, the newly acquired companies are included right after the successful acquisition. The waste volume of the acquired company Xinhui (China) was included for the first time in March 2022 and QSR (USA, Mexico and China) in May 2022. The increase in absolute waste volume is due to the organic growth at existing sites and due to the acquisitions of QSR and Xinhui. Looking at currency-adjusted net revenue for 2023 using the previous year's exchange rates, we were able to reduce total waste per net revenue by 0.5% compared to 2022. Further, as part of the post-merger integration, the accuracy of the waste reporting at the acquired sites could be improved, leading to higher numbers.



#### FOCUS TOPIC

## Sustainable supply chain

Datwyler prioritizes using quality raw materials to improve its competitive position and guarantee business continuity. Knowing that a socially and environmentally sustainable supply chain is the basis of its sustainable solutions, the company integrates sustainability in the selection and monitoring of its suppliers, seeks long-term supplier relationships, and actively collaborates with its supply chain to stimulate greener products and ideas. Furthering the sustainability of suppliers also supports the advancement of Datwyler's other focus topics, such as resource-friendly production and eco-design.







## **Our focus**

The purpose of Datwyler's procurement function is to bring innovative and sustainable solutions into the company and to strive for local-for-local sourcing, while maintaining focus on cost optimization, availability of raw materials, proactive risk management, and compliance. Datwyler continually works to reduce packaging material and source the most environmentally friendly raw materials possible in order to reduce the environmental footprint of its end products.

A binding Code of Conduct for suppliers and guidelines for sustainable procurement form the basis for ethical and environmentally friendly supply chains. In addition, by systematically embedding ESG criteria into its procurement processes, Datwyler strives to continuously increase the sustainability level of the company's suppliers. Datwyler's procurement activities focus primarily on suppliers of quality-critical raw materials and products as well as on particularly important suppliers.



## **Our long-term ambition**

Further improve ESG-compliant processes and supply chain and bring in sustainability solutions through our supplier base.



## **Future key targets**

- Strive for all quality-critical suppliers to sign Supplier Code of Conduct
- Annual increase of the ESG maturity level of our supplier base
- Motivate suppliers to bring in more sustainable solutions
- Ensure availability of the most important raw materials through pro-active risk management. This includes, among others local-for-local and whenever possible dual sourcing of materials
- In sourcing, identify five product replacements with better sustainability performance annually by 2030
- Further development of risk management, focusing on both supply chain risks and sustainability risks



## **Our approach**

### **Global standardized guidelines and supplier management processes**

Datwyler produces system-critical components that mainly consist of elastomer. Hence, the company primarily buys raw materials such as elastomer materials, plastics, aluminum, metals, and operating supplies. To procure these raw materials, the company works with approximately 400 suppliers worldwide, with about one-third of the purchasing volume sourced from the ten largest suppliers. Approximately 65% of raw materials come from Europe, while 20% and 15% come from Asia and the Americas, respectively.

Datwyler's Global Procurement Team takes pride in its versatility and various fields of expertise. It provides local procurement teams at each site with global standardized guidelines and supplier management processes.

The broad and proven supplier base and the well-established processes prove their worth, especially when faced with ongoing material shortages, site closures, force majeure, etc. These challenges do not affect our ability to supply our customers. Despite these additional efforts in procurement, Datwyler continued to drive forward the further development of the sustainability level of its suppliers, which was launched in 2020:

- Integrating ESG into supplier selection and monitoring practices
- Integrating ESG topics into supplier audits
- Encouraging suppliers to suggest more sustainable products and share ideas
- Exchanging ideas with suppliers and learning from them

### **Embedding ESG to improve supply chain sustainability**

#### **Selection**

Datwyler's standard Code of Conduct for suppliers forms the basis for its ethical and environmentally friendly supply chains. One of Datwyler's goals is to strive for all quality-critical suppliers to sign the Code or present equivalent internal guidelines, and a 2023 analysis revealed that 96%<sup>1</sup> of the quality-critical suppliers were already meeting this requirement. In addition, suppliers must be in compliance with certain ISO norms.

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1. Assured through KPMG

## **Monitoring and development**

Datwyler developed its own Supplier Sustainability Assessment program, which is used to monitor the ESG performance of its most important suppliers. In 2023, 65 suppliers were assessed. The program awards points for:

- signing Datwyler's Supplier Code of Conduct
- sustainability certificates (ISO 14001, ISO 45001, ISO 50001)
- quality sustainability reporting (toward GRI, disclosing of energy and water footprints and work-related incidents)
- tier-1 suppliers that have a Supplier Code of Conduct for their supplier base
- a defined position responsible for sustainability

In 2023, the most important suppliers scored 80%<sup>1</sup> of available points (previous year: 71%).

Each quarter, the status of all available supplier certificates is reviewed and updated. Currently, 46%<sup>1</sup> of our quality-critical suppliers are certified according to ISO 14001 (previous year: 43%), 16%<sup>1</sup> according to ISO 45001 (previous year: 16%), and 15%<sup>1</sup> according to ISO 50001 (previous year: 13%). These three certificates are proof that suppliers have a systematic approach to the topics environment, health & safety, and energy. As a customer, we can rely on the efficiency of the systems implemented as they are audited externally.

## **Auditing**

Relevant ESG-related ISO norms are also included in all on-site audits.

## **Complaint management**

Datwyler has a quality complaint management process in which also possible environmental and safety related impacts are being monitored and reported.

## **Training procurement teams**

To ensure that the newest guidelines are met, Datwyler provides annual training for its purchasers. In 2023, refresher training sessions for the purchasing employees were conducted to challenge suppliers in order to strengthen the collaboration and to support Datwyler's sustainability goals.

## **Facilitating sustainable solutions through supply chain engagement**

### **Encouraging more sustainable product offerings**

The company also began encouraging suppliers to propose more sustainable materials to replace existing products completely or to be used in new developments. Several suggestions have been received already, and the goal is to identify five product replacements annually by 2030. In 2023, we gathered 10 ideas from suppliers that are currently being reviewed by Datwyler.

### **Promoting local sourcing**

To support its eco-design priority, Datwyler aims to increase its share of locally sourced materials. After identifying the number of existing local suppliers, packaging materials was selected as a first focus and local sourcing targets were developed. This approach is now also being extended to raw materials and indirect materials. This strategy will also reduce the company's supply chain continuity risks.

### **Reducing product and service footprints**

Datwyler has set a goal to collaborate with suppliers on at least one project a year that targets the reduction of the carbon footprint of a product or service. Some suppliers have already evaluated the footprint of their products and services, and Datwyler would like to have at least one active project per year from 2021 onward. Recently, we approved a 100% recycled plastic box for our first-line products packaging in the Healthcare department. As part of the scope 3 analysis, the further focus for the next projects with suppliers will be defined.

### **Proactive reduction of packaging material**

Datwyler takes action at various levels to reduce the environmental impact of raw material procurement. Whenever practical and possible, the company has raw materials delivered in large volumes by dry-bulk tankers, which cuts down on packaging materials significantly.

About a third of raw materials are delivered in boxes on pallets, which suppliers reclaim and reuse. Non-reusable pallets and boxes comprised of wood, cardboard, or plastic are recycled via disposal companies.

### **Striving for environmentally friendly materials**

Datwyler is constantly looking for the most environmentally friendly raw materials possible. To this end, the procurement department works with the technology and innovation department to implement the findings of proactive chemical compliance management.

Recognizing that synthetically produced rubber derived from crude oil has a considerable carbon footprint, Datwyler is currently exploring the option of a synthetic rubber based on monomers derived from plants. In the Food & Beverage business unit, Datwyler, as an innovative partner, is supporting Nespresso to move toward sustainable and traceable aluminum in the spirit of the circular economy.

## **Supply risk management**

In 2023, Datwyler started to implement a structured supply risk management process. Based on mitigation actions already taken in recent years, risks are being mapped to create more transparency about the current status. Dual sources are being identified to further mitigate supply risks, but also to reduce commercial dependencies. During the selection of new materials and suppliers, Datwyler wants to identify possible risks pro-actively and whenever required, mitigate them. Market intelligence should also enable possible risks to be identified in an early phase.

## **Scope 3 analysis**

Datwyler identified and quantified its scope 3 emissions, such as in the procurement of materials for production, for the first time in 2023. We screened all 15 scope 3 categories, but came to the conclusion that not all of them are relevant for Datwyler. For the calculation of the relevant categories, data from 2022 was used. For many of the categories, the state-of-the-art expenditure-based method was applied.

Datwyler's total scope 3 emissions are estimated to be approximately 250'000 metric tons CO<sub>2</sub>eq, with the largest category, purchased goods and services, accounting for around 85 percent of emissions.

Our scope 3 emissions are therefore responsible for at least 70% of our total emissions, demonstrating the importance of our supply and value chain engagement to reduce emissions. In the future, we will regularly publish the latest results on our scope 3 emissions. Future analysis may show an increase in our scope 3 emissions as we improve the completeness and accuracy of the data over the next few years.

Initiatives such as applying eco-design in product development help to identify measures to reduce scope 3 emissions in the future, such as by choosing low-carbon materials and reducing material consumption. Specific targets on scope 3 emission reduction are not currently set but will be developed step by step.

## 3.6 Social

In the social area, Datwyler focuses on employer of choice, value driven engagement with customers, human rights and equal opportunities and engagement for sustainability.

By focusing on social activities, Datwyler aims to deliver more value and meaningful purpose to its customers, employees, and communities.



FOCUS TOPIC

# Employer of choice

In order to excel in the fast changing global industrial landscape, a highly skilled and dedicated workforce is paramount. Our commitment at Datwyler to becoming an employer of choice goes hand in hand with our social responsibility, as we recognize the importance of attracting international talent.

We prioritize providing equitable, safe, and empowering work conditions within a diverse and dynamic environment. We strive to continuously improve and support our employees to become the best version of themselves.



## Our focus

Datwyler aspires to empower its workforce to be catalysts of value for customers, the company, themselves, their local communities, and the broader planet. Our commitment to inclusivity and fairness extends to our dedication to fair treatment, and just employment conditions.

Central to our mission is the cultivation of talent and the nurturing of leadership. We place a strong emphasis on fostering agility and an entrepreneurial spirit in each and every employee.



## Our long-term ambition

To collaborate as a diverse and inclusive network of ambassadors and contributors, enabling the company to stay on top of labor market trends and be a great place to work.





## Future key targets

- Employee commitment rate above industry benchmark for all sites
- Strive for zero accidents, zero injuries, and a healthy working environment
- ISO 45001 certificate at all production sites



## Our approach

### Composition of workforce

At the end of 2023, the headcount—including those on fixed-term contracts—totaled 8'178 people (previous year: 8'698). Employees are spread across more than 30 locations in 13 countries, with 38.6% in Asia, 25.4% in North and South America, and 36.0% in Europe. This equated to 8'056 full-time equivalents at the end of the year (previous year: 8'596).

Expressed as an annual average, 9.0% were employed on a fixed-term contract (previous year: 10.0%). The proportion of women in the overall workforce was 35.8% (previous year: 35.7%), while the proportion of women in senior positions was 19.9% (previous year: 19.4%). Based on 8'303 as the average number of full-time equivalents for the year (previous year: 8'104), net revenue per full-time equivalent was CHF 138'685 in 2023 (previous year: CHF 141'979).

Datwyler pays fair wages and offers social benefits in line with the relevant country and sector. Personnel expenses, including contributions to the social security funds, amounted to CHF 376.7 million in the reporting year (previous year: CHF 359.2 million).

Workers who are not employees and whose work is controlled by Datwyler are part of the temporary headcount reporting. In headcount-reporting Datwyler does not distinguish between employees on Datwyler contracts and those employed through third parties.

However, temporary staff are generally hired for functions such as operations and logistics through an employment agency and therefore do not have an employment contract with the Datwyler Group.

Some of the manufacturing locations rely on temporary staff during peak production periods, while other manufacturing locations, particularly in the USA, hire first through third parties and take on the best-performing employees on a permanent basis with Datwyler. The turnover of temporary employees is not tracked in detail.



*Datwyler emphasizes fair and secure working conditions and an attractive, inclusive, and agile work environment for all its more than 8'000 employees.*

## **Leadership and People Empowerment**

Leadership and people empowerment is a core fundamental element in our journey to achieve operational excellence. We need a psychologically safe, trustful, and vital workplace where people can speak out, challenge the status quo, voice their ideas, and can work on those. We empower our employees day by day to make their valuable contribution to our shared ambition.

At Datwyler, we are aware that creating and sustaining a vital and high-performance workplace starts at the top. It takes deliberate effort to walk the talk so that teams not only know they are empowered, but also feel it and act upon it. That is why we engaged 90 people of our top leadership teams in workshops during our yearly group seminar in May 2023. In those interactive workshops, we addressed the fundamental themes of trust, psychological safety, workplace vitality, leadership paradoxes, and giving/receiving feedback.

## **Promoting entrepreneurial initiative through Objectives and Key Results (OKR approach)**

At Datwyler, our management approach revolves around clear and inspiring objectives, broken down and allocated throughout the organizational hierarchy. We employ the Objectives and Key Results (OKR) framework for this purpose. Each objective is accompanied by a set of specific, time-bound, and challenging key results, with corresponding activities that drive focused action on what truly matters.

Per key result, one employee takes the lead in coordinating activities and engaging contributors. We encourage them to act as entrepreneurs and self-organize their work while striving for successful completion, and encourage particular talents from our talent pools to step forward as key results owners. Regular reviews, concrete feedback, and adjustments of these activities ensure that we stay on the right track.

For 2023, we prioritized the development of a digital mindset in our organization as one of the key results. It is inspiring to see the full team taking ownership to deliver on promise. They own the roadmap, decide on offerings, develop and deploy training courses as subject matter experts, communicate internally, and engage learners to benefit from their efforts. In 2023, more than 10 courses were completed by 400 subscribers.

## **Agility to strengthen competitiveness**

Increasing agility is a strategic priority for Datwyler. This commitment drives the enhancement of the organization's ability to swiftly respond to evolving circumstances, while simultaneously fostering deeper collaboration across departmental boundaries and hierarchical tiers.

To facilitate this, we publish important projects on our internal marketplace within Datwyler's intranet, detailing their purpose, project structure, and the skills we are looking for. This platform provides volunteers with an opportunity to apply and engage in cross-functional international teams in addition to their primary line organization responsibilities. For our volunteers, this dual role not only enriches their learning experiences, but also makes them more visible to top management, all while driving our business forward.

## **Leadership development/ WeLead program**

In 2023, Datwyler continued its efforts in empowering others within our daily operations, enabling our employees to grow their talents, skills, and creativity. We do this by equipping our leaders with targeted training programs, enabling them to create a culture where every individual feels valued, respected, and recognized for their unique contributions.

At the heart of our approach is the WeLead program, a modular series of off-the-job training initiatives. Each module has its own set of learning objectives aimed at achieving distinct yet aligned outcomes. This program serves as the cornerstone of our learning and development strategy, enabling our leaders to apply the most relevant leadership styles in a VUCA (volatility, uncertainty, complexity, and ambiguity) world.

Throughout 2023, a total of 154 dedicated Datwyler employees actively participated in 11 WeLead training sessions. We asked for participants feedback through surveys. Their responses have been positive, highlighting the high level of interactivity and the varied delivery methods, which encompass input sessions, breakout group collaboration, plenary discussions, and personalized coaching. In particular, they appreciate the safe and supportive learning environment and possibility to expand their internal network.



In response to regional growth and increased demand and in addition to the global offering, Datwyler invested in on-site sessions in Germany, Czech Republic, and Brazil. We do so to further enhance the quality of our courses and deliver an impactful learning experience to our employees, in their preferred local language.

In 2023, we developed a new WeLead module together with our external training partner. This module will equip our leaders with more self-awareness and support them in building their skills relating to psychological safety, trust, non-violent communication, and giving and receiving feedback when we roll out the new module as of 2024.

## **Talent and succession management**

In 2023, Datwyler reaffirmed its commitment to talent and succession management, building upon the framework introduced in 2020. We actively engaged top management and held more than 10 in-person conferences. We finetuned our talent pool setup so that it aligns with our new job grading system.

Our primary objective included conducting comprehensive assessments, identifying and providing guidance to talented individuals, essential for pivotal roles, thus strengthening our succession planning.

We consulted leaders on making qualitative individual development plans and on their role in following up on them. Further, we implemented consistent criteria by making use of verified and validated assessment methodologies such as Thomas International psychometric testing, and harmonized these practices with our diversity, equity, inclusion and belonging principles, effectively bridging the gap between local and global talent assessments. In specific cases, we held assessment days and development centers for internal and external candidates as part of their move into a next career step.

Furthermore, we have made substantial steps forward in the digitalization of our processes, ensuring ongoing enhancements in data quality in our HR information system. We now have more detailed employee profiles uploaded and available at hand during talent conferences. That allows us to review formal educational background, additional vocational training, history of work experience, language skills and so on while discussing talent and succession planning.

To empower our identified talents, we facilitate self-assessments, offer a 360 degree feedback tool, and craft personalized development plans, combining a blend of on-the-job and off-the-job activities to prepare them for forthcoming challenges. Additionally, we've introduced development centers tailored to nurture top-level managers, further strengthening our leadership pipeline.

## **Learning and development**

Datwyler envisions becoming a self-learning organization and invites everyone to become the best version of their true self. Learning and development (L&D) plays a pivotal role in cultivating the culture and growth mindset necessary to achieve that vision. In 2023, Datwyler implemented their L&D strategy, which helps to focus and prioritize their actions. Shaping that self-learning organization together with our internal customers and partners has become the essence of the L&D strategy.

Our priorities for L&D are:

- Refreshing and updating our leadership development program to build a sustainable leadership base
- Partnering with key result owners to achieve their key results through L&D offerings
- Deploying lean L&D processes and products

The Datwyler Academy is part of the learning and development strategy and our offering is growing step by step. Our employees have easy access to our Learning Management System (LMS platform) and are regularly informed about new course releases. In 2023, the LMS was a significant enabler of the digital mindset key result (see chapter Promoting entrepreneurial initiative through Objectives and Key Results (OKR approach)).

In 2023, the number of active learners once again grew steadily and the number of courses doubled since last year. We achieved 25'000 course completions around the turn of the year, both on internal and external offerings published in our digital library. This includes, but is not limited to mandatory compliance training such as Code of Conduct and IT Security Awareness modules.

Our offering contains an effective mix of internally developed and externally purchased courses. Internal subject matter experts generate training material and support each other to raise the quality bar using peer review and feedback. We managed to create a community which shapes that self-learning organization together.

## **Performance management**

### **Implementation of a global job architecture and job grading**

One of the core tasks in the field of HR in 2023 dealt with the implementation of a global job architecture and job grading system. All Datwyler positions have been placed in a job that is graded based on international position evaluation methodology. Supported by an extensive communication and information plan, our HR team has been leading the change.

With the foundations laid in 2023, Datwyler's global job architecture and job grading will serve as the foundation for globally consistent HR practices and standards. It is expected to enhance career path development, performance management, employee development initiatives, compensation practices and so on, going forward.

### **Reward team effort**

In 2020, Datwyler redesigned its concept for the variable incentive. Individual goals were set aside and replaced by common corporate goals. This system was further improved in 2021. Starting from 2022 and continued also in 2023, sustainability targets have been included in the variable incentive. Employees have been continuously informed about the efforts, e.g. relating to the reduction of CO<sub>2</sub>eq, the accident severity rate and the Net Promoter Score measured in a survey, conducted bi-annually.

By taking sustainability measurement parameters into account in the variable incentive for more than 1'000 eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

## **Personal performance appraisals support development**

While individual targets for the award of variable remuneration are a thing of the past at Datwyler, individual targets remain in place to support the personal development of each employee. At least once a year, all leaders and employees engage in a structured dialog to discuss key tasks, Datwyler competences, and to agree on development opportunities both on and off the job.

## **Employee surveys**

Employees who are happy, motivated, and willing to accept change are the backbone of a company because they work hard. They should make up a substantial proportion of the workforce. To measure employee satisfaction and engagement on a range of parameters, Datwyler regularly conducts a comprehensive employee survey, most recently in 2023 for the full group.

To safeguard confidentiality and anonymity while surveying the employees around the globe, Datwyler works in partnership with icommit, which has employee surveying as its core business.

In 2023, we achieved 81% participation rate for the global employee base. All sites and both permanent and temporary employees were invited to take part in the survey. We ran our survey fully digitally so that we could work more sustainably than ever before while shortening the reporting timeline. We published the results in a digital reporting platform, which at the same time serves as a continuous action planning and follow-up tool. All sites were encouraged and supported in disseminating the results in their organizations and empowering local volunteers to collaborate in improvement activities. Some examples of such follow-up initiatives are: improve the Tier structure of Datwyler Production System (DPS) so that we engage more employees on-site; work on internal communication so that we include everyone and make sure relevant information reaches all; further digitalize and publish internal structures and procedures so that these are easy to find at all times.

One key outcome of this survey was the commitment rate, which serves as a component for the variable incentive. To calculate the employee commitment rate, the following statements were used:

- I'm satisfied with what I achieve in my work and I always strive to make improvements
- I feel a strong sense of belonging to this company
- I really care about the future of this company



Employees had to reply to what extent they agree with the statement, resulting in a score of 0 to 100. The overall commitment rate was then calculated as the average of the results of the three statements.

In 2023, we were pleased to have achieved a score of 85<sup>1</sup> (out of 100), maintaining our score of the previous survey in 2020 and exceeding the industry benchmark score of 82. The industry benchmark is defined by icommit and consists of 26 groups in the industry international sector.

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1. Assured through KPMG

## **Employee benefits and recognition**

The slogan #FOR YOU serves as an umbrella for a range of benefits and initiatives at Datwyler that support employees and make them feel valued. The program is constantly growing and organized around five pillars:

1. Health
2. Well-being
3. Work environment
4. Ideas/involvement
5. Personal development

Throughout 2023, Datwyler received and assessed bottom-up ideas that were submitted via our innovation platform. One of those ideas dealt with the creation of a human library as a great way to share the knowledge and insights of our employees with the rest of the company. Meanwhile, our Datwyler Human Library is live as a podcast interview series in our Learning Management System (LMS). These interviews aren't just about successes, but also the lessons learned from challenges and setbacks. They serve as a testament to our community's strength.

## Employee structure

	2023	2022	Change
<b>Headcount annual average</b>	8'431	8'191	+2.9 %
└ thereof female	35.8 %	35.7 %	n/a
Average permanent headcount	7'674	7'371	+4.1 %
└ thereof female	36.7 %	36.9 %	n/a
Average temporary headcount	757	820	-7.7 %
Average full-time headcount	7'441	7'145	+4.1 %
└ thereof female	36.2 %	36.2 %	n/a
Average part-time headcount	208	205	+1.5 %
└ thereof female	58.2 %	62.4 %	n/a
Average headcount with higher management function	256	227	+12.8 %
└ thereof female	19.9 %	19.4 %	n/a
Headcount end of period	8'178	8'698	-6.0 %
Employees joining (new, growth in existing functions/replacements)	1'530	1'271	+20.4 %
Employees leaving	2'050	1'348	+52.1 %
└ thereof voluntary leaves	1'491	1'129	+32.1 %
Rate of new hires	19.9 %	17.2 %	n/a
Turnover rate	19.4 %	15.3 %	n/a

The turnover rate is calculated by dividing the number of those leaving voluntarily by the average headcount for the year (not including temporary employment contracts).

## Voluntary leaves

	2023	2022	Change
Male	875	635	+37.8 %
└ turnover rate	18.0 %	13.6 %	n/a
Female	616	494	+24.7 %
└ turnover rate	21.9 %	18.2 %	n/a
Under 30	683	407	+67.8 %
30-50	717	603	+18.9 %
Over 50	91	119	-23.5 %
Higher management (mgmt)	13	24	-45.8 %
Team leader (tl)	8	8	+0.0 %
Office worker (excl. mgmt & tl)	125	126	-0.8 %
Production worker (excl. mgmt & tl)	1'345	971	+38.5 %
Full-time equivalents average YTD	8'303	8'104	+2.5 %

## Full-time equivalents

	2023	2022	Change
Full-time equivalents end of period	8'056	8'596	−6.3 %
└ thereof in Asia	38.6 %	38.7 %	n/a
└ thereof in North and South America	25.4 %	26.1 %	n/a
└ thereof in Switzerland	7.1 %	7.0 %	n/a
└ thereof in rest of Europe	28.9 %	28.2 %	n/a

## Established health and safety management

Datwyler is committed to protect the health and safety of all employees, temporary workers, contractors, or visitors by planning, managing, conducting, and supervising its work in compliance with legislation and best practices. One priority of Datwyler's health and safety management is to develop and coordinate health and safety systems and processes to prevent accidents and improve health and safety conditions for everyone present at our sites. To reinforce this ambition, Datwyler established a global objective to further reduce the number of accidents with human impact throughout the organization. A taskforce coordinates global workplace safety and health initiatives in partnership with Human Resource Management. Intercompany initiatives and support are encouraged by this team to strengthen the health and safety knowledge, and to share the practical implementation of actions and processes.

Improving our results will only be successful if all our internal and external colleagues are striving for the highest level of safety awareness. To achieve this, the sites are encouraged to organize trainings, to perform regular internal and external audits, and to encourage employees to report any safety observations. Sharing this information between sites will be more visible in the near future. Datwyler is committed to certify all sites according to the safety standard ISO 45001. These certification audits ensure health and safety compliance, good practices, increased safety awareness, and continuous improvement. Already nine sites are ISO 45001 certified. As these nine sites comprise more than half of Datwyler's employees, they are inspirational in increasing safety awareness for all our Datwyler colleagues worldwide.

In the production sites of the two business areas Healthcare Solutions and Industrial Solutions, there were 1'668 days of absence due to workplace accidents in 2023 (prior year: 1'319). A workplace accident is defined as an event occurring in the professional environment which results in an injury, occupational illness, or fatality of an employee (including temporary workers), while taking local regulatory definitions into account. Datwyler uses the accident severity rate as KPI, which is defined as days of absence due to workplace accidents divided by total hours worked multiplied by 1'000. This figure equates to 0.10 for 2023 (prior year: 0.09). The result shows that further attention is needed. One measure is that in future there will be closer cooperation between the task force and the EHS managers at the sites to analyze and discuss accidents and serious safety problems in order to prevent them from occurring at other sites.

Higher than accident-related absence is absence due to illness. This amounted to 48'508 days in the reporting year (prior year: 48'340). This equates to 5.84 days of illness per full-time equivalent (prior year: 6.37). This value is above the medium-term Datwyler target of four days of absence due to illness a year per full-time equivalent.

The data for accidents and illness includes both permanent and temporary employees and covers all sites. Datwyler is employing systematic absence management and individual consultations to continuously work on further improvement of the work environment aiming to reduce the absence rate and keep employee motivation high.



*Employee health and safety is a top priority for Datwyler. Regular training sessions and audits are held, and lessons learned are shared across all sites.*

## Absences

	2023	2022	Change
Total available working days FTE (TAWD)	2'204'351	1'946'404	+13.3 %
Total absences other than vacation days	77'724	83'978	-7.4 %
Total absences other than vacation days in % of TAWD	3.5 %	4.3 %	n/a
└ thereof absences due to work related accidents (days)	1'668	1'319	+26.5 %
Work-related accidents in days per FTE (annual average)	0.20	0.17	+15.7 %
Accident severity rate (annual average)	0.10 <sup>1</sup>	0.09	+10.1 %
└ thereof absences due to illness (days)	48'508	48'340	+0.3 %
Illness in days per FTE (annual average)	5.84	6.37	-8.2 %

FTE = Full time equivalent. TAWD = Total available working days.

1. Assured through KPMG



# Value-driven engagement with customers

The needs and requirements of customers are at the heart of everything Datwyler does. The only way a business can enjoy sustainable success is to make sure its customers are completely satisfied. Two of our corporate values—«We are entrepreneurs» and «We bring value to our customers»—speak to the importance of this perspective.



Customer retention takes more than just high-quality customer service. Datwyler truly values its relationship with customers, designing its products and solutions to not only fulfill the highest expectations in terms of functionality and quality but to also do their part to support the customers' sustainability performance and goals. The majority of Datwyler's customers operate in socially important market segments. Together with them, Datwyler can amplify its impact and create high-quality end-consumer products that save lives while also helping to save the planet.



## Our focus

With more than 100 years of experience and a global production footprint, Datwyler's material, engineering, and production expertise helps to make it a market leader for system-critical elastomer components. Efforts to constantly improve allow the company to continually expand its innovative portfolio of products and services.



This keeps customers at the forefront of technological advancement by consistently engaging with them to demonstrate its dedication to their needs. Datwyler has a zero-defect philosophy and applies Quality by Design principles in its design and manufacturing processes. Sustainability has become another integral part of Datwyler's value proposition to customers and helps the company to differentiate itself in the marketplace.



## **Our long-term ambition**

Perceived as a sustainability leader by customers.



## **Future key targets**

High rankings in customer service rating for sustainability.



## **Our approach**

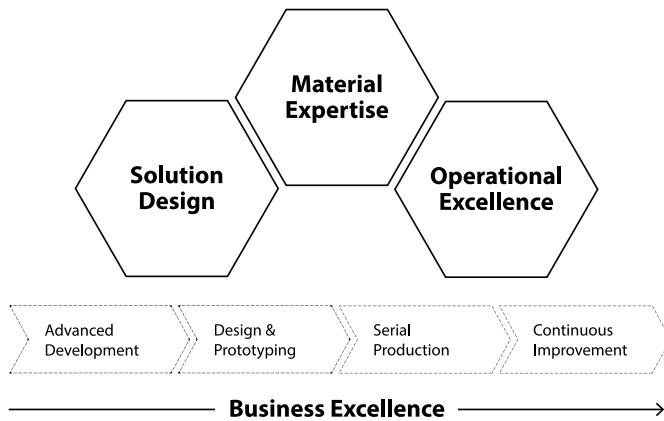
### **Supplying system-critical elastomer components**

The elastomer components Datwyler produces for specific customers are system-critical parts. They are a key contribution to ensuring systems function properly and safely for customers in the socially important global Healthcare, Mobility, Connectivity, General Industry and Food & Beverage market segments.

### **Datwyler's core competencies**

Datwyler's core competencies of solution design, material expertise, and operational excellence form the basis for its value-driven engagement and co-engineering approach with customers across industries. They allow Datwyler to support customers as a development partner—from the original design study and prototype phase through to global production of billions of parts based on a zero-defect philosophy throughout the entire life cycle of the product.

The value of Datwyler's core competencies is becoming increasingly apparent to its globally active customers as they run ever more powerful and complex systems.



## **Product social impact in cooperation with our customers**

Among other things, Datwyler components in billions of syringes and in every second car around the world make an important contribution to patient and driver safety under demanding conditions. Our elastomer components make a decisive contribution to the functionality and quality of customer systems while at the same time contributing very little to the overall costs of these systems.

In particular, our Healthcare components for injectable drugs are of crucial importance for the health and the well-being of mankind. The quality of these products is key to preventing undesirable negative effects. At a strategic level, our focus is on securing the availability of important medicine components in partnership with our customers.

## **Integrating sustainability into customer engagements**

Datwyler is increasingly marketing its ambitious sustainability strategy and how it can add value to customers. All global customer-facing teams are trained on Datwyler's sustainability program and encouraged to always include sustainability in the value proposition presented to customers. It is Datwyler's explicit goal to encourage sustainability-related collaborations with customers to maximize impact.

Customers are also increasingly keen to discuss and collaborate with Datwyler on sustainability topics, sending questionnaires on environmental and social issues, and having raised expectations, such as being informed about the carbon footprint of the products supplied to them.

## Systematic complaints management

Datwyler maintains a systematic approach to complaints management with a global process and uniform database. The internationally recognized 8D reporting concept is used to process complaints and resolve the underlying problems. Datwyler also endeavors to define detailed product specifications with customers in advance to avoid the potential for future complaints. The quality management system focuses on building quality and avoidance of complaints. The aim is to continuously reduce justified complaints compared to the previous year.

## Customer satisfaction

Datwyler regularly surveys customer satisfaction— most recently in the fourth quarter of 2023. The number of questions on sustainability in the customer satisfaction survey was increased in 2023 in order to better understand how customers perceive our sustainability performance. We are pleased to report that we received a meaningful number of responses from our customers. The survey asked customers to rate Datwyler's commitment to sustainability, performance on sustainability governance, meeting sustainability requirements, and sustainable innovations compared to competitors. In all sustainability-related questions, our customers rated the performance of Datwyler better than that of our peers. Customers consider sustainability as important, with only price competitiveness and sales competency being considered more relevant.



*Datwyler representatives regularly attend trade fairs to engage in dialog with customers and other partners and learn more about their needs.*

## **Continuous improvement process**

Datwyler uses the results of customer surveys and complaints management to identify and implement measures for improvement. These are part of the systematic management process and thereby help ensure the service customers receive keeps on getting better. For example, Datwyler uses Tech Days on site with existing and potential customers from the Mobility business unit to strengthen relationships and raise awareness of its competencies and offerings. Doing business with Datwyler must be simple for existing and potential customers.

This is why the company wants to develop an even better understanding of the future requirements and needs of its markets and customers. This kind of proactive approach will help Datwyler benefit from changes within the international supplier industry, since customers in global market segments have been steadily reducing the number of suppliers they use and tending to work more closely with those they retain. Datwyler is thus increasingly becoming a development partner with the ultimate aim of saving costs and conserving resources.

## **Customer health and safety and chemical compliance**

Datwyler meets a variety of chemical law requirements at its production locations as well as additional industry and customer-specific rules. Almost all Datwyler Group products are subject to statutory information obligations in the countries of use. Chemicals legislation and the EU REACH regulations regarding the physical composition of products are of particular relevance. REACH (EU Regulation 1907/2006), together with CLP (EU Regulation 1272/2008), are considered the most restrictive chemical regulations in the world, in terms of safety and handling of dangerous chemicals.

With its proactive chemical compliance management, Datwyler goes above and beyond legal requirements, with the aim of protecting the lives of its workers and customers by offering products that can withstand the numerous demands of a constantly changing global market. Again, in the 2023 reporting year, Datwyler recorded zero incidents of non-compliance with provisions of conduct relating to the impact of products on the health and safety of users.



#### FOCUS TOPIC

## Human rights and equal opportunities

Datwyler company values are key to our success and act as strong roots in our growth strategy, shaping the culture and leadership at each of our locations around the world. We recognize that business, wherever it operates, may potentially have an impact on human rights, either through its own operations or via business relationships along the value chain. As such, we treat the respect for human rights as a priority and require our business partners to do the same. This is reflected in the corporate value “We have respect for others” and in our Code of Conduct.



## **Our focus**

Datwyler wants to increase all of its global operations and employees' awareness to the human rights topic and to the potential impacts on human rights, not only in its own operations but also along its value chain. With this increased awareness and focus on the topic, we expect that we and our business partners will become increasingly more proactive and effective in identifying, addressing, and successfully preventing, ceasing, or mitigating potential human rights issues.



## **Our long-term ambition**

Human rights considerations naturally taken into account in all business decisions.



## **Future key targets**

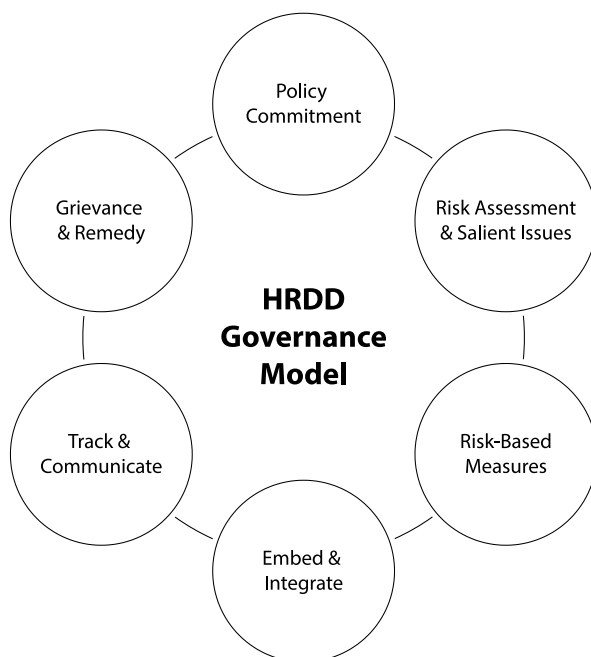
Embed human rights due diligence and considerations in all applicable key processes, contracts, and relationships along the value chain.



## Our approach

### Human Rights

Datwyler is committed to aligning its Human Rights Due Diligence (HRDD) framework with internationally recognized frameworks, namely the United Nations Guiding Principles and the OECD Guidelines for Multinational Enterprises. This framework includes six steps, as per the HRDD Governance Model highlighted on the chart, which ensure that the business proactively and continuously takes measures to identify, assess, cease, prevent, or mitigate actual or potential human rights risks and impacts.



### Our commitment

Datwyler is committed to high standards of business ethics and integrity, including the support and respect for human rights and labor standards. This commitment is reflected in our official company values and in our Code of Conduct, our overarching compliance document.

Datwyler company values are key to our success and act as strong roots in our growth strategy. Along with the Code of Conduct, these values shape the culture and leadership at each of the Datwyler locations around the world. In particular, our value "We have respect for others" contains an uncompromising commitment that all our employees, regardless of position, function, or location, act with high integrity and embrace the Datwyler Code of Conduct.



Additionally, by joining the UN Global Compact in 2009, Datwyler has committed itself to the ten principles relating to human rights, labor standards, environmental protection, and anti-corruption initiatives, having communicated on its progress ever since.

We recognize that business, wherever it operates, may potentially have an impact on human rights either through its own operations or via business relationships along the value chain. As such, we treat the respect for human rights as a priority and require our business partners to do the same.

During 2023, to further formalize and specify our commitment to support and respect human rights by adopting responsible business practices aligned with internationally recognized human rights standards, we have developed and approved, by both our Board and Executive Management, a dedicated Human Rights Policy that is globally valid and underlies all business activities and relationships, and that sets out our human rights due diligence ("HRDD") framework.

We are guided by international human rights frameworks, which include but are not limited to the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Labour Organization (ILO) Core Labor Conventions, the UNICEF Children's Rights and Business Principles (CRBP), and the OECD Guidelines for Multinational Enterprises.

## **Human Rights Due Diligence**

Datwyler's goal is to conduct a human rights due diligence process throughout the business to proactively identify, assess, cease, prevent, or mitigate actual or potential human rights risks and impacts along the value chain. To this end, we are committed to align our HRDD framework with internationally recognized standards such as the UNGPs and the OECD Guidelines for Multinational Enterprises.



### More about Human Rights Due Diligence

The whole process of identifying, assessing, and prioritizing potential human rights issues involved the consultation of over thirty internal and external stakeholders from different sectors, functions, and geographies. Based on this process, eleven human rights issues were identified as the most relevant which, after further analysis, based on the potential severity of each issue's impact and the company's leverage, resulted in our salient human rights issues.

These salient human rights issues will be periodically re-assessed via systematic human rights risk and impact assessments conducted in accordance with the UNGPs.

In order to further disseminate human rights-related prevention and mitigation measures, these will be, to the extent possible, progressively integrated into the company processes, training, and documents.

As initial priorities, we have focused and delivered on the following: publication of our Human Rights Policy on the company's website, dissemination of the Human Rights Policy across all our global entities, initial training and communication, update of our Code of Conduct and Supplier Code of Conduct.

Datwyler commits to report, in its annual sustainability report, on the progress of its efforts to address the identified and prioritized human rights issues and mitigation measures.

To monitor and track the effectiveness of our defined mitigation measures we use a management system with specific key performance indicators that allows us to have a clear view of the progress being made.

Key performance indicators include the number of processes and documents in which human rights issues are included, the numbers of suppliers that are assessed for human rights risks, the number of sites that are assessed for human rights risks and the number of human rights due diligence training sessions.

## **Equal opportunities**

Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment, or insults relating to anyone's gender, origins, nationality, culture, religion, or color. This is clearly laid down in the Code of Conduct, with punishments ranging from sanctions to dismissal.

Our vision is to create an inclusive culture, where all of us can flourish – and build a sustainable future, together. One of our metrics to take our company's DEIB pulse is the number of female employees in management positions, where the quota increased from 19.4% to 19.9%.



#### FOCUS TOPIC

## Engagement for sustainability

At Datwyler, we're not just about business; we're about making a positive impact in the neighborhoods where we operate. We understand that we have a responsibility to help our local communities thrive.

One way we do this is by getting involved in local projects that make a real difference in people's lives. We believe that our success is closely linked to the well-being of the places we operate in. We're a part of your community, working together for a better future.



## **Our focus**

Datwyler's commitment to local communities goes beyond paying fair wages and taxes. We actively contribute by making donations, encouraging volunteer efforts, promoting education, and enhancing local infrastructure.



## **Our long-term ambition**

Engage Datwyler people at all locations in relevant community work.



## **Future key targets**

At least one external community activity per location, per year.



## **Our approach**

### **Contributing to society**

In July 2023, when an extratropical cyclone struck the region of Sao Leopoldo in Brazil, Datwyler swiftly extended its support to the employees at the Brazilian manufacturing site. Datwyler and its local teams demonstrated remarkable solidarity by offering financial assistance for immediate needs and donating to alleviate basic necessities, providing much-needed relief during a challenging time.

## **Fostering local communities**

As a significant regional employer, Datwyler's larger facilities play a pivotal role in generating both direct and indirect economic advantages for the local areas they serve. Municipalities benefit not only from the taxes paid by Datwyler and its employees, but also from the impactful community projects initiated at the sites. These projects align with Datwyler's guiding principles, focusing on education, addressing critical human needs, and promoting the inclusion of minority groups.

Our objective is to ensure that every Datwyler location actively engages in at least one local community project per year. A 2023 analysis revealed, that already 70% of all sites engaged in at least one external community activity. By consistently sharing our community efforts, both internally and externally, we aim to create a ripple effect that inspires others to go above and beyond. We encourage our colleagues worldwide to contribute their innovative ideas, as they are the ones who best understand the local needs and priorities.


It's heartwarming to witness initiatives where global multi-disciplinary teams allocate time from their workshops to give back to the community. These endeavors not only have a positive impact on the community, but also foster unique bonds within the teams, creating a sense of purpose and unity through volunteerism.

In 2023, we supported the Ronald McDonald House via our location in Middletown, USA and the Susan G. Komen Breast Cancer Foundation via the team in Jasper, USA. Our Belgian site collected clothing and supplies for people in need who live in the neighborhood. In Italy, volunteering employees and their families accompanied a group of young adults with disabilities to enjoy a day out on the skiing slopes.

## 3.7 Regulations and standards

### Reference table on the non-financial matters of the Swiss Code of Obligations

This annual and sustainability report covers the information on non-financial matters required by the Swiss Code of Obligations. The table attached shows the relationship between the material topics for Datwyler and the non-financial matters in accordance with Article 964b of the Swiss Code of Obligations.

 [Swiss Code of Obligations](#)

### Human Rights Due Diligence

Datwyler commits to support and respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).

 [Human Rights Due Diligence](#)

### TCFD report

Datwyler is reporting on climate-related risks and opportunities according to the TCFD guidelines (Task Force on Climate-related Financial Disclosures) for the first time. The report on governance, strategy, risk management, key metrics and targets indicates how Datwyler identifies and deals with physical and transitional risks and opportunities that are caused by climate change and may have a financial impact on the company.

 [TCFD report](#)

### GRI content index

Datwyler's Sustainability Report is an integral part of the Annual Report 2023. The reporting was compiled in accordance with GRI Standards 2021.

 [GRI Content Index 2023](#)

# UN Global Compact

Since 2009, Datwyler has been a member of the UN Global Compact. At the link below, you will find the Communication on Progress, which summarizes significant aspects of the ten principles of the UN Global Compact.

 [UNGC](#)

# Swiss Code of Obligations

This annual and sustainability report covers the information on non-financial matters required by the Swiss Code of Obligations. The table attached shows the relationship between the material topics for Datwyler and the non-financial matters in accordance with Article 964b of the Swiss Code of Obligations.

This non-financial report has been established in accordance with Art. 964a et. seq. of the Swiss Code of Obligations (CO). As per the Swiss Code of Obligations, companies are required to report annually on non-financial concerns and implement a due diligence process to cover potential child labor and conflict minerals risks. This applies for the first time in the business year of 2023, with companies publishing the first reports in 2024 (as this present one). With regard to conflict minerals due diligence, after evaluation it has been determined that this is a topic not applicable to Datwyler, since we do not import any of the materials in scope (tin, tantalum, tungsten, and gold<sup>9</sup>). However, we cannot exclude the possibility that traces of some of these materials are present in certain metal-based materials that we purchase, but the import and processing volumes are definitely well below the threshold values.

With regard to child labor due diligence, Datwyler makes use of the exception of the law and adheres to the international standards in their entirety, which means that we are implementing a Human Rights Due Diligence (HRDD) process according to international standards, namely the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.



## Human Rights Due Diligence

The content of the non-financial report is based on the legal requirements set out by the CO and focuses on environmental matters, social matters, labor matters, respect for human rights, and combating corruption. However, since it is structured according to our twelve focus topics, the following CO reference table should serve as a guide.



# Swiss Code of Obligations (CO) reference table

Non-financial matters according to Art. 954b CO

Material topic	Chapter of the non-financial report
<b>Environmental matters</b>	
└ Climate-neutral operations 2030	3.5 Environmental
└ Eco-design	3.5 Environmental
└ Resource-friendly production	3.5 Environmental
└ Sustainable supply chain	3.5 Environmental
<b>Social matters</b>	
└ Compliance and ethics	3.4 Governance
└ Value-driven engagement with customers	3.6 Social
└ Human rights and equal opportunities	3.6 Social
└ Engagement for sustainability	3.6 Social
<b>Employee matters</b>	
└ Employer of choice	3.6 Social
└ Human rights and equal opportunities	3.6 Social
<b>Respect for human rights</b>	
└ Compliance and ethics	3.4 Governance
└ Human rights and equal opportunities	3.6 Social
<b>Combating corruption</b>	
└ Compliance and ethics	3.4 Governance

The Board of Directors of Datwyler approved the non-financial report for 2023.

On behalf of the Board of Directors and the Executive Management

A handwritten signature in black ink, appearing to read 'P. Hälg'.

*Dr. Paul Hälg, Chairman*

A handwritten signature in black ink, appearing to read 'Dirk Lambrecht'.

*Dirk Lambrecht, CEO*

A handwritten signature in black ink, appearing to read 'Sabrina Gérard'.

*Sabrina Gérard, CSO*

# Human Rights Due Diligence

Datwyler commits to support and respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).

## SECTION 1

### Our commitment

Datwyler is committed to high standards of business ethics and integrity, including the support and respect for human rights and labor standards. This commitment is reflected in our official company values and in our Code of Conduct, our overarching compliance document.

Datwyler company values are key to our success and act as strong roots in our growth strategy. Along with the Code of Conduct, these values shape the culture and leadership at each of the Datwyler locations around the world. In particular, our value "We have respect for others" contains an uncompromising commitment that all our employees, regardless of position, function, or location, act with high integrity and embrace the Datwyler Code of Conduct.

Additionally, by joining the UN Global Compact in 2009, Datwyler has committed itself to the ten principles relating to human rights, labor standards, environmental protection, and anti-corruption initiatives, having communicated on its progress ever since.

We recognize that business, wherever it operates, may potentially have an impact on human rights either through its own operations or via business relationships along the value chain. As such, we treat the respect for human rights as a priority and require our business partners to do the same.

Datwyler's respect for human rights extends to all individuals along the value chain, including material customers, suppliers, business partners, and other parties directly linked to its operations, products, and services.

During 2023, to further formalize and specify our commitment to support and respect human rights by adopting responsible business practices aligned with internationally recognized human rights standards, we have developed and approved, by both our Board and Executive Management, a dedicated Human Rights Policy.

This Human Rights Policy provides a common framework and further detail for Datwyler's responsibility to respect human rights that is globally valid and underlies all business activities and relationships. As part of Datwyler's risk management processes, this policy sets out an effective and proactive framework for our risk management of human rights issues through a human rights due diligence ("HRDD") process.

The development of this policy was also supported by a risk and impact assessment, stakeholder consultations, and identification of salient human rights issues (detailed in the next section). We acknowledge that the evaluation of the severity of potential impacts may change and that other issues may grow in importance over time. We will therefore periodically re-assess these salient issues.

We are guided by international human rights frameworks, which include but are not limited to the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), the International Labour Organization (ILO) Core Labor Conventions, the UNICEF Children's Rights and Business Principles (CRBP), and the OECD Guidelines for Multinational Enterprises.

## SECTION 2

# Human Rights Due Diligence (HRDD)

Datwyler's goal is to conduct a human rights due diligence process throughout the business to proactively identify, assess, cease, prevent, or mitigate actual or potential human rights risks and impacts along the value chain. To this end, we are committed to align our HRDD framework with internationally recognized standards such as the UNGPs and the OECD Guidelines for Multinational Enterprises.

This HRDD framework encompasses the following six steps, as also covered by our Human Rights Policy:

1. Policy commitment
2. Identify, assess, and prioritize actual and potential human rights impacts
3. Cease, prevent, or mitigate adverse human rights impacts
4. Embed and integrate respect for human rights

5. Track and communicate performance
6. Access to grievance and remedy

Each of these interconnected steps is further detailed below.

## 1 **Policy commitments**

The dedicated Human Rights Policy further reinforces, in addition to all the other group-wide documents where human rights were already mentioned as one of the group's key responsibilities, Datwyler's commitment to support and respect human rights and guides the implementation of the HRDD framework for the company.

Approved and signed by our Chairman and CEO, this policy is globally valid and underlies all business activities and relationships.

The Human Rights Policy has been developed by consulting different stakeholders, both internal and external, such as those participating in the different workshops that led to the identification and approval of the salient human rights issues in our value chain.

## 2 **Identify and assess actual and potential impacts and prioritize human rights issues**

Datwyler does not attribute more importance to one human right over another. Nevertheless, for the practical implementation of its human rights commitment, Datwyler focuses on the following topics (in alphabetical order), to the extent they may have adverse human rights impacts, that are the most salient to our business according to their scale, scope, and remediability:

- Child labor
- Consumer and product safety
- Corruption
- Environmental issues impacting human rights
- Forced labor
- Labor conditions
- Occupational health and safety

The whole process of identifying, assessing, and prioritizing potential human rights issues involved the consultation of over thirty internal and external stakeholders from different sectors, functions, and geographies. Based on this process, eleven human rights issues were identified as the most relevant which, after further analysis, based on the potential severity of each issue's impact and the company's leverage, resulted in the abovementioned salient human rights issues.

These salient human rights issues will be periodically re-assessed via systematic human rights risk and impact assessments conducted in accordance with the UNGPs.

Also, and despite the non-attribution of more importance to one human right over another, when it comes to children rights we commit to: (i) respect children's right to be free from child labor, (ii) permit safe work for children above the applicable minimum age, if such work exists, and (iii) seek to follow the higher standards, where and when feasible, whenever local laws are less stringent than Datwyler's policies and internationally recognized human rights and labor standards.

### **3 Cease, prevent, or mitigate adverse human rights impacts**

Based on the human rights risks and impacts identified and in a continued dialog with internal and external stakeholders, Datwyler defines and implements appropriate measures to cease, prevent, or mitigate adverse human rights impacts across the value chain. An important step in this process is the adequate implementation of human rights standards across the company and the progressive embedding of these standards in different business processes.

In the next financial year we will focus on the following:

- Continue progressively embedding human rights topics into our internal processes
- Provide training to the organization to continue building awareness on human rights
- Perform supplier risk assessment to identify those with heightened human rights risk
- Perform own operations risk assessment to identify those with heightened human rights risk
- Continue refining our grievance and whistleblowing channels

## **4 Embed and integrate respect for human rights**

In order to further disseminate human rights-related prevention and mitigation measures, these will be, to the extent possible, progressively integrated into the company processes, training, and documents.

As initial priorities, we have focused and delivered on the following: publication of our Human Rights Policy on the company's website, dissemination of the Human Rights Policy across all our global entities, initial training and communication, update of our Code of Conduct and Supplier Code of Conduct.

## **5 Track and communicate performance**

Datwyler commits to report, in its annual sustainability report, on the progress of its efforts to address the identified and prioritized human rights issues and mitigation measures.

To monitor and track the effectiveness of our defined mitigation measures we use a management system with specific key performance indicators that allows us to have a clear view of the progress being made.

Key performance indicators include the number of processes and documents in which human rights issues are included, the numbers of suppliers that are assessed for human rights risks, the number of sites that are assessed for human rights risks and the number of human rights due diligence training sessions.

## **6 Access to grievance and remedy**

Datwyler attaches great importance to living a culture of integrity and shared responsibilities. Anyone who has a legitimate concern can freely speak up, without fear of retaliation, verbally or in writing, either with the appropriate manager or via our Compliance and Whistleblowing Hotline. This whistleblowing system ensures anonymity and data protection and is available in 10 languages.

Our Code of Conduct, Human Rights Policy, and other internal documentation and training also include detailed descriptions of our reporting channels.

When adverse human rights impacts are uncovered due to Datwyler business activities or from links to its operations, the company is committed to taking timely and transparent action to remediate in a fair and equitable manner in line with the UNGPs. Where Datwyler finds impacts directly linked to its business relationships, to the extent possible, it will use its influence to encourage suppliers and business partners to respect human rights.



# TCFD report

Datwyler is reporting on climate-related risks and opportunities according to the TCFD guidelines (Task Force on Climate-related Financial Disclosures) for the first time. The report on governance, strategy, risk management, key metrics and targets indicates how Datwyler identifies and deals with physical and transitional risks and opportunities that are caused by climate change and may have a financial impact on the company.

## Governance

Datwyler's organizational structure is based on a clear delineation of tasks, competencies and responsibilities. The governance of sustainability – and climate-related issues in particular – are all integrated into the corporate governance structure throughout the Group and into all strategic tasks.

The Board of Directors has overall responsibility for Datwyler's ESG strategy and reporting and oversees the executive management. As an integral part of the annual report, the sustainability report with Datwyler's climate targets is submitted to the Board of Directors for review and approval. Specific climate-related topics can be discussed at any of the Board meetings.

While Datwyler's Board of Directors is responsible for oversight, the Datwyler Executive Team ensures the implementation of the Sustainability Strategy, including climate-related issues. The CEO oversees the climate strategy development, implementation, and the annual risk assessment. Therefore, he manages the annual budgets for climate mitigation activities, providing climate-related employee incentives as well as monitoring the progress against climate-related corporate targets: In 2020, the CEO instigated the companies 2030 climate-neutral (scope 1 & 2) target and has defined and overseen the roadmap towards achieving the target.

The CEO is supported by the Chief Sustainability Officer. The CEO and CSO hold weekly meetings to discuss ESG-related topics, and as part of this, climate-related issues.

The Chief Sustainability Officer, as a new function in Executive Management established in 2022, is responsible for the coordination and implementation of all sustainability activities. Specifically, she manages the development and implementation of the climate transition plan as well as the integration of climate-related issues into the strategy. The CSO also evaluates the proposals for new key results that can be submitted by everyone in the organization.

For the business integration, the CSO is supported by the sustainability focus team and Datwyler's global Sustainability Manager, who coordinates the sustainability management across all plants and is supported by a dedicated EHS officer at each individual plant. Specific climate-related responsibilities of the Sustainability Manager lie in assessing climate-related risks and opportunities, monitoring progress against climate-related corporate targets, and managing the value chain engagement on climate-related issues.

More detailed information on the focus team and the business integration can be found in the Sustainability report.



[Sustainability Report 2023](#)

In order to promote awareness of the sustainability focus areas, the Board of Directors has decided to add a sustainability indicator to the variable incentive model. Sustainability measurement parameters account for 20% and are applied for members of the Executive Management and for all eligible employees since 2022 onward. In alignment with the overall strategy of sustainable profitable growth, the variable incentive is measured based on three performance indicators with different weightings. Within the sustainability parameter, GHG reduction accounts for 50%. By taking this climate-related parameter into account, Datwyler motivates employees to reach Datwyler's climate target for its operations: climate-neutral operations by 2030.

# Strategy

## Climate transition plan

Datwyler has a climate transition plan which includes the analysis and handling of climate-related risks and opportunities summarized in this TCFD report as well as the focus on climate-neutral operations 2030, eco-design, resource-friendly production, and sustainable supply chain. Datwyler has set a goal to achieve climate neutrality for its own operations (scope 1 and 2) by 2030. This target is mainly based on the 1.5°C reduction path defined by SBTi, which includes implementing measures to purchase renewable energy, increase energy efficiency, and invest in its own production of renewable energy. These actions are intended to drastically reduce greenhouse gas emissions despite forecasted business growth. Datwyler will engage in beyond-value-chain mitigation for emissions that continue to occur in order to achieve climate neutrality. Datwyler has also quantified the scope 3 emissions, mainly related to buying materials from suppliers for production and to upstream and downstream transportation by third parties.

Datwyler engages regularly with shareholders and investors and uses all existing touchpoints to refer to the ESG strategy and the climate transition plan. By doing so, it collects the feedback and inputs from investors and integrates it – where feasible – into the ESG strategy. The basis for regular dialog with shareholders and investors is the integrated annual and sustainability report. This presents the main features of the ESG strategy and the climate transition plan, and reports on the progress made in implementing them in quantitative and qualitative form.

## Climate-related physical and transitory risks

According to TCFD guidelines, a distinction is made between physical risks and transitional risks and opportunities. Physical risks arise from direct climate events and thus have an impact on Datwyler's operating activities. Transitory risks, on the other hand, arise from the decarbonization of the economy or from the resulting legal, social, economic, or technological framework conditions. Datwyler assessed risks and opportunities in both categories and further categorized them into short-term (1-3 years), medium-term (3-10 years) or long-term risks (10-30 years). Furthermore, they were characterized along the value chain and their likelihood to occur. These identified risks are summarized in the table below.

Risk	Characterization	Description
<b>Increasing costs of raw materials</b>	<ul style="list-style-type: none"> <li>– Transitory risk</li> <li>– upstream</li> <li>– short-term</li> </ul>	Increased indirect (operating) costs: Datwyler needs very specific materials. Because of changing regulations or the disruption of global supply chains, the costs of raw materials could increase, which would pose a financial risk. Furthermore, the availability of raw materials might be limited due to geopolitical circumstances (e.g. synthetic rubber).
<b>Technology</b>	<ul style="list-style-type: none"> <li>– Transitory risk</li> <li>– downstream</li> <li>– medium-term</li> </ul>	The substitution of existing products and services with lower emissions options might lead to decreased revenues due to reduced demand for products and services.
<b>Changing temperature</b> (air, freshwater, marine water)	<ul style="list-style-type: none"> <li>– Physical risk</li> <li>– operations</li> <li>– medium-term</li> </ul>	With the higher temperatures, the use of cooling water (in the Food & Beverage division's production) needs more energy and could lead to increased operating costs. Also, water scarcity becomes a climate-related risk for Datwyler's operations.
<b>Drought</b>	<ul style="list-style-type: none"> <li>– Physical risk</li> <li>– operations</li> <li>– short-term</li> </ul>	Drought will affect global water security. For Datwyler, water scarcity will specifically pose a risk for the Healthcare production sites, where indirect operating costs might increase.
<b>Carbon pricing mechanisms</b>	<ul style="list-style-type: none"> <li>– Transitory risk</li> <li>– operations</li> <li>– medium-term</li> </ul>	Climate-related regulation that place a price on greenhouse gas emissions generated by Datwyler's production plants are a risk for increased operation costs.

## Strategic elements to respond to climate-related risks on Datwyler's business

The identified climate-related risks confirm Datwyler's strategic areas of action and emphasize the importance of further steps.

Regarding the increasing costs of raw materials, the broad and proven supplier base and expertise in Datwyler's procurement teams proved their worth. Datwyler's Global Procurement Team provides local procurement teams at each plant with global standardized guidelines and supplier management processes. The company also began encouraging suppliers to propose more sustainable materials to replace existing products completely or to be used in new developments. Several suggestions have been received already, and the goal is to identify five product replacements annually by 2030.

To support its eco-design focus topic, Datwyler aims to increase its share of locally sourced materials. After identifying the number of existing local suppliers, packaging materials was selected as a first focus and local sourcing targets were developed. This approach is also being extended to directly sourced raw materials. This strategy will also reduce the company's supply chain continuity risks.

The transition to electric mobility is a risk to Datwyler's current products, but also a climate-related chance to use our deep understanding of the mobility sector and develop high-quality components for the brake systems of electric vehicles. It also strengthens Datwyler's commitment to the development of efficient, system-critical sealing technologies. Based on the global ambition for GHG reduction, current trends in the automotive industry are going towards electric mobility, but are still diverse regarding technology concepts used. A wide variety of sealing solutions are required, as there are multiple surfaces that must be sealed effectively. Datwyler has developed several options - from rubber, edge-bond and connector seals, among others – that represent solid alternatives to internal combustion engine applications.

To counter the risk of drought, the production facilities are implementing measures to improve water efficiency. This involves not only using less water in the washing program while maintaining quality and cleanliness, but also defining measures to reuse the waste water.

With Datwyler's GHG reduction plan, the company can reduce potential carbon taxes. The main goal is to reduce greenhouse gas emissions as much as possible by 2030. Ten production sites already cover 100% of their electricity with renewable energy - mostly generated from water, wind, and photovoltaics, provided by their local electricity supplier. Eight production sites produce solar power for their own consumption. In this way, the company is actively supporting the United Nations' climate targets and making itself less dependent on the coal, oil, and nuclear industries.

## Climate-related opportunities

Aside the risks, Datwyler also identified climate-related opportunities with a potential substantive financial or strategic impact on its business.

Opportunity	Characterization	Description
<b>Access to new markets</b>	<ul style="list-style-type: none"><li>- Transitory opportunity</li><li>- downstream</li><li>- medium-term</li></ul>	Through the shift to electric vehicles and mobility, Datwyler is identifying new business opportunities: By offering products and services in electromobility, Datwyler can access new and emerging markets, which might increase revenues.
<b>Development of new products</b>	<ul style="list-style-type: none"><li>- Transitory opportunity</li><li>- downstream</li><li>- long-term</li></ul>	By developing new innovative products that could reduce the requirement for fossil fuels in the elastomer manufacturing process, Datwyler could access new and emerging markets, resulting in increased revenues.
<b>Resource efficiency</b>	<ul style="list-style-type: none"><li>- Transitory opportunity</li><li>- operations</li><li>- medium-term</li></ul>	The use of more efficient production and distribution processes could increase operating efficiency with a positive impact on EBIT.

## Strategic elements to strengthen climate-related opportunities on Datwyler's business

The transformation to electromobility poses an opportunity for Datwyler: Datwyler aims to develop more components and products for the future electric mobility market. Target areas include sealing components for electro-hydraulic brakes, sensors, connectors and housings involving two-component technology and electroactive polymers.

For the development of new products, the already existing principles of Eco-design pose an opportunity. Designing products based on these principles optimizes the environmental performance of the products while maintaining their functional qualities. In addition to saving on materials, reducing process-related waste and using reusable or recyclable packaging and boxes, this approach also helps developers to consider the social benefits and reconsider economic factors at the same time. The area in which Datwyler has the most control over is material development, new materials in particular. Following Eco-design, Datwyler is currently working on a number of projects that could reduce the requirement for fossil fuels in the elastomer manufacturing process.

To achieve climate neutrality by 2030, Datwyler strives to be more efficient and grow revenue without increasing environmental impact. Purchasing renewable energy and the self-generation of electricity will be a main contribution to achieving our goals. Therein lies a great opportunity to reduce utility spend and invest the savings in the research and the development of new materials.

## **Risk management**

Datwyler has firmly integrated climate-related risks into the risk management process for identification and assessment. The Head of Internal Audit is responsible for the Group-wide coordination, while final responsibility in assessing risks lies with the Board of Directors.

As part of an ongoing process to ensure business continuity, risks are continuously identified and assessed throughout the Group. An open exchange is encouraged at all levels of the company and is part of the corporate culture. The management of each function or business area is responsible for significant risks, informing the Executive Management and the Board of Directors of any potential developments and recording its findings in a risk management software.

The CFO of the Datwyler Group and the Head of Internal Audit monitor the risk management process through active exchanges and quarterly meetings with the business areas. Risks are regularly discussed in meetings between the business area management and the Executive Management, ensuring that uniform evaluation approaches are applied and that similar risks are treated equally across the Group business areas. The consolidation of risks and annual reporting to the Board of Directors are carried out by the CFO and Head of Internal Audit.

Datwyler's institutionalized and systematic risk management system divides risks into four categories: strategic, operational, financial, and compliance. Sustainability risks are translated into one or several of these business risk categories according to their impact at Group level as well as at business unit and production site levels. Datwyler is currently focusing on expanding sustainability risk management with a focus on climate change risks and risks in the supply chain.

Once the individual risks have been identified and assessed, the business area or business unit management is responsible for developing a series of measures to reduce the risk of occurrence and the potential loss. The implementation of these measures is monitored as part of the continuous risk management process and taken into account in the next risk evaluation.

Climate-related risks are assessed and mitigated using the company's "Business Continuity Planning" (BCP). Datwyler BCP establishes a risk management processes and procedures that aim to prevent interruptions to mission-critical services and re-establish full function to the organization as quickly and smoothly as possible. The BCP process at the production sites includes key ESG risks such as climate change. The process considers various unpredictable events, such as natural disasters, fires, disease outbreaks, cyberattacks, and other external threats. The underlying risk management at the sites is based on ISO 31000 and integrates regular audits.

## **Metrics and goals**

For many years, Datwyler has disclosed comprehensive key metrics and targets on sustainability and GHG emissions as part of its sustainability reporting. Datwyler's climate-related metrics and targets can be found in the chapter "Environmental" in the Sustainability Report.



# GRI Content Index

Datwyler has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The Content Index – Essentials Service was conducted based on the english version of the Annual Report 2023.

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard: none



**CONTENT INDEX  
ESSENTIALS SERVICE**

**2024**

## 1. The organization and its reporting practices

### GRI 2 GENERAL DISCLOSURES 2021

2-1	Organizational Details	<p><a href="#">About us</a></p> <p>Dätwyler Holding Inc. 6460 Altdorf Switzerland</p> <p><a href="#">Corporate Governance</a></p> <p><a href="#">Locations</a></p>
2-2	Entities included in the organization's sustainability reporting	If not otherwise stated, the companies covered in the sustainability report correspond to those of the consolidated companies, listed in the <a href="#">Financial Report 2023</a> (page F36).
2-3	Reporting period, frequency and contact point	<p>01.01.2023 – 31.12.2023</p> <p>Publication date of this report: 7 February 2024</p> <p>Contact: Sabrina Gérard, Chief Sustainability Officer (CSO)</p> <p>Head of Group Function Sustainability and Operational Excellence, <a href="mailto:sabrina.gerard@datwyler.com">sabrina.gerard@datwyler.com</a></p>
2-4	Restatements of information	None
2-5	External assurance	<p>Information about limited assurance on selected KPIs: <a href="#">Transparency</a></p> <p>Assurance statement on limited assurance on selected sustainability information: <a href="#">Assurance report</a></p>

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## 2. Activities and workers

### GRI 2

### GENERAL DISCLOSURES 2021

2-6

Activities, value chain and  
other business relationships

Business Areas

Business model

2-7

Employees

Employee Structure (table)

2-8

Workers who are not  
employees

Composition of workforce

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### 3. Governance

#### GRI 2 GENERAL DISCLOSURES 2021

2-9	Governance structure and composition	<u>4.3 Internal organization</u>  <u>ESG Governance</u>
2-10	Nomination and selection of the highest governance body	<u>4.3 Internal organization</u>
2-11	Chair of the highest governance body	<u>Members of the Board of Directors</u>
2-12	Role of the highest governance body in overseeing the management of impacts	<u>ESG Governance</u>
2-13	Delegation of responsibility for managing impacts	<u>ESG Governance: Datwyler Board of Directors</u>
2-14	Role of the highest governance body in sustainability reporting	As required by the Swiss Code of Obligations, the non-financial report is approved by the Board of Directors.  <u>Statement Board of Directors</u>
2-15	Conflicts of interest	<u>Substantial shareholders and shareholder structure</u>
2-16	Communication of critical concerns	At Datwyler, critical concerns are immediately reported by the CEO, CFO or CSO to the Board of Directors (BoD).  <u>Communication of critical concerns</u>
2-17	Collective knowledge of the highest governance body	Annual knowledge exchange sessions are organised for the BoD members with the goal to advance the collective knowledge, skills and experience in sustainable development.  <u>Collective knowledge of the highest governance body</u>

2-18	Evaluation of the performance of the highest governance body	<p>Each year the BoD Chairman takes the initiative to evaluate the skill set of the BoD members by using an independent evaluation questionnaire assessing e.g. leadership, culture, role clarity, teamwork, accountability, decision making, communications, board operations.</p> <p><u>Evaluation of the performance of the highest governance body</u></p>
2-19	Remuneration policies	<u>Remuneration philosophy and principles</u>
2-20	Process to determine remuneration	<p><u>Determination procedure for the remuneration system</u></p> <p><u>Results of the last Annual General Assembly</u></p>
2-21	Annual total compensation ratio	<p>The ratio of the annual total compensation for the organization's highest-paid individual (CEO) to the average annual total compensation for all employees (excluding the highest-paid individual) in 2023 amounted to 49.7. To calculate the ratio, the total CEO compensation (CHF 2'239'287) as reported in the <u>Remuneration Report 2023</u> (table 3) and the total personnel expenses (CHF 376.7 million) as reported in the <u>Financial Report 2023</u> (page F18, note 5) were used. The remuneration model for the CEO consists of a fixed base salary, variable incentive, long-term incentive plan and employer social insurance contributions and perquisites. The total personnel expenses including wages and salaries, benefit costs and other employee costs were divided by the average number of full time equivalents (8'303, as reported in the <u>Sustainability Report 2023</u> (table voluntary leaves)). The change in the annual total compensation ratio for the organization's highest-paid individual (CEO) to the average percentage decrease in annual total compensation for all employees (excluding the highest-paid individual) in 2023 amounted to -1.2. This means that in 2023, compared to 2022, CEO compensation declined while the average compensation of all employees increased.</p>

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## 4. Strategy, policies and practices

### GRI 2 GENERAL DISCLOSURES 2021

2-22	Statement on sustainable development strategy	<a href="#"><u>Driving forward sustainability despite a challenging environment</u></a>  <a href="#"><u>3.2 Dedication</u></a>  <a href="#"><u>Our commitment to sustainability (video)</u></a>  <a href="#"><u>Letter to the Shareholders</u></a>
2-23	Policy commitments	<p>As early as 2009, we joined the UN Global Compact and committed ourselves to complying with its ten principles on human rights, labor practices, environmental protection and anti-corruption. This code mandates that the companies and employees within the Group must respect the national laws, human rights, personal dignity, and privacy of each individual person. The Code of Conduct also articulates how to deal with business partners and competitors, strictly prohibiting any special treatment, bribery, or corruption.</p> <a href="#"><u>3.2 Dedication</u></a>  <a href="#"><u>Our commitment to sustainability (video)</u></a>  <a href="#"><u>Compliance and ethics</u></a>
2-24	Embedding policy commitments	<a href="#"><u>3.2 Dedication</u></a>  <a href="#"><u>Our commitment to sustainability (video)</u></a>  <a href="#"><u>Compliance and ethics</u></a>
2-25	Processes to remediate negative impacts	<a href="#"><u>Communication of critical concern</u></a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#"><u>A fair and responsible partner</u></a>

2-27	Compliance with laws and regulations	<a href="#">Compliance reporting process</a>
2-28	Membership associations	Datwyler supports UN Global Compact; Carbon Disclosure Project; EcoVadis; Global Reporting Initiative; Alliance to zero

## 5. Stakeholder engagement

### GRI 2 GENERAL DISCLOSURES 2021

2-29	Approach to stakeholder engagement	<a href="#">Open dialog</a>
2-30	Collective bargaining agreements	57.5% of all employees are covered by collective agreements (or collective bargaining agreements).

### MATERIAL TOPICS

## Materiality assessment and list of material topics

### GRI 3 MATERIAL TOPICS 2021

3-1	Process to determine material topics	<a href="#">3.3 Focus topics</a>
3-2	List of material topics	<a href="#">3.3 Focus topics</a>

# Economy

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## Drive profitable growth

### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<a href="#">Letter to the Shareholders</a>
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### GRI 201 ECONOMIC PERFORMANCE 2016

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201-1	Direct economic value generated and distributed	<a href="#">1 Highlights</a> <a href="#">6.1 Key figures</a>
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# Environment

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## Climate-neutral operations 2030

### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<a href="#">Climate-neutral operations 2030: focus, ambition, targets and our approach</a>
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### GRI 302 ENERGY 2016

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302-1	Energy consumption within the organization	<a href="#">5-year comparison of energy consumption</a>
302-3	Energy intensity	<a href="#">5-year comparison of energy consumption</a>
302-4	Reduction of energy consumption	<a href="#">5-year comparison of energy consumption</a>



**GRI 305      EMISSIONS 2016**

305-1	Direct (Scope 1) GHG emissions	<u>5-year comparison of greenhouse gas emissions (CO<sub>2</sub>eq)</u>	✓
305-2	Energy indirect (Scope 2) GHG emissions	<u>5-year comparison of greenhouse gas emissions (CO<sub>2</sub>eq)</u>	✓
305-4	GHG emissions intensity	<u>5-year comparison of greenhouse gas emissions (CO<sub>2</sub>eq)</u>	✓
305-5	Reduction of GHG emissions	<u>5-year comparison of greenhouse gas emissions (CO<sub>2</sub>eq)</u>	

**Eco-design****GRI 3      MATERIAL TOPICS 2021**

3-3	Management of material topics	<u>Eco-design: focus, ambition, targets and our approach</u>	
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**Resource-friendly production****GRI 3      MATERIAL TOPICS 2021**

3-3	Management of material topics	<u>Resource friendly production: focus, ambition, targets and our approach</u>	
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**GRI 303      WATER AND EFFLUENTS 2018**

303-3	Water withdrawal	<u>5-year comparison of water withdrawal</u>	
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**GRI 306 WASTE 2020**

306-2	Management of significant waste-related impacts	<u>Waste disposal</u>
306-3	Waste generated	<u>5-year comparison of waste disposal</u>
306-4	Waste diverted from disposal	<u>5-year comparison of waste disposal</u>
306-5	Waste directed to disposal	<u>5-year comparison of waste disposal</u>

**Sustainable supply chain****GRI 3 MATERIAL TOPICS 2021**

3-3	Management of material topics	<u>Sustainable supply chain: focus, ambition, targets and our approach</u>
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**GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT 2016**


308-1	New suppliers that were screened using environmental criteria	Datwyler's supplier base is quite stable. Six new suppliers were added to the monitoring program in 2023. This involved checking whether they had signed the Supplier Code of Conduct and whether they had an ISO 14001 or ISO 50001 certificate.  <u>Monitoring and development</u>
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**GRI 414 SUPPLIER SOCIAL ASSESSMENT 2016**

414-1	New suppliers that were screened using social criteria	Datwyler's supplier base is quite stable. Six new suppliers were added to the monitoring program in 2023. This involved checking whether they had signed the Supplier Code of Conduct and whether they had an ISO 45001 certificate.  <u>Monitoring and development</u>
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## DATWYLER KPI

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Datwyler KPI	Percentage of suppliers that are certified according to sustainability certificates (ISO 14001, ISO 45001, ISO 50001)	<u>Monitoring and development</u>	
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## GRI 305 EMISSIONS 2016

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305-3	Other indirect (Scope 3) GHG emissions	<u>Scope 3 analysis</u>
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## Social

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### Employer of choice

## GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<u>Employer of choice: focus, ambition, targets and our approach</u>
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## GRI 401 EMPLOYMENT 2016

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401-1	New employee hires and employee turnover	<u>Employee structure (table)</u>
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## DATWYLER KPI

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Datwyler KPI	Employee Commitment	<u>Employee surveys</u>	
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**GRI 403      OCCUPATIONAL HEALTH AND SAFETY 2018**

403-1	Occupational health and safety management system	<u>Established health and safety management</u>
403-2	Hazard identification, risk assessment, and incident investigation	<u>Established health and safety management</u>
403-4	Worker participation, consultation, and communication on occupational health and safety	<u>Established health and safety management</u>
403-8	Workers covered by an occupational health and safety management system	<p>Nine of 27 production sites are ISO 45001 certified. More than half of all Datwyler employees work at these nine sites.</p> <p><u>Established health and safety management</u></p>
403-9	Health and safety management system	<p>Even if the production of elastomer components is not associated with major workplace risks, there are individual activities that bear an increased risk of accidents. These risks primarily affect employees in production. Typical workplace risks include handling knives and other sharp objects (cuts), handling hot surfaces (burns) and handling machines and equipment (pinching or bumping). These risks are assessed as part of health and safety management and employees are encouraged to report any safety observations. Appropriate measures to protect employees are assessed and implemented.</p> <p>In the year under review, there were 144 work-related accidents, leading to 1'668 absence days. The rate of work-related accidents was 1.80, based on 200'000 hours worked. All accidents were considered, not just the ones leading to lost days or medical treatment beyond first aid.</p> <p><u>Absences (table)</u></p>
403-10	Work-related ill health	<u>Absences (table)</u>

## DATWYLER KPI

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Datwyler KPI	Accident severity rate	<u>Absences (table)</u>	
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## GRI 404 TRAINING AND EDUCATION 2016

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404-2	Programs for upgrading employee skills and transition assistance programs	<u>Learning and development</u>
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404-3	Percentage of employees receiving regular performance and career development reviews	<u>Performance management</u>
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## Value-driven engagement with customers

### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<u>Value-driven engagement with customers: focus, ambition, targets and our approach</u>
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### GRI 416 CUSTOMER HEALTH AND SAFETY 2016

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416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<u>Customer health and safety and chemical compliance</u>
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## Human rights and equal opportunities

### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<u>Human rights and equal opportunities: focus, ambition, targets and our approach</u>
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**GRI 405      DIVERSITY AND EQUAL OPPORTUNITY 2016**

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405-1	Diversity of governance bodies and employees	<u>Equal opportunities</u>  <u>Rising diversity in Datwyler's Board of Directors and Executive Management</u>  <u>Employee structure (table)</u>
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**GRI 406      NON-DISCRIMINATION 2016**

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406-1	Incidents of discrimination and corrective actions taken	None
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**Engagement for sustainability****GRI 3      MATERIAL TOPICS 2021**

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3-3	Management of material topics	<u>Engagement for sustainability: focus, ambition, targets and approach</u>
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**Governance****Transparency****GRI 3      MATERIAL TOPICS 2021**

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3-3	Management of material topics	<u>Transparency</u>
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**Compliance and ethics****GRI 3      MATERIAL TOPICS 2021**


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3-3	Management of material topics	<u>Compliance and ethics</u>
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**GRI 205      ANTI-CORRUPTION 2016**

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205-3	Confirmed incidents of corruption and actions taken	We have no confirmed cases of corruption. We have  no instances of employees being dismissed or disciplined, or contracts with business partners not being renewed or terminated, as a result of corruption. We have no legal proceedings related to allegations of corruption.  <u>Compliance and ethics</u>
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**GRI 206      ANTI-COMPETITIVE BEHAVIOR 2016**

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206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<u>Compliance reporting process</u>
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**GRI 408      CHILD LABOR 2016**

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408-1	Operations and suppliers at significant risk for incidents of child labor	<u>Human rights and equal opportunities: focus, ambition, targets and our approach</u>  <u>Human rights due diligence</u>
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**GRI 409      FORCED OR COMPULSORY LABOR 2016**

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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<u>Human rights and equal opportunities: focus, ambition, targets and our approach</u>  <u>Human rights due diligence</u>
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**Lead by example**

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**GRI 3      MATERIAL TOPICS 2021**

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3-3	Management of material topics	<u>Lead by example</u>
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## Commitment

### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	<u>Commitment</u>
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## Other material topics

### Accelerate digitalization

#### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	Creating better solutions, seamless experiences and sustainable success through the power of <u>digitalization</u> .
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### Increase agility

#### GRI 3 MATERIAL TOPICS 2021

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3-3	Management of material topics	Through <u>agility</u> we are increasing speed, flexibility, and adaptability by empowering our people.
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 Assured through KPMG




### **3.8 Independent limited assurance report on selected sustainability information**



# Independent limited assurance report on selected sustainability information of Dätwyler Holding AG

## To the Board of Directors of Dätwyler Holding AG

We have undertaken a limited assurance engagement on Dätwyler Holding AG's and its subsidiaries (the Group) following selected Sustainability Information in the Sustainability Report for the year 2023 (hereinafter "Sustainability Information").

Our limited assurance on selected Sustainability Information consists of key performance indicators in the areas «Greenhouse gas (CO<sub>2</sub>eq) emissions (scope 1 and 2) and greenhouse gas emissions intensity», «Percentage of suppliers that are certified according to sustainable certificates», «Employee commitment», «Accident severity rate» and «Number of confirmed corruption incidents» for the year 2023, which are marked with a checkmark .

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Sustainability Report 2023 or linked to from the Sustainability Information or from the Sustainability Report 2023, including any images, audio files or embedded videos.

## Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the '*Summary of the work we performed as the basis for our assurance conclusion*' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information in the areas «Greenhouse gas (CO<sub>2</sub>eq) emissions (scope 1 and 2) and greenhouse gas emissions intensity» and «Number of confirmed corruption incidents» is not prepared, in all material respects, in accordance with the GRI Sustainability Reporting Standards (GRI SRS) and the Sustainability Information in the categories «Percentage of suppliers that are certified according to sustainable certificates», «Employee commitment» and «Accident severity rate» is not prepared in accordance with the self-developed criteria.

We do not express an assurance conclusion on information in respect of earlier periods or to any other information included in the Sustainability Report, Annual Report or any other Report, including any images, audio files or embedded videos.

## Understanding how Dätwyler Holding AG has prepared the Sustainability Information

The GRI SRS have been used as criteria references for the disclosures of «Greenhouse gas (CO<sub>2</sub>eq) emissions (scope 1 and 2) and greenhouse gas emissions intensity» and «Number of confirmed corruption incidents». For the areas «Percentage of suppliers that are certified according to sustainable certificates», «Employee commitment» and «Accident severity rate» the self-developed criteria, as disclosed in the chapters «Embedding ESG to improve supply chain sustainability», «Employee surveys» and «Established health and safety management», of the Sustainability Report, were applied. Consequently, the Sustainability Information needs to be read and understood together with the criteria.

## Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.



### **Dätwyler's Responsibilities**

The Board of Directors of Dätwyler Holding AG is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;
- The preparation of the Sustainability Information in accordance with the criteria;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

### **Our Responsibilities**

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our independent conclusion to the Board of Directors of Dätwyler Holding AG.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by the Board of Directors, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

### **Professional Standards Applied**

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB).

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

### **Summary of the Work we Performed as the Basis for our Assurance Conclusion**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- Assessment of the design and implementation of systems, processes and internal controls for determining, processing and monitoring sustainability performance data, including the consolidation of data;



- Inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- Inspection of selected internal and external documents to determine whether quantitative and qualitative information is supported by sufficient evidence and presented in an accurate and balanced manner; Assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;
- Analytical assessment of the data and trends of the quantitative disclosures included in the scope of the limited assurance engagement;
- Assessment of the consistency of the disclosures applicable to Dätwyler with the other disclosures and key figures and of the overall presentation of the disclosures through critical reading of the Sustainability Report 2023.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG AG

Silvan Jurt  
Licensed Audit Expert

Manuel Odoni  
Licensed Audit Expert

Zurich, 5 February 2024

# 4 Corporate Governance

As a company committed to creating long-term value, Datwyler has a clear framework of management and control policies in place to ensure compliance with the principles of good corporate governance. These policies are set out in the Articles of Association and the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. They are presented below following the applicable Directive issued by the SIX Swiss Exchange.

Where appropriate, reference is made to issues that are discussed in detail in the notes to the financial statements and in the Remuneration Report. Where information required under a section of the SIX Directive has been omitted, it is either not applicable to Datwyler or the corresponding situation does not exist at Datwyler or does not apply to Datwyler.

at 31 December 2023



## Subchapters

- 4.1 Group structure and shareholders
- 4.2 Capital structure
- 4.3 Internal organization
- 4.4 Risk management and compliance
- 4.5 Board of Directors and Executive Management
- 4.6 Remuneration, shareholdings, loans
- 4.7 Shareholders' participation rights
- 4.8 Statutory auditors
- 4.9 Information policy

## 4.1 Group structure and shareholders

Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, connectivity, general industry and food & beverage.

With its recognised core competencies and technological leadership, the company delivers added value to its customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth.

### Substantial shareholders and shareholder structure

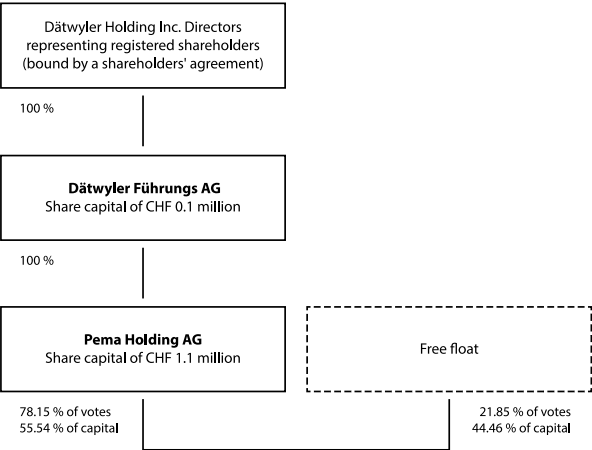
The ownership structure of Datwyler is the result of the Dätwyler family succession arrangements of 1990. The family's primary objective was to ensure the long-term independence of the company.

Following the 1986 IPO, Peter and Max Dätwyler's interest had been reduced to roughly 50% of capital and just below 80% of votes. They placed this ownership interest without compensation in a company they had founded, Pema Holding AG (PeMa = Peter and Max). Today, the Board of Directors of Dätwyler Holding Inc. controls these assets and the associated voting rights on a fiduciary basis and without beneficial ownership.

It does so through Dätwyler Führungs AG, likewise founded by the Dätwyler brothers in 1990. The members of the Board of Directors of Dätwyler Holding Inc. are concurrently members of the Board of Directors of Pema Holding AG and hold equal interests of CHF 0.1 million in the share capital of Dätwyler Führungs AG.

A shareholders' agreement requires departing Board members to pass their shares in Dätwyler Führungs AG on to their successors at par value and without financial gain. The Board members are likewise not entitled to receive dividend payments from Dätwyler Holding Inc. Dividends are retained by Pema Holding AG and can be reinvested in Dätwyler Holding Inc.

Under the shareholders' agreement, Pema Holding AG may invest only in Datwyler and its spin-offs. It therefore has no conflicts of interest with other shareholdings and completely reflects the interests of the bearer shareholders. Disposal of a majority of votes is permitted only by a qualified majority, and only in the event that it is no longer economically feasible to maintain Dätwyler Holding Inc. as an independent going concern. In this case, Dätwyler Führungs AG and Pema Holding AG are to be liquidated, with the proceeds going to the Datwyler Foundation.



Shareholder structure

Pema Holding AG may be compared to a family of entrepreneurs who hold the majority of the capital and voting rights in a listed company. The restriction relating to Dätwyler Holding Inc., as set out in the shareholders' agreement, allows Pema Holding AG a management mandate with an obligation to create long-term value. The representatives of public shareholders on the Board of Directors of Dätwyler Holding Inc. are not member of the Boards of Directors of Pema Holding AG or of Dätwyler Führungs AG. Concluded in 1990, these Dätwyler family succession arrangements entailed a waiver of claims to substantial assets and are unique.

Pema Holding AG currently owns all 22 million registered shares and 5'041'465 of the total of 12.6 million bearer shares of Dätwyler Holding Inc. This represents 78.15% of the voting rights and 55.54% of the share capital.

The Board of Dätwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3% or more of the total voting rights. No disclosure notices were received in the year under review.

## Group structure and companies

Datwyler has combined its market and production activities in the two business areas Healthcare Solutions and Industrial Solutions Solutions. These two market units are supported by the three service units Technology & Innovation, Sustainability & Operational Excellence and Finance & Shared Services. This organisational structure strengthens Datwyler's market focus, core competencies and agility.



*Organizational structure*

Additional information on the company's structure can be found in the following sections of the Annual Report and on our website:

- Segment reporting (Financial Report 2023, page F17)

- List of subsidiaries and investments (Financial Report 2023, page F36)
- Worldwide locations

No listed companies are included in the consolidation of Dätwyler Holding Inc. There are no cross-shareholdings with other companies.

## 4.2 Capital structure

### Composition of share capital

At **December 31st 2023**, in CHF

22'000'000 registered shares of CHF 0.01 each	220'000
12'600'000 bearer shares of CHF 0.05 each	630'000
Total ordinary share capital	850'000
Authorised additional share capital	none
Authorised contingent share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting-out and opting-up provisions	none

All shares are fully paid-up and – irrespective of their value – are entitled to vote and rank for dividend.

Information about changes in equity for 2023 and 2022 is presented in the statement of changes in equity in the Financial Report 2023 (page F09).

Changes in equity for 2022 and 2021 are shown in the statement of changes in equity in the Financial Report 2022 (page F09).

### Convertible bonds and share options

As at December 31st 2023, Datwyler did not have any outstanding convertible bonds or options.



There are two ordinary bonds (Financial Report 2023, page F28, note 18, Bonds)

- On 15 June 2022, a 2.1% CHF 240 million bond was placed. The bond is repayable on 15 June 2027.
- On 30 May 2018, a 0.625% CHF 150 million bond was placed. The bond is repayable on 30 May 2024.

## 4.3 Internal organization

### Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of Datwyler. The Board consists of no fewer than five and no more than eleven members. At 31 December 2021, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors or companies and organisations which they influence have no executive functions in the Group and do not have any business relationship with the Datwyler Group. The current Chairman, Paul Hälgi, was the CEO of the Datwyler Group from 2004 to 2016.

The other members of the Board never served in executive functions for the Datwyler Group. No Director holds cross-directorships with other Directors through involvement in other listed companies. When members are appointed to the Board of Directors, care is taken to ensure that the kinds of competencies important to Datwyler with regard to the various industries, technologies and markets are suitably represented.

Directors are elected for one-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Directors retire at the Annual General Meeting following their 70th birthday. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 62 and their average tenure is 7 years.

Each member of the Board of Directors is subject to a periodic tenure review, usually every five years. This is prepared by the Nomination and Compensation Committee and discussed by the full Board.

# Main responsibilities and operation of the Board

The Board organises itself. Its main responsibilities are defined in Art. 716a of the Swiss Code of Obligations. In order to discharge these responsibilities efficiently, the Board has authority under the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. to appoint Committees from among its members to deal with specific matters. There are currently two Committees: the Audit Committee and the Nomination and Compensation Committee.

In accordance with the Rules of Organisation, the Board holds at least five regular meetings a year, each lasting between half a day and one full day. A two-day annual strategy workshop is held to review and develop the strategy. The strategy workshop is usually combined with a visit to one of the locations. Special Board meetings are held when necessary.

The Board has a quorum when at least a majority of its members is present. Its resolutions are passed by a majority of the members present. The Chairman is also a voting member and has the casting vote in the event of a tie. Resolutions may also be adopted by telephone conference or by circular letter. In 2023, the Board met in full for six meetings. The CEO and CFO and the other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2023, no external specialists were called in.

## Meeting attendance 2023

Paul Hälg	6/6
Hanspeter Fässler	6/6
Jens Breu	6/6
Claude Cornaz	6/6
Jürg Fedier	6/6
Martin Hirzel	6/6
Gabi Huber	6/6
Judith Van Walsum	6/6

Agendas for Board meetings are set by the Chairman in consultation with the CEO and CFO. Any Director may request that an item be placed on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board. Directors receive papers and information in good time in advance of meetings to allow them to prepare for discussion of each item.

Depending on the nature of the business to be transacted, the Chairman may invite members of the Executive Management to provide information at Board meetings and participate in an advisory capacity. The Board operates as a team and strives to reach decisions unanimously, wherever possible. If a unanimous decision cannot be reached, the minutes of the meeting must give the names of who voted and how they voted.

Once a year, usually at the end of the year, the Board of Directors carries out a self-assessment of its work and that of its committees. For this purpose, each member completes a standardized questionnaire covering topics such as strategy, discussion culture, organization of meetings, and competencies of the members. In addition, the Chairman conducts a separate structured discussion with each member on an annual basis. The evaluation of the questionnaires and the findings from the individual discussions are reviewed by the Board. Any potential for improvement is recorded and implemented in the following business year. In addition to the annual self-evaluation, a "private meeting" is usually held at the end of each board meeting without the participation of management representatives. The purpose of this meeting is, among other things, to assess the discussions and decision-making at the meeting and to draw any lessons from them.

## **Operation of the Committees**

The Committees have written terms of reference specifying their responsibilities. In addition to these written terms, the Audit Committee has defined its tasks and responsibilities in a detailed checklist. The Committees generally prepare the groundwork for decision-making by the full Board. They meet at the call of their chairmen as often as necessary to discharge their duties, but at least once a year. Their meetings usually last half a day. All Directors, Executive Management members and the external auditors may request a meeting of the Committees. Depending on the nature of the business to be transacted, meetings are attended by the CEO, CFO or, if required, a representative of the external auditors or a specialist in an advisory capacity.

The agendas for Committee meetings are set by the respective chairmen in agreement with the CEO and CFO. Committee members receive papers and information in advance of meetings to allow them to prepare for discussion of each item. At least two members must be present to constitute a quorum. The Committees pass their resolutions by an absolute majority of the votes cast. In the event of a tie, the chairman has the casting vote. The Committees keep a record of their decisions and recommendations in minutes submitted to the Board and report the results of their activities at the next Board meeting.

# Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Jürg Fedier (Chairman), Gabi Huber, Martin Hirzel (public shareholders' representative) and Judith van Walsum (public shareholders' representative). In 2023, the Audit Committee held four meetings, each of which was attended by the CEO and CFO.

The reporting of the internal audit is a standard agenda item at the meetings of the Audit Committee. The representatives of the external auditors attended all the meetings for the discussion of selected items. In 2023, other external specialists were not called in.

Responsibilities of the Audit Committee:

- To ensure a comprehensive and effective audit programme for Dätwyler Holding Inc. and the Datwyler Group.
- To comment on the annual and consolidated financial statements.
- To comment on the audit plan and results of audits.
- To receive recommendations from the external auditors, discuss the recommendations with the Executive Management and provide a summary for the Board of Directors.
- To present the Executive Management's proposal for the appointment of Dätwyler Holding Inc.'s external auditors to the Board of Directors for consideration by the Annual General Meeting of Shareholders.

## Meeting attendance 2023

Jürg Fedier	4/4
Gabi Huber	4/4
Martin Hirzel	3/4
Judith van Walsum <sup>1</sup>	3/3

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1. Following the 2023 Annual General Meeting, the Board elected Judith van Walsum as an additional member of the Audit Committee.

# Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are recorded in the Remuneration Report.

## Division of responsibilities between the Board of Directors and Executive Management

The authority and responsibilities delegated to the Board of Directors and Executive Management are laid down in the “Rules of Organisation” as provided in Article 20 of the Articles of Association of Dätwyler Holding Inc. These rules are updated on a regular basis. They describe the duties and responsibilities of the Board of Directors and define the duties and responsibilities of the Executive Management, presided over by the CEO. In addition to the non- delegable functions reserved for the Board of Directors by law, the Rules of Organisation delegate the following duties, among others, to the Board:

- To determine the principles of corporate strategy.
- To make decisions on financial policy.
- To adopt resolutions on the establishment of new business units and discontinuation of existing ones.
- To adopt resolutions on the setting up of new sites and closure of existing ones.
- To adopt resolutions on the acquisition and disposal of equity holdings.
- To adopt resolutions on the acquisition, encumbrance and disposal of land and buildings.
- To review the risk management system.

As a rule, the Board of Directors approves major projects it deems expedient together with the rolling forecast. For urgent capital expenditures not included in the budget, levels of authority are defined and a return on investment analysis must be prepared. Capital expenditures exceeding CHF 3 million must be approved by the full Board of Directors.

The policies set out in the “Rules of Organisation” are detailed for all business and functional areas in the following written documents: “Division of Responsibilities of the Executive Management” and “Investment Manual”. Datwyler operates a systematically decentralised management system within a clear framework. The Group fosters an entrepreneurial culture where decisions are taken at the lowest possible level close to the market and customers.

# Information and control systems for monitoring the Executive Management

The Board has an internal control system in place to monitor and control the Executive Management. This is based on an institutionalised, annual management process cycle, of which the key elements available to the full Board of Directors are as follows:

- Monthly report with a business area and Group consolidation: actual and forecast figures, including variance analyses and a written commentary by the business area managers on current developments and potential risks.
- Interim and annual report.
- Quarterly review and approval of the rolling forecast for 18 months and annual review and approval of the three-year medium-term plan.
- Annual review and approval of the updated Group and business area strategies.
- Uniform Group-wide management system with integrated risk evaluation for strategic projects.
- Special reports on major items of capital expenditures, acquisitions and alliances.
- Inclusion of Executive Management members at Board and Committee meetings.

In addition to these institutionalised information and control systems, the Chairman of the Board and CEO engage in regular dialogue regarding all important business. In addition, the CEO and CFO are required to inform the Chairman of the Board without delay of any important unusual events or developments.

## Internal Audit

Internal Audit reports to the Audit Committee and is under the direct administrative line management of the CFO. Every year it draws up a risk-based audit plan, which is approved by the Audit Committee. The interval between audits of Group companies varies between two and five years, depending on the size and importance of the individual company. To optimise cooperation, the Head of Internal Audit meets regularly with the representatives of the external auditors. At their meetings they harmonise audit plans and audit priorities and exchange useful information.

Internal Audit verifies compliance with the division of responsibilities and monitors the internal control system, risk management and the efficiency of the structures and processes. The findings and recommendations of Internal Audit are recorded in written reports.

Following completion of the audit, the findings are reviewed and discussed with the local management. In coordination with Internal Audit, the local management defines specific corrective measures and a timetable for implementation. Business area management and local management each issue an opinion. The report (including the corrective measures, the timetable for implementation and the opinions) is sent to the line managers, the external auditors, Executive Management and the Audit Committee. The Head of Internal Audit presents the significant findings contained in the audit reports at the respective next meeting of the Audit Committee. Comments and suggestions of the Audit Committee and the external auditors are taken into consideration in planning and conducting audits. Internal Audit also ensures that all discrepancies raised by its audits are addressed within the prescribed period and submits a report on such matters to Executive Management and the Audit Committee.

## 4.4 Risk management and compliance

### **Risk Management**

Datwyler is aware of the importance of systematic risk management for lasting corporate success. Final responsibility in assessing risks lies with the Board of Directors. The Head of Internal Audit is responsible for the Group-wide coordination of risk management. He is supported by risk officers in both business areas.

As part of an ongoing process to ensure business continuity, risks are continuously identified and assessed throughout the Group. An open exchange of views on opportunities and risks is encouraged at all levels of the company and is part of the corporate culture.

The management of each business area is responsible for significant risks and informs the Executive Management and the Board of Directors. The findings are recorded in a risk management software. The CFO and the Head of Internal Audit monitor the risk management process through active exchanges and quarterly meetings with the business areas. In particular, risks are regularly discussed at the meetings between the business area management and the Executive Management. These reviews ensure that uniform valuation approaches are applied and that similar risks are treated equally across the Group business areas. The consolidation of risks and the annual reporting to the Board of Directors are carried out by the Head of Internal Audit.

The company-wide risk management process is also supported by a Business Continuity Process (BCP), which has been in place at all production sites for almost 20 years. Business continuity planning establishes risk management processes and procedures that aim to prevent interruptions to mission-critical services, and reestablish full function to the organisation as quickly and smoothly as possible. The underlying business continuity plans consider various unpredictable events, such as natural disasters, fires, disease outbreaks, cyberattacks, and other external threats. The underlying risk management at the sites is based on ISO 31000 and integrates regular audits. The BCP process at the production sites includes key ESG risks such as climate change, framework conditions in the supply chain, and access to skilled labor.

Datwyler basically divides the risks recorded into four categories: Strategic risks, operational risks, financial risks and compliance risks. Strategic risks include risks relating to the industry and the market, external stakeholders, social and environmental developments, corporate governance and catastrophic events. Datwyler also regularly assesses and minimises the risks of criminal cyber attacks as part of its strategic risks.

For their part, operating risks include risks along the value chain, risks from investment activities and personnel and cultural risks. The financial risks category includes market risk, liquidity and credit risk, capital structure and compliance with tax and accounting regulations. Finally, compliance risks are defined as the risks arising from laws, regulations and other rules and regulations. This includes existing and new regulations on sustainability issues.

Risks are assessed on the basis of the probability of occurrence and the potential loss amount. Once the individual risks have been identified and assessed, it is the responsibility of the business area management to develop a series of measures to reduce the risk of occurrence and the loss potential for each risk. The implementation of these measures is monitored as part of the continuous risk management process and taken into account in the next risk evaluation.

Global sustainability risks such as climate change and other environmental, social and governance risks are assigned to the appropriate risk category based on their strategic, operational, financial or compliance impact, at Group level as well as at business areas and production site level.

More information about sustainability risk management is available in the [sustainability report](#) of this annual report.



## **Code of Conduct and whistleblower hotline**

Datwyler's ethically sound business practices are supported by its zero tolerance objectives. The Group works proactively to prevent cases of corruption or justified legal action against Group companies. This is based on the Code of Conduct and policies on anti-fraud and anti-money laundering. The Code of Conduct forms an integral part of every person's employment contract, and every employee is expected to be familiar with its content and to report any circumstances that suggest a violation of the code. The points of contact for reporting are an employee's direct line manager, the manager responsible, the personnel department responsible, or the Group Compliance Officer (currently the Group Chief Financial Officer). Datwyler had already been offering its global employees a whistleblower hotline for reporting code violations since 2009. A formal whistleblower policy in line with the requirements of the EU whistleblowing directive as well as national requirements formalizes the whistleblowing process.

Details of the whistleblower hotline are displayed at all sites, and this function is reviewed on a regular basis during internal audits. Whistleblower reports are forwarded directly to the internal audit department where each report is treated confidentially in accordance with the relevant data protection provisions and investigated conscientiously. Most reports do not stand up to detailed scrutiny or are resolved locally with the Group Compliance Officer acting as intermediary. In the reporting year, seven reports contained concrete information, although this did not necessarily indicate violations of the Code of Conduct. The reports also refer to local leadership problems that can be eliminated by improving processes or structures. Datwyler used the findings of these incidents to improve and further develop its processes and guidelines. To help promote ethically sound collaboration, Datwyler also offers its suppliers an email address for code of conduct issues, which is also managed by the Group's internal audit department. No reports were made during the reporting year.

## **Compliance reporting process**

Datwyler has a standardized compliance reporting process, available to management and employees on the company's intranet. The management teams at individual subsidiaries are responsible for implementing the Code of Conduct and upholding various national laws and standards. All employees complete an online training course once a year with an integrated test on the Code of Conduct and compliance topics.

Additionally, the general managers of all subsidiaries annually formally confirm with the Group Compliance Officer (currently the Group Chief Financial Officer) that all new employees have received a copy of the Code of Conduct and understand its principles; that any violations of the Code of Conduct have been reported; that the processes and procedures for ensuring compliance with the Code of Conduct are regularly reviewed and adapted; that they are aware of the main risks for their area of responsibility regarding «compliance and fraud»; and that they monitor these risks via suitable processes and checks. Based on the compliance reporting process, no complaints relating to anti-competitive conduct, or the forming of anti-competitive cartels or monopolies were filed against Dätwyler in 2023 and no significant fines or non-monetary penalties for infringements of legal provisions were imposed. The confirmation of compliance from subsidiaries is evaluated for accuracy by the internal audit department as part of its inspection work.

## 4.5 **Board of Directors and Executive Management**

### **Members of the Board of Directors**

The Directors of Dätwyler Holding Inc. are – with the exception of the representative of the public shareholders – also Directors of Pema Holding AG and Dätwyler Führungs AG. Pema Holding AG is the majority owner of Dätwyler Holding Inc. See [substantial shareholders and shareholder structure](#).

Pursuant to Article 14 of the Dätwyler Holding Inc. Articles of Association, the number of activities members of the Board of Directors are permitted to perform in functions comparable to those of the Board of Directors, the Advisory Board and the Executive Board at other companies with a commercial purpose is restricted as follows: Four mandates in exchange-listed enterprises and ten mandates in unlisted enterprises.



**Dr. Paul Hälg**

1954, Swiss

Chairman – *term expires in 2024*



**Dr. Hanspeter Fässler**

1956, Swiss

Vice Chairman / Chairman of the Nomination and  
Compensation Committee – *term expires in 2024*



**Claude R. Cornaz**

1961, Swiss

Director / Member of the Nomination and  
Compensation Committee – *term expires in 2024*

## Jens Breu

1972, Swiss

Director / Public shareholders' representative /  
Member of the Nomination and Compensation  
Committee – *term expires in 2024*



## Jürg Fedier

1955, Swiss

Director / Chairman of the Audit Committee – *term  
expires in 2024*



## Martin Hirzel

1970, Swiss

Director / Public shareholders' representative /  
Member of the Audit Committee – *term expires in  
2024*



### **Dr. Gabi Huber**

1956, Swiss

Director / Member of the Audit Committee – *term expires in 2024*



### **Dr. Judith van Walsum**

1964, Dutch

Director / Public shareholders' representative /  
Member of the Audit Committee – *term expires in 2024*

✚ [Detailed portraits of the  
current Board of Directors](#)

## **Changes in the Board of Directors in the reporting year**

There were no changes to the composition of the Board of Directors at the 2023 Annual General Meeting. All Directors were elected for a further term of office of one year.

## **Significant events after balance sheet date**

At the 2024 Annual General Meeting, all existing Directors will be available for re-election. In addition, Dirk Lambrecht will be proposed for election as a Director. Dirk Lambrecht will step down from his function as Datwyler CEO on 31 March 2024 ([ad hoc announcement dated 5 October 2023](#)).

## Members of the Executive Management

Pursuant to Article 19 of the Dätwyler Holding Inc. Articles of Association, the number of activities members of the Executive Management are permitted to perform in functions comparable to those of the Board of Directors or the Advisory Board at other companies with a commercial purpose is restricted as follows: Two mandates in exchange-listed enterprises and five mandates in unlisted enterprises.



**Dirk Lambrecht**

1960, German/Swiss

Chief Executive Officer (CEO)  
Head of Business Area Industrial Solutions / Chief  
Operating Officer (COO)



**Walter Scherz**

1977, Swiss

Chief Financial Officer (CFO)  
Head of Group Function Finance & Shared Services





**Dirk Borghs**

1963, Belgium

Chief Operating Officer (COO)  
Head of Business Area Healthcare Solutions



**Sabrina Gérard**

1968, Belgium

Chief Sustainability Officer (CSO)  
Head of Group Function Sustainability and  
Operational Excellence



## **Dr. Frank Schön**

1975, German/Swiss

Chief Technology Officer (CTO)

Head of Group Function Technology & Innovation

✚ Detailed portraits of the  
current Executive Management

### **Changes in the Executive Management in the reporting year**

There have been no changes in the Executive Management in the reporting year 2023.

### **Significant events after balance sheet date**

Dirk Lambrecht will step down from his function as CEO of Datwyler after seven years as of 31 March 2024. The Datwyler Board has appointed Volker Cwielong as his successor as of 1 April 2024 (ad hoc announcement dated 5 October 2023).

### **Management contracts**

There are no management contracts with external individuals or companies to perform management tasks for the Datwyler Group.

## **4.6 Remuneration, shareholdings and loans**

The information on remuneration and loans is recorded in the Remuneration Report. Information on the shareholdings of the members of the Board and the Executive Management is provided in the notes to the financial statements of Dätwyler Holding Inc. (Financial Report 2023, pages F49 and F50).



## 4.7 Shareholders' participation rights

The shareholders' participation rights comply with the provisions of Swiss Corporation Law, subject to the one-share-per-vote principle presented below. The Articles of Association contain no quorum requirements that differ from those prescribed by law.

### **Voting restrictions and proxy voting**

There are no restrictions on registration or voting. Under the Articles of Association of Dätwyler Holding Inc., each share carries one vote at general meetings regardless of its par value.

Persons representing shareholders must present a written proxy. Legal representatives of shareholders do not need a proxy appointment. Shareholders who are unable to attend a general meeting may also appoint and instruct an independent proxy to represent them. To do so, an electronic solution is available. The independent proxy is elected annually by the Annual General Meeting for the next ordinary Annual General Meeting.

### **Calling of general meetings and additions to the agenda**

The procedures for calling general meetings and adding items to the agenda are set out in the Articles of Association of Dätwyler Holding Inc. in accordance with the Swiss Code of Obligations (Art. 699 f.). Shareholders holding no less than 10% of the share capital are entitled to submit agenda items in writing. The deadline for submitting agenda items is published in advance in the Swiss Official Gazette of Commerce.

### **Share registration**

Every person whose name is entered in the share register no later than 14 days prior to a general meeting is recognised by the company as a shareholder and holder of all rights attached to the registered shares.

### **Change of control and defensive measures**

The Articles of Association do not contain any «opting out» or «opting up» provisions. Dätwyler Holding Inc. does not have any change of control clauses which benefit Directors or Executive Management members.

## 4.8 Statutory auditors

KPMG was mandated to audit the consolidated financial statements at the Annual General Meeting 2018. The auditors are appointed by the Annual General Meeting of Shareholders for a period of one year. The lead auditor has been in charge since 2018. In accordance with the Swiss Code of Obligations, the normal rate of rotation for the auditor in charge is seven years. Some of the Group companies are audited by other audit firms.

### Fees paid in 2023 to the statutory and other auditors

In CHF

	Statutory auditors	Other auditors
Auditing services, total	642'000	228'000
Additional services, total	47'000	209'000
└ Tax consulting	2'000	205'000
└ Legal consulting	–	4'000
└ Other services	45'000	–

Representatives of the statutory auditors attend all meetings of the Audit Committee for the discussion of certain items. Four meetings were held in 2023. At each meeting, the statutory auditors present a written report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

The supervisory body for the external statutory auditors is the overall Board of Directors. It conducts an annual evaluation of the statutory auditors. This is based on the following criteria:

- Professional competence
- Scope and quality of their written reports and verbal statements
- Practicability of recommendations
- Priority setting
- Transparent and effective communication and coordination
- Ability to meet deadlines
- Independence
- Fees

The members of the Board of Directors rely on the competencies and experience they have gained in similar roles with other companies, on the statutory auditors' reports as well as on the comments made by the Audit Committee. The responsibilities of the Audit Committee are defined in the chapter Internal organization.

## 4.9 Information policy

Datwyler maintains an open dialogue with all stakeholders. In the interests of shareholders, Datwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report, Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website [datwyler.com](https://www.datwyler.com), Datwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of SIX Swiss Exchange.

The ad hoc press releases are available in the archive on the website. On the website, interested persons can also register for the distribution list for the ad hoc announcements. Contact details as well as a financial calendar with the important dates are also available on the website. Official notices concerning Datwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.

### Trading blackout periods


Datwyler has an insider trading policy that sets out, among other things, the general blackout periods for trading in Datwyler shares or other Datwyler securities during the preparation of the annual and half-year reports. The trading blackout periods apply to all employees who are involved in the preparation of the annual report and half-year report or who have access to the relevant figures or systems. Access to confidential information makes these employees insiders. In addition to the members of the Board of Directors and Executive Management, these are employees from the Finance, IT and Communications departments. The general trading blackout periods apply from 1 January to the date of publication of the annual report and from 1 July to the date of publication of the half-year report.

In the reporting year, the trading blackout periods therefore applied from 1 January 2023 to the morning of 8 February 2023 and from 1 July 2023 to the morning of 24 July 2023. The employees concerned are reminded twice a year by e-mail from the Chief Financial Officer of the legal basis, the general trading blackout periods and their duties as insiders. In the case of strategic projects that have the potential to significantly influence the Datwyler share price, the employees involved must sign a specific non-disclosure agreement including trading blackout periods. Failure to comply with the trading blackout periods has disciplinary consequences, up to and including dismissal. In principle, no exceptions to the trading blackout periods are granted.

# 5 Remuneration Report

The Remuneration Report describes the governance framework and principles of remuneration of the Board of Directors and Executive Management of the Datwyler Group. It also provides information on remuneration plans and remuneration paid for the 2023 fiscal year.

The Remuneration Report complies with the Swiss Code of Obligations, in particular the fourth section "Remuneration of companies whose shares are listed on a stock exchange", the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

	<b>Subchapters</b>
5.1	<a href="#"><u>Governance framework</u></a>
5.2	<a href="#"><u>Remuneration structure Board of Directors</u></a>
5.3	<a href="#"><u>Remuneration structure Executive Management</u></a>
5.4	<a href="#"><u>Reporting year</u></a>
5.5	<a href="#"><u>Outlook</u></a>
5.6	<a href="#"><u>Report of the statutory auditor</u></a>

## 5.1 Remuneration governance framework

### Nomination and Compensation Committee

The Nomination and Compensation Committee generally consists of three members of the Board of Directors who are elected individually each year by the Annual General Meeting. The Nomination and Compensation Committee appoints its chairman.

At the end of 2023, the members of the Nomination and Compensation Committee were: Hanspeter Fässler (Chairman), Jens Breu (public shareholders' representative) and Claude R. Cornaz. In 2023 the Nomination and Compensation Committee met for three meetings with all members present.

### Meeting attendance 2023

Hanspeter Fässler	3/3
Jens Breu	3/3
Claude Cornaz	3/3

## **Responsibilities of the Nomination and Compensation Committee:**

- ➔ Basic human resource matters (e.g. talent management, succession planning, etc.) of the Datwyler Group.
- ➔ Nominations to the Board of Directors and Executive Management taking into account the gender guidelines under Swiss law.
- ➔ Preparation of the maximum compensation amounts to the Board of Directors and Executive Management to be submitted to shareholders' vote at the Annual General Meeting.
- ➔ Determination of remuneration for members of the Board of Directors within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association.
- ➔ Employment terms for members of the Executive Management.
- ➔ Determination of performance-based remuneration for members of the Executive Management within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association.
- ➔ Monitoring of structure and development of remuneration.
- ➔ Oversight of compliance by the members of the Board of Directors and Executive Management with the provisions of the Articles of Association concerning the number of mandates in top management and supervisory bodies of legal entities outside the Datwyler Group (Art. 14 section 5 and Art. 19 section 3 of the Articles of Association) including any necessary measures.
- ➔ Compliance with regulations concerning the disclosure of remuneration of members of the Board of Directors and Executive Management.
- ➔ Preparation of the remuneration report.

The Nomination and Compensation Committee has written terms of reference setting out its responsibilities. The Committee generally prepares the groundwork for proposals and decision-making by the full Board. It has executive authority only within the remuneration framework already approved in principle by the Annual General Meeting or Board of Directors and where expressly provided in the Articles of Association or a policy. It meets upon invitation of its Chairman as often as necessary, but at least once a year. The Chairman and the CEO attend the meetings by invitation and in an advisory capacity, and the HR officer of the Group takes the minutes.

At the agenda points, where his own performance and remuneration are being discussed, the CEO does not attend. The members of the Committee receive documentation before meetings to enable them to prepare for the individual agenda items. At least two members must be present to adopt decisions. The committees pass resolutions by an absolute majority of the votes cast. In the event of a tie, the Chairman casts the deciding vote. The Nomination and Compensation Committee keeps a record of its decisions and recommendations in minutes submitted to the full Board of Directors and reports the results of its activities at the next Board meeting.

## Approval levels

	Proposal	Review	Approval
<b>Remuneration principles (Articles of Association)</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Remuneration models for the Board of Directors and Executive Management</b>	Nomination and Compensation Committee		Board of Directors
<b>Remuneration Report</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (consultative vote)
<b>Maximum aggregate amount of remuneration for Board of Directors</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Individual remuneration of Board of Directors members</b>	Nomination and Compensation Committee		Board of Directors
<b>Maximum aggregate amount of remuneration for Executive Management</b>	Nomination and Compensation Committee	Board of Directors	Annual General Meeting (binding vote)
<b>Remuneration CEO</b>	Nomination and Compensation Committee		Board of Directors
<b>Individual remuneration other members of Executive Management</b>	CEO	Nomination and Compensation Committee	Board of Directors

## Determination procedure for the remuneration system

The remuneration system is normally reviewed every three years by the Nomination and Compensation Committee and may be adjusted to reflect the evolving business environment.



The Datwyler Group's remuneration policy is compared against common standards for similar positions at comparable companies. The process for determining the elements and levels of remuneration for the Board of Directors and Executive Management is based on a periodic benchmarking analysis on the basis of remuneration surveys and of remuneration disclosures published by comparable companies in their annual reports.

Comparable companies are defined as international industrial companies listed on the SIX Swiss Exchange with similar geographic scope, revenue, complexity, capitalisation and employee headcount. They include: ALSO, Belimo, Bucher Industries, DKSH, Dormakaba, Emmi, Forbo, Galenica, Georg Fischer, Idorsia, Landis+Gyr, OC Oerlikon, SFS Group, Sigfried, Sulzer, Tecan and VAT Group.

The Annual General Meeting approves the proposals of the Board of Directors concerning the maximum aggregate amount for remuneration of the Board of Directors each year for the period up to the next ordinary Annual General Meeting pursuant to Art. 21b of the Articles of Association, and of remuneration for the Executive Management for the following fiscal year pursuant to Art. 21c of the Articles of Association.

The amount of remuneration for members of the Board of Directors is based on service on the individual committees. It is determined annually by the Nomination and Compensation Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21b of the Articles of Association. The Board of Directors approves the result. Members of the Board of Directors have a right to be consulted at these meetings of the Board of Directors.

The effective performance-based remuneration of members of the Executive Management is determined annually by the Nomination and Compensation Committee within the parameters of the maximum amount approved by the Annual General Meeting and in compliance with Art. 21c of the Articles of Association. The Board of Directors approves the result.

Under Art. 21a section 5 of the Articles of Association, the company is authorised to pay an additional amount of up to 50% of the applicable aggregate amount of the applicable maximum total remuneration of the Executive Management to members of the Executive Management who join the Executive Management or assume additional duties during a period for which Executive Management remuneration has already been approved in the event that the approved maximum aggregate amount of remuneration is insufficient for this period.

The Remuneration Report is submitted to the Annual General Meeting for approval in an consultative vote.

## Remuneration philosophy and principles

The remuneration philosophy, as set forth in the Articles of Association, is aligned with the business strategy of sustainable, profitable growth and aims to promote and support the four core values of the Datwyler Group:

- We are entrepreneurs.
- We excel at what we do.
- We bring value to our customers.
- We have respect for others.

The framework for implementing these remuneration principles is set forth in the Articles of Association.

### ➔ **Pay for performance**

The variable incentive plan for Executive Management rewards the collective performance of the company.

### ➔ **Sustainability performance as a remuneration criterion**

By considering sustainability performance for the calculation of the variable incentive, Datwyler promotes responsible behavior.

### ➔ **Reward long-term value creation**

Part of the remuneration is paid in the form of blocked shares for the Board of Directors and in the form of performance share units for the Executive Management in order to encourage a long-term view and to create alignment with the interests of the shareholders. Furthermore, the variable incentive plan for Executive Management has no excessive leverage and therefore does not encourage inappropriate risk-taking.

### ➔ **Market competitiveness**

Remuneration levels are in line with competitive market practice and are designed to attract, retain and develop the best talent.

### ➔ **Fairness and transparency**

Remuneration programmes are straightforward, transparent and fair.

## 5.2 Remuneration structure of the Board of Directors

The remuneration of members of the Board of Directors is determined based on the responsibility and time requirements of their function and includes a base fee for Board membership and additional fees for special functions such as committee chairmanship and membership. The additional fees are cumulative in the case of multiple functions.

Members of the Board of Directors receive their remuneration in the form of a fixed fee in cash and a grant of bearer shares of Dätwyler Holding Inc., blocked for five years. The number of bearer shares granted is calculated from the fixed amount and the average price on 20 trading days prior to the grant date. In the event of death or disability of a Board member, the shares may be subject to early un-blocking if the participant or their beneficiaries so choose. They remain blocked in all other instances.

### Remuneration model for members of the Board of Directors

	Cash (CHF)	Blocked shares (CHF)
<b>Base fee</b>		
For Board membership	30'000	150'000
<b>Additional fee</b>		
For special functions		
└ Board chairmanship	100'000	180'000
└ Board vice-chairmanship		50'000
└ Committee chairmanship	40'000	
└ Committee membership	20'000	

The elements and levels of remuneration for the Board of Directors is based on benchmarking analysis with a group of comparable international industrial companies listed on the SIX Swiss Exchange with similar geographic scope, revenue, complexity, capitalisation and employee headcount. They include: ALSO, Belimo, Bucher Industries, DKSH, Dormakaba, Emmi, Forbo, Galenica, Georg Fischer, Idorsia, Landis+Gyr, OC Oerlikon, SFS Group, Sigfried, Sulzer, Tecan and VAT Group.

Board members may receive additional compensation for assuming special duties, as well as for participation in meetings of a temporary additional committee (other than the Audit Committee and the Nomination and Compensation Committee). Both the special duty and the additional committee and the corresponding compensation must be determined in advance by the Board of Directors.

Fees are paid and shares allocated in June for the current year of Board service. They are subject to regular social security contributions but are not pensionable. Members of the Board of Directors receive no additional reimbursement of business expenses beyond actual expenditures for business travel.

## 5.3 **Remuneration structure of the Executive Management**

The remuneration of Executive Management members is determined based on the scope and responsibilities of their position and consists of a fixed base salary, a variable incentive, a long-term incentive plan with performance share units and benefits such as retirement pension, insurance and perquisites.

# Remuneration model for the Executive Management

	Instrument	Purpose
<b>Fixed base salary</b>	Monthly cash payments	To compensate for performance of duties and for qualifications required to perform the role
<b>Variable incentive</b>	Annual cash payment	To reward collective business performance in the reporting year (revenue, profit and sustainability criteria)
<b>Long-term incentive plan</b>	Annual granting of performance share units with a vesting period of three years	To drive sustainable results and create long-term alignment with shareholders' interests
<b>Employer social insurance contributions and perquisites</b>	Retirement pension, insurance and perquisites	To protect against risks and reimburse business expenses

## Fixed base salary

The amount of the fixed base salary depends on the scope of the position, the qualifications and experience required to perform the role together with the market environment. The objective is to pay fixed salaries in line with those offered by comparable companies for similar positions.

## Variable incentive

The variable incentive plan rewards the collective performance of the company over a time horizon of one year. The variable incentive is capped at 180% of the annual fixed base salary for the CEO and individually between 50% to 100% for the other members of the Executive Management.

In alignment with the overall strategy of sustainable profitable growth, the variable incentive will be measured on the basis of three performance indicators with different weightings:

- Net revenue growth compared to previous year, relative to a peer group of companies (weighting 40%);
- EBIT improvement (earnings before interest and tax) compared to previous year, relative to the same peer group of companies (weighting 40%);

- Sustainability measurement parameters (weighting 20%).

The comparison of the two performance indicators net revenue growth and EBIT improvement with the performance of similar companies is performed by an independent consulting firm. The peer group includes industrial firms that have a comparable base of products, technology, customers, suppliers or investors and thus are exposed to similar market cycles as Datwyler. It is identical for all members of the Executive Management.

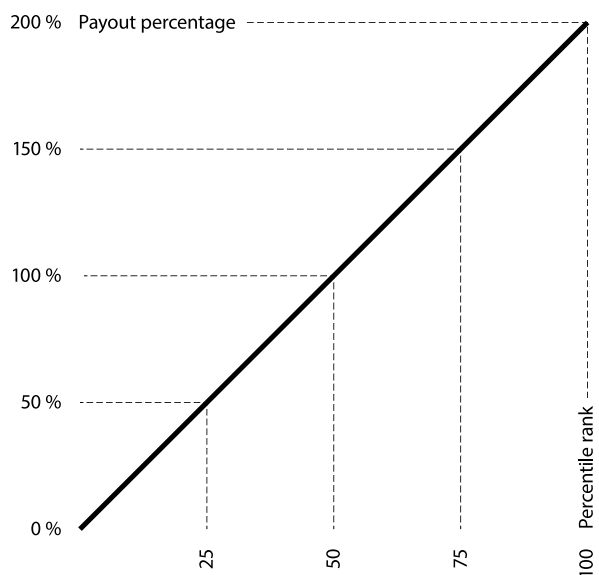
The intention of measuring the performance relatively to peer companies is to neutralise the effect of market cycles and external factors that impact the company's performance but are outside of the control of management. The external market cycles being neutralised, the true performance of the company can be better assessed.

The performance indicators net revenue growth and EBIT improvement together determine 80% of the variable incentive. To achieve the target amount of a 100% payout for these two performance indicators, the median performance of the peer group must be reached for both indicators.

The maximum payout of 200% can only be achieved if Datwyler achieves the best ranking among all peer companies on both net revenue growth and EBIT improvement. Should Datwyler perform below all peer companies on both indicators, there is no payout for these two performance indicators. The payout percentage for any point between the lowest ranking (0% payout), the median (100%) and the best ranking (200%) is determined by linear interpolation.

The sustainability performance indicator determines 20% of the variable incentive. The measurement parameters for the sustainability performance indicator are derived from the 12 focus topics of the sustainability strategy. They can be redefined and weighted by the Board of Directors annually.

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases. The three measurement parameters for the sustainability performance indicator cannot be compared with the companies from the peer group. By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.



*Payout curve for the performance indicators net revenue growth and EBIT improvement*

## Overview of the performance indicators and their weighting for calculating the variable incentive

Target values in % of annual fixed base salary	CEO	COO, CFO, CTO, CSO
Net sales growth relative to peers	36 %	10 % – 20 %
EBIT improvement relative to peers	36 %	10 % – 20 %
Sustainability measurement parameters	18 %	5 % – 10 %
Total (at target)	90 %	25 % – 50 %
Total (at maximum)	180 %	50 % – 100 %

## Peer group of companies to measure the collective performance

The Board of Directors may decide to adjust both performance indicators to reflect currency effects, extraordinary effects such as one-time costs or sale of real estate and structural changes such as acquisitions or divestments affecting net sales by more than 10% of the previous year figure. In case of a negative net result, the Board of Directors reserves the right to deviate from the above-mentioned calculation approach.

The model for calculating the variable incentive with three collective performance indicators including sustainability measurement parameters and a uniform peer group applies to all employees of the company who are entitled to a variable incentive. In this way, Datwyler promotes agile collaboration across hierarchical levels and departments and accelerates the implementation of customer requests and development projects. In addition, Datwyler uses the concept of Objectives and Key Results (OKR) to focus the activities of all employees on a clearly defined number of key corporate objectives.

Peer group:

- Aluflexpack
- Amcor
- Amgen
- Amphenol
- Aptargroup (Food & Beverages)
- Aptargroup (Pharma)
- Aptiv
- Atrion Corp.
- Becton Dickinson & Company (Life Sciences)
- Becton Dickinson & Company (Medical)
- Bridgestone Corporation
- Carlisle (Interconnect Technologies)
- Continental (ContiTech)
- Gerresheimer
- Hexpol AB
- Hirose Electric
- Johnson Control
- Nipro Corporation
- Parker-Hannifin (Diversified Industrial)
- Sanofi
- Stoneridge
- TE Connectivity
- Trelleborg
- Valeo
- Vitesco Technologies
- West Pharmaceutical
- ZF Friedrichshafen



# Long-term incentive plan

With the 2018 financial year, Datwyler replaced the previous share participation for the Executive Management with a long-term incentive plan. This measures performance relative to comparable peer companies. This is intended to neutralise the effect of market cycles and external factors that impact the company's performance but are outside of the control of management. The external market cycles being neutralised, the true performance of the company can be better assessed.

Share-based remuneration will be awarded under a long-term incentive plan in future in the form of performance share units (PSUs). A PSU is a conditional right to receive shares of the company subject to the fulfilment of certain conditions during a three-year vesting period. The vesting conditions will include both the achievement of predetermined performance objectives (performance conditions) and continuous employment at the end of the vesting period (service condition).

As a basis for the allocation of PSUs, a target amount for the long-term incentive plan was determined for each member of the Executive Management. This target amount is based on the relevant compensation benchmarks.

At grant date (1 January), the target incentive amount will be converted to a number of PSUs on the basis of the average closing share price during the twenty trading days before the grant date. The PSUs will be subject to a three-year vesting period, conditional on continued service within the company and on the following performance targets being achieved:

- Relative net sales growth, with one-third weight
- Relative ROCE growth, with one-third weight
- Relative total shareholder return (TSR), with one-third weight

Datwyler's performance on all three indicators is compared annually with a peer group of companies. The peer group is a consolidation of the peer companies that are already considered for the calculation of the annual variable incentive.

## Peer group

The peer group is confirmed by the Board of Directors prior to the annual grant of PSUs and may be adjusted if required.

The peer group consists of the following companies:

- Aluflexpack
- Amcor
- Amgen
- Amphenol
- Aptargroup
- Aptiv
- Atrion Corp.
- Becton Dickinson & Company
- Bridgestone Corporation
- Carlisle
- Continental
- Gerresheimer
- Hexpol AB
- Hirose
- Johnson Control
- Nipro Corporation
- Parker-Hannifin
- Sanofi
- Stoneridge
- TE Connectivity
- Trelleborg
- Valeo
- Vitesco Technologies
- West Pharmaceutical
- ZF Friedrichshafen

## **Reward for long-term performance**

With the long-term incentive plan, a significant portion of Executive Management compensation is linked to the company's long-term performance. This strengthens the alignment to shareholders' interests. Datwyler's relative performance will be expressed as a percentile rank, which determines a payout factor between 0% and 200%:

- Ranking < 25% of the peer group (threshold): 0% payout
- Ranking at the median of the peer group: 100% payout
- Ranking > 75% of the peer group (cap): 200% payout
- Linear interpolation between those points

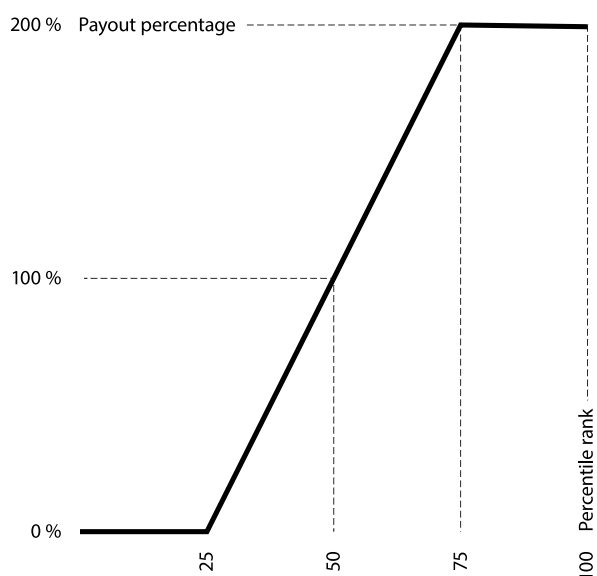
The combined payout factor is a weighted average of the payout factors for relative sales growth (one-third weight), relative ROCE growth (one-third weight) and relative TSR (one-third weight) over the three-year vesting period. An independent external specialist will calculate the level of relative performance achievement and the combined payout factor.

If Datwyler reports a negative profit after tax (i.e. a loss) from continuous operations during the last year of the three-year vesting period, or if the Board of Directors believes that an adequate dividend cannot be paid out to shareholders, the Board of Directors reserves the right to determine whether and to what extent the PSUs for this period should be forfeited, irrespective of the combined payout factor achieved.

In the case of someone leaving, the PSUs are usually forfeited, except in the case of retirement, death, disability or change of control of the company where they are converted into shares for the number of months up to the time of leaving based on the payout factor achieved (pro-rata vesting).

In the event of death, the pro-rata payout is made at the time of leaving (accelerated vesting). It follows the regular vesting schedule in the other cases.

If Datwyler is required to prepare an accounting/financial restatement, clawback and malus provisions will apply to PSUs or shares awarded under the long-term incentive plan. Datwyler shall have the right to forfeit (malus provision) and/or or to obtain reimbursement (clawback provision) of any PSU or shares that were granted or allocated to the participant in the case that fraud or misconduct by the participant has led to the booking correction.



*Payout curve for the long-term incentive plan*

The total number of shares transferred to the participant after the vesting period will be calculated as follows:

Number of PSUs originally granted to the participant	×	Combined payout factor (0–200%)	=	Number of shares transferred
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## Employer social insurance contributions

Members of the Executive Management belong to the regular social security and pension plans of the respective countries in which their employment contracts were concluded. The social and pension benefits are mainly paid into state social insurance plans, pension plans and health and accident insurance plans. The purpose is to provide employees or their dependents with adequate benefits in the event of retirement, disability, death, accident or illness.

Members of the Executive Management with a Swiss employment contract participate in the regular employee pension plan provided by Datwyler to all employees in Switzerland. The pension plan consists of a basic plan covering annual earnings up to the sixfold of the maximal retirement pension of the Swiss Governmental Old-Age, Survivors' and Disability Insurance (AHV) and a supplementary plan in which earnings in excess of this limit are insured up to a maximum of the tenfold of the upper limiting amount according to the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG). The benefits provided under the pension fund exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are in line with typical market practice of other industrial companies in Switzerland.

## Perquisites

Members of the Executive Management do not receive any particular executive benefits. They are entitled to a company car and a fiscally approved entertainment allowance, in accordance with the expense rules applicable to all employees at management levels. Since representation allowance represent a reimbursement of expenses, they are not included in the remuneration tables.

## Employment contracts

Employment contracts with members of the Executive Management stipulate a notice period of 6 to 12 months and of 12 months for the CEO. They contain neither a severance provision in the event of termination of employment, nor any change of control clauses.

The employment contracts of Executive Management members contain a clawback clause allowing the company, where necessary under applicable Swiss law and the Articles of Association, to recover remuneration already paid, insofar as and to the extent that such remuneration was paid before approval by the Annual General Meeting and the next Annual General Meeting fails to approve the proposals of the Board of Directors.

## 5.4 Remuneration in the reporting year 2023

The remuneration to current and former members of the Board of Directors and Executive Management and persons connected with them are presented below. Explanations are available after the tables. Tables 1 to 4 have been audited by the statutory auditors.

## Remuneration Board of Directors in 2023 (term)

Table 1, in CHF

Name	Function	Fixed base salary, gross	Share participation <sup>2</sup> Number	Share participation <sup>2</sup> Fair value	Employer social insurance contributions	Total remuneration
Paul Hälgi <sup>1</sup>	Chairman	130'000	1'487	330'203	26'543	486'746
Hanspeter Fässler	Vice Chairman	70'000	901	200'076	14'941	285'017
Jens Breu	Director	50'000	676	150'113	13'588	213'701
Claude R. Cornaz	Director	50'000	676	150'113	13'588	213'701
Jürg Fedier	Director	70'000	676	150'113	12'196	232'309
Martin Hirzel	Director	50'000	676	150'113	13'588	213'701
Gabi Huber	Director	50'000	676	150'113	10'711	210'824
Judith van Walsum	Director	50'000	676	150'113	13'588	213'701
Total for Directors		520'000	6'444	1'430'957	118'744	2'069'701

1. Highest remuneration

2. The shares were granted on 1 June 2023. The reported market value corresponds to the average share price of CHF 222.06 in the time frame from 17 April to 15 May 2023.

## Remuneration Board of Directors in 2022 (term)

Table 2, in CHF

Name	Function	Fixed base salary, gross	Share participation <sup>2</sup> Number	Share participation <sup>2</sup> Fair value	Employer social insurance contributions	Total remuneration
Paul Hälgi <sup>1</sup>	Chairman	130'000	1'092	330'194	22'360	482'554
Hanspeter Fässler	Vice Chairman	70'000	662	200'172	12'410	282'582
Jens Breu	Director	50'000	497	150'280	11'555	211'835
Claude R. Cornaz	Director	50'000	497	150'280	11'555	211'835
Jürg Fedier	Director	70'000	497	150'280	10'301	230'581
Martin Hirzel	Director	50'000	497	150'280	11'555	211'835
Gabi Huber	Director	50'000	497	150'280	8'817	209'097
Judith van Walsum	Director	30'000	497	150'280	9'851	190'131
Total for Directors		500'000	4'736	1'432'046	98'406	2'030'452

1. Highest remuneration

2. The shares were granted on 1 June 2022. The reported market value corresponds to the average share price of CHF 302.38 in the time frame from 19 April to 16 May 2022.

The fixed base salary of the Board of Directors remained unchanged compared to the previous year. The fixed base salary of the individual Directors depends on their membership in the two committees (see also [Structure of remuneration of the Board of Directors](#)).

The share participation for the members of the Board of Directors for the year 2023 was determined by the Nomination and Compensation Committee and approved by the Board of Directors in accordance with the maximum aggregate amount approved by the Annual General Meeting and Art. 21b of the Articles of Association.

The grant of Datwyler bearer shares as of 1 June 2023 was based on a fixed amount and the average share price of CHF 222.06 in the time frame from 17 April to 15 May 2023. Due to the significantly lower share price compared to the previous year, the number of shares granted increased in the reporting year. The granted shares are blocked for a period of five years.

## Remuneration Executive Management in 2023

Table 3, in CHF

Name	Function	Fixed base salary, gross	Variable incentive, gross <sup>3</sup>	Performance Share Units <sup>4</sup> Number	Performance Share Units <sup>4</sup> Grant value	Employer social insurance contributions	Perquisites	Total remuneration
Dirk Lambrecht <sup>1</sup>	CEO	655'000	554'850	3'475	650'103	368'644	10'690	2'239'287
Total for Executive Management <sup>2</sup>		1'760'421	921'521	6'336	1'185'339	953'188	83'922	4'904'391

1. Highest remuneration

2. In the reporting year 2023, the Executive Management comprised five members.

3. First estimate at the time of publication of the annual report.

4. The performance share units of the long-term incentive plan were granted on 1 January 2023 based on the Datwyler bearer share price of CHF 187.08 (average closing price 20 trading days prior to the grant date).



# Remuneration Executive Management in 2022

Table 4, in CHF

Name	Function	Fixed base salary, gross	Variable incentive, gross <sup>3</sup>	Performance Share Units <sup>4</sup> Number	Performance Share Units <sup>4</sup> Grant value	Employer social insurance contributions	Perquisites	Total remuneration
Dirk Lambrecht <sup>1</sup>	CEO	655'000	620'446	1'680	650'244	368'456	10'440	2'304'586
Total for Executive Management <sup>2</sup>		1'538'726	957'143	2'894	1'120'058	836'041	50'588	4'502'556

1. Highest remuneration
2. One member was appointed to the Executive Management on 1 November 2022. As of 31 December 2022, the Executive Management comprised five members.
3. The variable incentives paid to the Executive Management in 2023 reporting year and relating to the 2022 fiscal year were in total CHF 386'509 higher than the estimate published in the 2022 Annual Report, with the degree of target achievement being higher than expected. The social insurance contributions have also been adjusted accordingly.
4. The performance share units of the long-term incentive plan were granted on 1 January 2022 based on the Datwyler bearer share price of CHF 387.05 (average closing price 20 trading days prior to the grant date).

## Remuneration of the Executive Management

The fixed base salary of the five members of the Executive Management amounted to CHF 1'760'421 in the year under review. This is 14.4% more than in the previous year, in which the Executive Management consisted of four members only for ten months. The Executive Management's variable incentive for the 2023 reporting year was calculated according to the model described in detail under Variable incentive.

This involved comparing net revenue growth and EBIT improvement with a peer group of similar companies. Based on the available revenue and earnings figures for the first nine months of the year under review, Datwyler has made best estimates for calculating the variable incentive. The company expects to outperform its peer group by 58.6% in net revenue growth and 24.9% in EBIT improvement for the full year. In the model with a target value of 100% and a maximum payout factor of 200% per performance indicator, these values correspond to a payout factor of 117.2% for net revenue growth and a payout factor of 49.8% for EBIT improvement.

For the sustainability performance indicator, the Board of Directors had defined the following three measurement parameters for the year 2023: Reduction of CO<sub>2</sub> emissions (Scope 1 and 2) in relation to revenue, reduction of accident severity, and customer satisfaction. These measurement parameters cannot be compared with the companies in the peer group. However, they are also estimates based on nine-month figures as at the end of September 2023. In terms of CO<sub>2</sub> emissions, Datwyler is expected to achieve a reduction of 8 tons per million revenue compared to the previous year. With a maximum and minimum value of -16 and 0 tons per million revenue respectively, this results in a payout factor of 100% . Acquisition- and currency-adjusted values are used for the calculation.

For the accident severity rate, Datwyler is expected to achieve a value of 0.14. With a defined maximum and minimum value of 0 and 0.33 respectively, this results in a payout factor of 116%. To evaluate customer satisfaction, Datwyler conducted a survey in the fourth quarter of 2023. The values from this customer survey are used to calculate the actual variable salary component to be paid out. For the best estimate of the variable salary component in this annual report, the customer satisfaction from the last survey was used. The value of the Net Promoter Score at that time was 57. With a defined maximum and minimum value for the Net Promoter Score of 70 and 32.5 respectively, this results in a payout factor of 148%.

Taking into account the weighting of the three performance indicators (net revenue growth (40%), EBIT improvement (40%) and sustainability (20%)), the aggregate provisional payout factor amounts to 90%). Accordingly, the provisional figure for the Executive Management's variable incentive amounts to CHF 921'521. Compared to the previous year, this corresponds to a slight decrease of 3.7%.

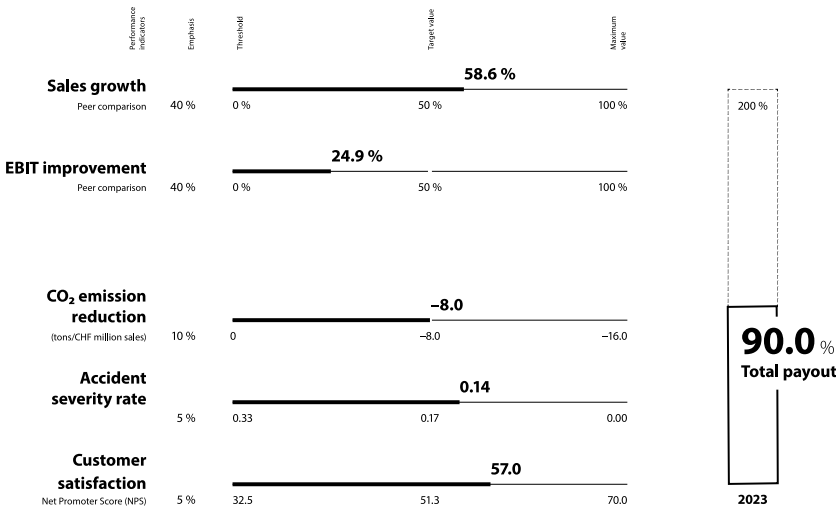
An external, independent specialist calculated the provisional figures for net revenue growth and EBIT improvement relative to peer groups of similar companies.

Based on the annual reports published by peer companies, the same specialist will ascertain the definitive figures in April 2024 before the date on which the variable incentive is paid out. The actual variable incentive paid out will be published in next year's Remuneration Report.

Under the long-term incentive plan, 6'336 performance share units (PSUs) worth CHF 1'185'339 were granted to the members of the Executive Management on 1 January 2023. This was based on the average closing price of the Datwyler bearer share of CHF 187.08 over the 20 trading days prior to the grant date. The larger group of participants and the significantly lower share price compared to the previous year resulted in a significantly higher number of PSUs allocated in the reporting year.

The heading “Employer social insurance contributions” includes all employer expenditures for pension plans and social security contributions. Perquisites reflect the employer’s contribution to private use of business vehicles and child allowances.

The total remuneration of the Board of Directors and the Executive Management is below the maximum total remuneration figures of CHF 2.1 million and CHF 7.0 million respectively, which the shareholders approved for the 2023 fiscal year at the 2022 and 2023 Annual General Meetings.



# Long-term incentive plans

Includes members of Executive Management as of 31 December 2023

Plan	Participants	Grant date PSU	Performance period	Vesting date PSU	Number of PSU granted	Value of PSU at grant date in CHF	Vesting level in % of grant	Number of shares (vesting)	Value of shares at vesting date in CHF
LTIP 2020	(Exec Management incl. CEO)	01.01.2020	2020–2022	31.12.2022	6'234	1'115'387	164%	10'625	2'122'875
LTIP 2021	(Exec Management incl. CEO)	01.01.2021	2021–2023	31.12.2023	4'523	1'115'598	To be determined	To be determined	To be determined
LTIP 2022	(Exec Management incl. CEO)	01.01.2022	2022–2024	31.12.2024	2'948	1'141'023	To be determined	To be determined	To be determined
LTIP 2023	(Exec Management incl. CEO)	01.01.2023	2023–2025	31.12.2025	6'336	1'185'339	To be determined	To be determined	To be determined

The number of shares awarded in spring 2023 for the long-term incentive plan 2020-2022 was calculated according to the model described in detail under Long-term incentive plan.

In the 2020-2022 performance period, Datwyler achieved the following results for the three performance conditions compared to the peer group:

- Relative net revenue growth: 79.1% of peer group companies outperformed
- Relative ROCE growth: 45.3% of peer group companies outperformed
- Relative total shareholder return: 71.5% of peer group companies outperformed

Based on these results, the payout factor was 164%. The members of the Executive Management serving as of 31 December 2023 were allocated a total of 6'234 performance share units (PSUs) with a value of CHF 1'115'387 as of 1 January 2020. The payout factor increased the originally granted PSUs to 10'625 shares with a value of CHF 2'122'875 as of the vesting date of 31 December 2022.

As only the nine-month figures of the companies of the peer group are available at the time of publication of the annual report, the share allocation from the long-term incentive plan is reported in the following year. In this way, estimates can be avoided. The PSUs from the long-term incentive plan are recognised as remuneration and reported in the year in which they were originally allocated.

## **Remuneration of former members of the Board of Directors and Executive Management**

In the year under review, one former member of the Executive Management who is now retired received 816 shares worth CHF 163'037 from the long-term incentive plan 2020-2022. No further remuneration was paid to former members of the Board of Directors or the Executive Management in the year under review, nor was any non-arm's length remuneration paid to persons connected with current or former members of the Board of Directors or Executive Management.

## **Loans and credits**

No loans and/or credits were granted to current or former members of the Board and Executive Management or related parties.

## **Shareholdings of the Board of Directors and Executive Management**

At the end of 2023, the Directors held a total of 80'671 Datwyler bearer shares and the Executive Management members held 27'780 Datwyler bearer shares. The shareholdings of Directors and Executive Management are detailed in the financial statements of Dätwyler Holding Inc. in accordance with Article 734d of the Swiss Code of Obligations (Financial Report 2023, page F49, note 2.16).

## **Functions of the members of the Board of Directors and Executive Management in other companies**

The functions of the members of the Board of Directors and of Executive Management in other companies with a commercial purpose in accordance with Article 734e of the Swiss Code of Obligations are listed below.

## Functions of the members of the Board of Directors in other companies

As of 31 December 2023

### Dr. Paul Hälg

└ Director Delegate	Aranos AG	
└ Director	Dätwyler IT Infra AG	
└ Chairman	Sika AG	stock listed
└ Director	Sonceboz Automotive SA	

### Dr. Hanspeter Fässler

└ Chairman	ANYbotics AG	
└ Vice Chairman	Axpo Holding AG	
└ Chairman	Dätwyler IT Infra AG	
└ Chairman	Drone Harmony AG	
└ Chairman	Gravis Robotics AG	
└ Director	Hatebur Umformmaschinen AG	
└ Director	So Real Digital Twins AG	

### Jens Breu

└ CEO	SFS Group AG	stock listed
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### Claude R. Cornaz

└ Vice Chairman	Cornaz AG-Holding	
└ Vice Chairman	H. Goessler AG	
└ Chairman	Vetropack Holding AG	stock listed

### Jürg Fedier

└ Director	Ascom Holding AG	stock listed
└ Director	OC Oerlikon Corporation AG	stock listed

**Martin Hirzel**

└ Director	Bucher Industries AG	stock listed
└ Director	IPZ Property AG	
└ Director	Lantal Textiles AG	
└ Director	Ronal AG	
└ Director	Testex AG	

**Dr. Gabi Huber**

└ Vice Chairman	UBS Switzerland AG	
└ Director	Credit Suisse (Schweiz) AG	

**Dr. Judith van Walsum**

└ CFO	Roche Diabetes Care GmbH	
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CEO = Chief Executive Officer

CFO = Chief Financial Officer

**Functions of the members of the Executive Management in other companies**

As of 31 December 2023

<b>Dirk Lambrecht</b>	Director	Dätwyler IT Infra AG
<b>Walter Scherz</b>	Chairman	Comed AG
<b>Dirk Borghs</b>	Director	Target Foods NV
<b>Sabrina Gérard</b>	Chairwomen	Mentor Management Consulting BV
<b>Dr. Frank Schön</b>	–	–



## 5.5 Remuneration outlook

The Board of Directors will propose the following maximum total sums to the 2024 ordinary Annual General Meeting for remuneration of the Board of Directors for their service during the period up to the 2025 ordinary Annual General Meeting and for remuneration of the Executive Management for the 2025 fiscal year:

- Board of Directors: CHF 2'350'000, of which CHF 650'000 for cash remuneration plus CHF 1'700'000 for granting of Dätwyler Holding Inc. bearer shares.
- Executive Management: CHF 6'300'000, of which CHF 4'500'000 for cash remuneration (fixed base salary CHF 1'850'000, variable incentive CHF 1'700'000, employer social insurance and perquisites CHF 950'000) plus CHF 1'800'000 for the maximum value at grant of the Performance Share Units awarded under the new long-term incentive plan.

For the sustainability performance indicator, which accounts for 20% of the variable salary component, the Board of Directors has defined the following three measurement parameters for the year 2024:

- Reduction in CO<sub>2</sub> emissions (scopes 1 and 2) relative to revenue (10% of variable incentive component)
- Reduction in accident severity (5% of the variable incentive component)
- Employee satisfaction (5% of the variable incentive component)

For all three parameters, there is a minimum threshold that has to be achieved in order to be taken into consideration and a maximum limit above which the contribution to target achievement no longer increases. The three measurement parameters for the sustainability performance indicator are not compared with the companies from the peer group. By taking sustainability measurement parameters into account in the variable incentive for all eligible employees, Datwyler is promoting awareness of the sustainability focus areas.

## 5.6 Report of the statutory auditor on the Remuneration Report



# Report of the statutory auditor

To the General Meeting of Dätwyler Holding AG, Altdorf

## Report on the Audit of the Remuneration Report

### Opinion

We have audited the Remuneration Report of Dätwyler Holding AG (the Company) for the year ended 31.12.2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables 1 to 4 in section «Remuneration in the reporting year 2023» and the sections «Remuneration of former members of the Board of Directors and Executive Management», «Loans and credits», «Shareholdings of the Board of Directors and Executive Management» and «Functions of the members of the Board of Directors and Executive Management in other companies» of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Remuneration Report complies with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables 1 to 4 in section «Remuneration in the reporting year 2023» and the section «Remuneration of former members of the Board of Directors and Executive Management» and the section «Loans and credits» and the section «Shareholdings of the Board of Directors and Executive Management» and the section «Functions of the members of the Board of Directors and Executive Management in other companies» in the Remuneration Report. Also excluded from this definition are the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Board of Directors' Responsibilities for the Remuneration Report**

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### **Auditor's Responsibilities for the Audit of the Remuneration Report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Melanie Gamma  
Licensed Audit Expert

Zurich, 5 February 2024

# 6 Financial Report

This section contains the complete financial report, including the consolidated financial statements and the financial statements of Dätwyler Holding Inc., the alternative performance measures and key financial figures for the company and the share over the past five years.

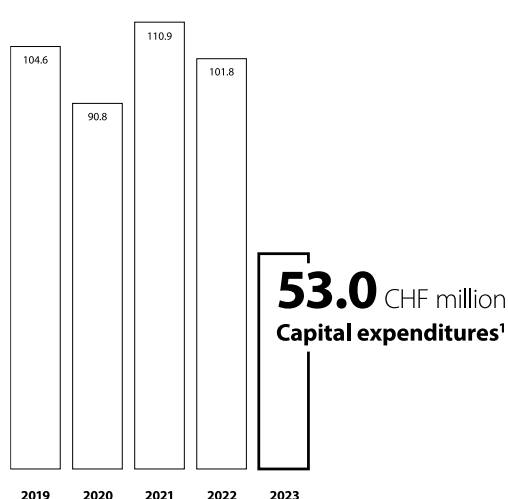
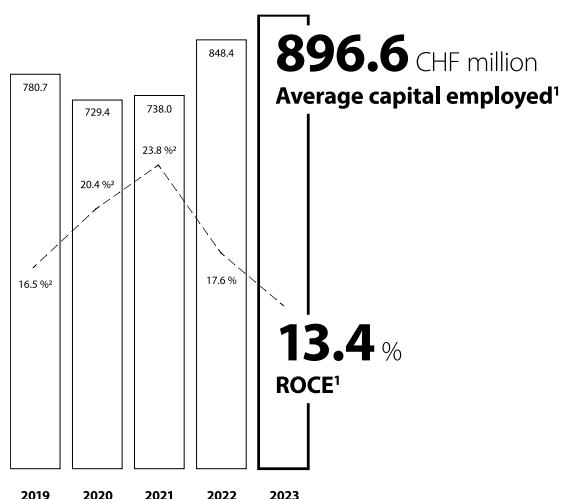
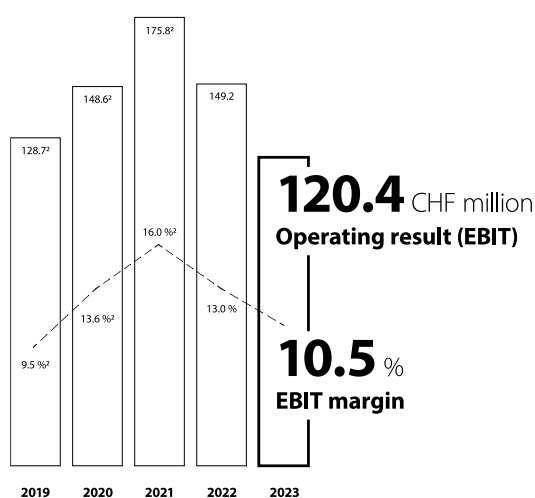
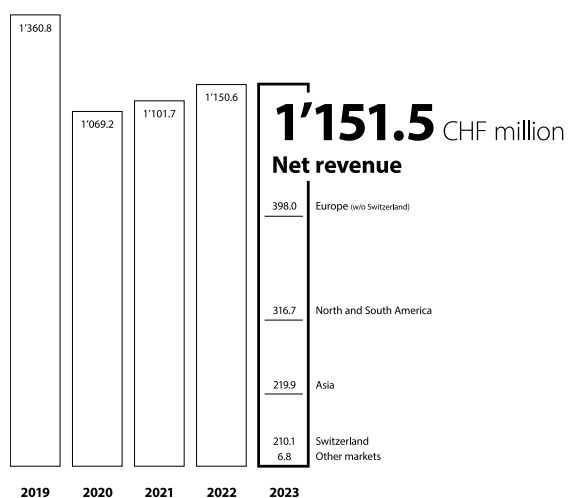


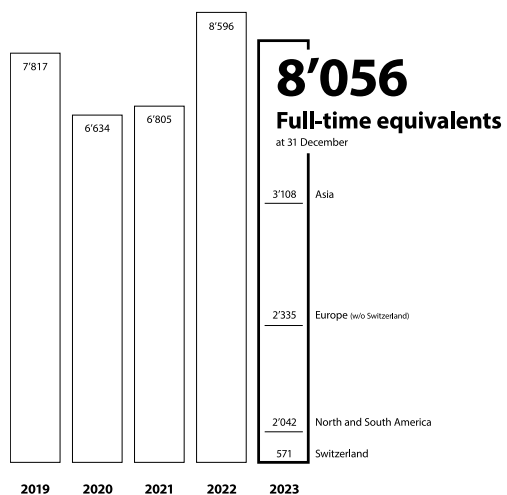
## Subchapters

- 6.1 [Key figures](#)
- 6.2 [Shareholder information](#)
- 6.3 [Consolidated Financial Statements](#)
- 6.4 [Financial Statements of Dätwyler Holding Inc.](#)

## 6.1 Key figures

Reported, 12 months ended at **31 December**, in CHF millions





	2023	2022	Change
<b>Net revenue</b>	1'151.5	1'150.6	+0.1 %
<b>EBITDA<sup>1</sup></b>	200.6	225.0	-10.8 %
└ as % of net revenue	17.4 %	19.6 %	n/a
<b>Operating result (EBIT)</b>	120.4	149.2	-19.3 %
└ as % of net revenue (EBIT margin)	10.5 %	13.0 %	n/a
<b>Net result</b>	66.8	104.8	-36.3 %
└ as % of net revenue	5.8 %	9.1 %	n/a
<b>ROCE<sup>1</sup></b>	13.4 %	17.6 %	n/a
<b>Average capital employed<sup>1</sup></b>	896.6	848.4	+5.7 %
<b>Net cash from operating activities</b>	194.9	118.6	+64.3 %
<b>Net cash used in investing activities</b>	-58.2	-701.5	-91.7 %
<b>Free cash flow<sup>1</sup></b>	136.7	-582.9	n/a
<b>Net cash from financing activities</b>	-109.7	466.8	n/a
<b>Net change in cash and cash equivalents<sup>1</sup></b>	27.0	-116.1	n/a
<b>Cash, cash equivalents and money market investments</b>	122.5	101.3	+20.9 %
<b>Capital expenditures<sup>1</sup></b>	53.0	101.8	-47.9 %
<b>Total assets</b>	1'200.8	1'299.0	-7.6 %

	2023	2022	Change
<b>Equity</b>	386.2	403.6	−4.3 %
└ as % of total assets	32.2 %	31.1 %	n/a
<b>Number of employees</b> at 31 December	8'178	8'698	−6.0 %
<b>Full-time equivalents</b> at 31 December	8'056	8'596	−6.3 %

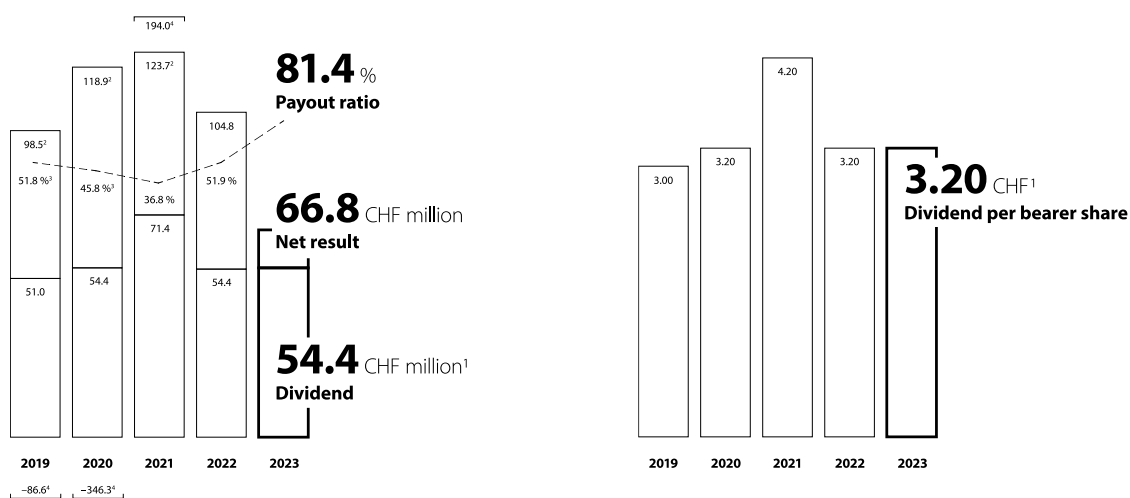
1. Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained in the [Financial Report 2023](#) (pages F58–F59).

2. Adjusted by impact of gain/loss sale of subsidiaries

## 6.2 Shareholder information

### Dividend and share information

12 months (unaudited) ended at **31 December**, in CHF



	2023	2022
<b>Earnings per bearer share</b>	3.93	6.16
<b>Dividend per bearer share</b>	3.20 <sup>1</sup>	3.20
<b>Dividend yield</b> at 31 December	1.6 %	1.7 %
<b>Market price (high/low) per bearer share</b>	250.50 / 154.20	410.00 / 150.00

- 
1. Board of Director's proposal to the Annual General Meeting
  2. Continuing operations
  3. In relation to the net result continuing operations
  4. Reported net result

## 6.3 **Consolidated Financial Statements**

- Group Financial Review
- Consolidated Income Statement
- Consolidated Balance Sheet
- Consolidated Cash Flow Statement
- Consolidated Statement of Changes in Equity
- Notes to the Consolidated Financial Statements
- Report of the Statutory Auditor on the Consolidated Financial Statements

## 6.4 **Financial Statements of Dätwyler Holding Inc.**

- Income Statement
- Balance Sheet
- Notes to the Financial Statements
- Proposed Appropriation of Retained Earnings
- Report of the Statutory Auditor on the Financial Statements



# **DATWYLER FINANCIAL REPORT 2023**

## **Consolidated Financial Statements**

Group Financial Review	F02
Consolidated Income Statement	F06
Consolidated Balance Sheet	F07
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Consolidated Statement of Changes in Equity	F09
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Report of the Statutory Auditor on the Consolidated Financial Statements	F37

## Group Financial Review

### CONSOLIDATED INCOME STATEMENT DATWYLER GROUP

In 2023, the Datwyler Group generated net revenue of CHF 1'151.5 million (previous year CHF 1'150.6 million). This corresponds to an increase of 0.1%. The effect of the companies acquired in the previous year amounted to CHF 55.0 million or 4.8%. The negative exchange rate effect due to consolidation in Swiss francs amounted to -4.4%. Adjusted for these factors, there was an organic decrease of -0.3%.

#### Change in net revenue

in CHF millions	2023	%	2022	%
Acquisition/disposal of subsidiaries	55.0	4.8%	-26.2	-2.4%
Foreign currency translation to CHF	-50.4	-4.4%	-23.7	-2.2%
Organic change	-3.7	-0.3%	98.8	9.0%
<b>Total change in net revenue</b>	<b>0.9</b>	<b>0.1%</b>	<b>48.9</b>	<b>4.4%</b>

The gross profit margin fell to 20.9% (previous year 22.2%). Gross profit was negatively impacted by negative currency translation effects of -5.6% and higher raw material prices of 1.8%. The remaining organic change in gross profit amounted to -2.1%.

#### Change in gross profit

in CHF millions	2023	%	2022	%
Acquisition/disposal of subsidiaries	9.3	3.6%	-23.5	-8.4%
Foreign currency translation to CHF	-14.3	-5.6%	-7.8	-2.8%
Impact raw material purchases	-4.7	-1.8%	-30.5	-10.9%
Other organic change	-5.3	-2.1%	37.8	13.5%
<b>Total change in gross profit</b>	<b>-15.0</b>	<b>-5.9%</b>	<b>-24.0</b>	<b>-8.6%</b>

In 2023, the operating result (EBIT) amounted to CHF 120.4 million (previous year CHF 149.2 million) and the EBIT margin was 10.5% (previous year: 13.0%), with this change occurring as follows:

#### Change in operating result

in CHF millions	2023	%	2022	%
Acquisition/disposal of subsidiaries	4.3	2.9%	-78.2	-33.4%
Foreign currency translation to CHF	-6.6	-4.4%	-5.9	-2.5%
Other organic change	-26.5	-17.8%	-0.9	-0.4%
<b>Total change in operating result</b>	<b>-28.8</b>	<b>-19.3%</b>	<b>-85.0</b>	<b>-36.3%</b>

The operating result includes the profit from the sale of property, plant and equipment of CHF 0.5 million (previous year CHF 0.2 million).

With higher interest expenses of CHF 14.6 million (previous year CHF 8.4 million), the financial result shows a higher net expense of CHF 28.7 million (previous year CHF 12.3 million) compared to the previous year. The income tax expense fell to CHF 24.9 million (previous year CHF 32.1 million) and the tax rate rose to 27.2% (previous year 23.4%). The weighted average income tax rate for the Group is 22.5% (previous year 22.1%). The net result amounted to CHF 66.8 million (previous year CHF 104.8 million).

## CONSOLIDATED BALANCE SHEET DATWYLER GROUP

Total assets decreased by CHF -98.2 million compared to the previous year to CHF 1'200.8 million (previous year CHF 1'299.0 million). Trade receivables fell to CHF 227.2 million (previous year CHF 250.3 million) and inventories decreased to CHF 166.7 million (previous year CHF 209.0 million). With trade payables of CHF 81.6 million (previous year CHF 95.6 million), net current assets decreased by -14.1% to CHF 312.3 million (previous year CHF 363.7 million). Cash and cash equivalents increased by CHF 21.1 million.

Equity decreased by CHF -17.4 million compared to the previous year to CHF 386.2 million (previous year CHF 403.6 million). This corresponds to an equity ratio of 32.2% (previous year 31.1%). The main changes in equity were the net result of CHF 66.8 million (previous year CHF 104.8 million), the dividend payment of CHF -54.4 million (previous year CHF -71.4 million), the offsetting of goodwill of CHF -0.5 million (previous year CHF -552.6 million) and negative currency translation differences of CHF -27.7 million (previous year CHF -22.3 million) on the equity of foreign subsidiaries.

Current and non-current liabilities to banks decreased by CHF -101.9 million year-on-year to CHF 52.0 million (previous year CHF 153.9 million). Cash and cash equivalents and money market investments amounted to CHF 122.5 million at the end of the reporting year (previous year CHF 101.3 million). Taking into account the bonds of CHF 389.6 million (previous year CHF 389.5 million) and the loans granted by Pema Holding of CHF 198.0 million (previous year CHF 154.0 million), the net debt position amounted to CHF 517.1 million (previous year CHF 596.1 million).

Current assets decreased by -4.8% to CHF 574.7 million (previous year CHF 603.9 million). Fixed assets fell by -9.9% to CHF 626.1 million (previous year CHF 695.1 million).

## CONSOLIDATED CASH FLOW STATEMENT DATWYLER GROUP

With a net result of CHF 66.8 million (previous year CHF 104.8 million), the Datwyler Group achieved a net cash flow from operating activities of CHF 194.9 million (previous year CHF 118.6 million). This cash flow was used to pay for investments in property, plant and equipment in the amount of CHF 51.8 million (previous year CHF 90.0 million). This corresponds to an investment ratio (investments as a % of net sales) of 4.5% (previous year 7.8%). The repayment of bank liabilities amounted to CHF 93.7 million net (previous year net borrowings of CHF 148.8 million). Loans amounting to CHF 44.0 million (previous year CHF 154.0 million) were granted by Pema Holding AG. In addition, a 2.1% bond for CHF 240.0 million was placed in the previous year. The cash inflows and outflows resulted in a net change in cash and cash equivalents of CHF 27.0 million (previous year CHF -116.1 million). This resulted in cash and cash equivalents of CHF 122.4 million (previous year CHF 101.3 million).

## ADDITIONAL INFORMATION

Comments on the main events of the current financial year can be found in the Letter to Shareholders and in the Business Areas section of the Annual Report.

### Full-time equivalents

The average number of full-time equivalents for the year was 8,303 (previous year: 8,104).

### Risk assessment

As part of its duty to oversee the management of the Group, the Board of Directors of Daetwyler Holding Inc. conducts a systematic risk assessment at least once a year. At the meeting on 29 September, 2023, the Board of Directors took note of the management report on Group-wide risk management and approved the measures proposed therein

### Financial risk management

The Datwyler Group's global operations expose it to various financial risks such as currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The nature of these risks has not changed significantly compared to the previous year. The Group's financial risk management, which remains unchanged from the previous year, is aimed at minimizing potential negative effects on the financial result that may arise from unforeseeable developments on the financial markets. To this end, derivative financial instruments are also used to economically hedge risks and positions..

### Liquidity reserves

in CHF millions	2023	2022
Cash and cash equivalents	122.4	101.3
Money market investments	0.1	–
Available credit lines	313.5	341.6
<b>Total liquidity reserves</b>	<b>436.0</b>	<b>442.9</b>

### Net cash surplus

in CHF millions	2023	2022
Cash and cash equivalents	122.4	101.3
Money market investments	0.1	–
Less short-term bank debt	–5.9	–10.7
<b>Net cash surplus</b>	<b>116.6</b>	<b>90.6</b>

### Order intake and backlog

Orders received amounted to CHF 1,082.6 million (previous year CHF 1,107.9 million) and orders on hand at the end of the year totalled CHF 400.8 million (previous year CHF 485.4 million).

### Research and development expenses

Research and development expenses are disclosed in the consolidated income statement. Research and development activities relate to various projects for customers and products.

**Exceptional events**

Acquisition and sale of subsidiaries are disclosed in note 31, other business transactions are presented in note 2 of the notes to the consolidated financial statements.

**Future outlook**

The estimates relating to the future outlook are presented in the letter to the shareholders and in the chapter Business Areas of the annual report.

## Consolidated Income Statement

in CHF millions	Note	2023	2022
<b>Net revenue</b>	3	<b>1'151.5</b>	<b>1'150.6</b>
Cost of goods sold		-911.3	-895.4
<b>Gross profit</b>		<b>240.2</b>	<b>255.2</b>
Research and development expenses		-41.5	-35.7
Marketing and selling expenses		-32.6	-34.4
General and administrative expenses		-66.9	-56.9
Other operating income	4	21.6	21.2
Other operating expenses		-0.4	-0.2
<b>Operating result</b>	3	<b>120.4</b>	<b>149.2</b>
Net finance result	8	-28.7	-12.3
<b>Earnings before tax (EBT)</b>		<b>91.7</b>	<b>136.9</b>
Income tax expenses	9	-24.9	-32.1
<b>Net result</b>		<b>66.8</b>	<b>104.8</b>
<b>Net result per bearer share (in CHF)</b>	24	<b>3.93</b>	<b>6.16</b>

For both years, there were no dilutive effects affecting the net result per share.

The accompanying notes on pages F10 to F36 are an integral part of these consolidated financial statements.

# Consolidated Balance Sheet

## Assets

in CHF millions	Note	31.12.2023	31.12.2022
Cash and cash equivalents	10	122.4	101.3
Money market investments	10	0.1	–
Trade accounts receivable	11	227.2	250.3
Inventories	12	166.7	209.0
Other receivables	13	43.7	29.4
Prepayments made and accrued income		14.6	13.9
<b>Current assets</b>		<b>574.7</b>	<b>603.9</b>
Property, plant and equipment	14	536.7	607.5
Intangible assets: Software	15	31.4	31.8
Deferred income tax assets	22	56.1	53.8
Miscellaneous financial assets	16	1.9	2.0
<b>Non-current assets</b>		<b>626.1</b>	<b>695.1</b>
<b>Total assets</b>		<b>1'200.8</b>	<b>1'299.0</b>

## Liabilities and equity

in CHF millions	Note	31.12.2023	31.12.2022
Trade accounts payable	19	81.6	95.6
Short-term bank debt	17	5.9	10.7
Short term bonds	18	150.0	–
Current provisions	21	11.9	13.1
Other current liabilities	20	31.2	40.2
Accrued expenses and deferred income		34.2	30.6
<b>Current liabilities</b>		<b>314.8</b>	<b>190.2</b>
Long-term bank debt	17	46.1	143.2
Long-term interest-bearing liabilities due to Pema Holding AG	32	198.0	154.0
Long term bonds	18	239.6	389.5
Long-term provisions	21	4.3	5.5
Deferred income tax liabilities	22	9.1	8.6
Pension liabilities	6	2.5	2.9
Other long-term liabilities	20	0.2	1.5
<b>Long-term liabilities</b>		<b>499.8</b>	<b>705.2</b>
<b>Total liabilities</b>		<b>814.6</b>	<b>895.4</b>
Share capital	23	0.9	0.9
Treasury shares	25	–	–
Additional paid-in capital		205.1	205.1
Goodwill offset against equity	15	–838.7	–838.2
Retained earnings		1'157.8	1'147.0
Cumulative translation adjustments		–138.9	–111.2
<b>Equity</b>		<b>386.2</b>	<b>403.6</b>
<b>Total liabilities and equity</b>		<b>1'200.8</b>	<b>1'299.0</b>

The accompanying notes on pages F10 to F36 are an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

in CHF millions	Note	2023	2022
<b>Net result</b>		<b>66.8</b>	<b>104.8</b>
Income tax expenses	9	24.9	32.1
Depreciation and amortisation	7	80.2	75.8
Share award and long-term incentive plan		2.7	2.2
Other non-cash expenses/(income)		36.5	9.9
Gain on sale of property, plant and equipment, net		-0.1	-0.0
Change in long-term provisions and pension liabilities		0.3	1.1
Interest income	8	-0.8	-0.3
Interest expense	8	14.6	8.4
Operating cash flow before changes in working capital		225.1	234.0
Change in trade accounts receivable		6.7	-45.1
Change in other receivables, prepayments made and accrued income		-15.1	-1.9
Change in inventories		29.7	-38.9
Change in trade accounts payable		-8.9	8.1
Change in other current liabilities, accrued expenses and deferred income		4.0	-3.1
Change in current provisions		-1.8	-1.8
Interest received		0.8	0.3
Interest paid		-14.9	-4.7
Income tax paid		-30.7	-28.3
<b>Net cash from operating activities</b>		<b>194.9</b>	<b>118.6</b>
Disbursements relating to purchases of / investments in:			
– Property, plant and equipment		-51.8	-90.0
– Intangible assets		-7.7	-10.2
– Earnout payments (previous year subsidiaries)	31	-0.5	-661.8
– Financial assets		-0.1	-0.3
– Money market investments		-0.1	-
Proceeds from sale of:			
– Property, plant and equipment		2.0	0.8
– Money market investments		-	60.0
<b>Net cash used in investing activities</b>		<b>-58.2</b>	<b>-701.5</b>
Repayments of/proceeds from short-term bank debt	17	-93.7	1.0
Proceeds from long-term bank debt	17	-	147.8
Net proceeds from issue of bond	18	-	239.4
Proceeds from loan payable to Pema Holding AG	32	44.0	154.0
Change in other long-term liabilities		-1.4	1.5
Purchase of treasury shares		-4.2	-5.5
Dividend paid to shareholders		-54.4	-71.4
<b>Net cash from financing activities</b>		<b>-109.7</b>	<b>466.8</b>
<b>Net change in cash and cash equivalents</b>		<b>27.0</b>	<b>-116.1</b>
Cash and cash equivalents at 1 January	10	101.3	219.6
Effect of exchange rate changes on cash and cash equivalents		-5.9	-2.2
<b>Cash and cash equivalents at 31 December</b>	10	<b>122.4</b>	<b>101.3</b>

The accompanying notes on pages F10 to F36 are an integral part of these consolidated financial statements.



## Consolidated Statement of Changes in Equity

in CHF millions

	Note	Share capital	Treasury shares	Additional paid-in capital	Goodwill offset against equity	Retained earnings	Cumulative translation adjustments	Total equity
<b>At 1 January 2022</b>		<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–285.6</b>	<b>1'116.8</b>	<b>–88.9</b>	<b>948.3</b>
Net result		–	–	–	–	104.8	–	104.8
Dividends		–	–	–	–	–71.4	–	–71.4
Purchase of treasury shares	25	–	–5.5	–	–	–	–	–5.5
Share award plan	26	–	1.1	–	–	–	–	1.1
Long-term incentive plan	26	–	4.4	–	–	–3.2	–	1.2
Offset of goodwill from acquisitions	15	–	–	–	–552.6	–	–	–552.6
Currency translation differences		–	–	–	–	–	–22.3	–22.3
<b>At 31 December 2022</b>		<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–838.2</b>	<b>1'147.0</b>	<b>–111.2</b>	<b>403.6</b>
Net result		–	–	–	–	66.8	–	66.8
Dividends		–	–	–	–	–54.4	–	–54.4
Purchase of treasury shares	25	–	–4.2	–	–	–	–	–4.2
Share award plan	26	–	1.4	–	–	–	–	1.4
Long-term incentive plan	26	–	2.8	–	–	–1.6	–	1.2
Offset of goodwill from acquisitions	15	–	–	–	–0.5	–	–	–0.5
Currency translation differences		–	–	–	–	–	–27.7	–27.7
<b>At 31 December 2023</b>		<b>0.9</b>	<b>–</b>	<b>205.1</b>	<b>–838.7</b>	<b>1'157.8</b>	<b>–138.9</b>	<b>386.2</b>

Holding company's share capital: CHF 850'000 (previous year CHF 850'000).

Cumulative translation adjustments: Arising on translation of subsidiaries' equity and income statements denominated in foreign currencies.

Total equity: At 31 December 2023 shareholders' equity includes legal reserves of CHF 279.3 million (previous year CHF 259.0 million), of which CHF 30.4 million (previous year CHF 31.0 million) are not distributable.

The accompanying notes on pages F10 to F36 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1 / SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Datwyler Group. They have been prepared in accordance with all existing accounting standards (Swiss GAAP FER) and are based on the financial statements of the subsidiaries prepared in accordance with uniform accounting policies as at December 31. The consolidated financial statements are based on the principle of historical cost and are prepared on a going concern basis. The accounting principles of Swiss GAAP FER did not change in the reporting year. Furthermore, the provisions of the Listing Rules of the SIX Swiss Exchange and Swiss company law were complied with.

On 1 January, 2024, the new standard "Swiss GAAP FER 30 - Consolidated Financial Statements" will come into force. The amendments to ARR 30 essentially specify the accounting and treatment of step acquisitions, goodwill and currency translation differences in connection with intercompany loans of equity like loans. According to the new recommendation, intangible assets not previously recognized for an acquired subsidiary that are relevant to the acquisition of control must be identified and recognized. As part of the first-time application of ARR 30, the new provisions on goodwill are not applied retrospectively. The Datwyler Group is not applying this standard early. At its meeting on 5 February, 2024, the Board of Directors of Datwyler Holding Inc. approved the consolidated financial statements for submission to the Annual General Meeting on 14 March, 2024.

### Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The valuation of inventories and estimates relating to provisions involve significant exercise of judgment.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Dätwyler Holding Inc. domiciled in Altdorf (Switzerland) and all subsidiaries that belonged to the Group during the year and over which Dätwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. At Datwyler Group, this is achieved when more than 50% of a subsidiary's share capital or voting rights is unconditionally owned directly or indirectly by Dätwyler Holding Inc. A list of the subsidiaries included in the consolidation is presented in note 34.

### Consolidation method

The reporting date for Dätwyler Holding Inc., all subsidiaries and the consolidated financial statements is 31 December except for the Indian subsidiaries (31 March).

The full consolidation method is applied to all subsidiaries included in the consolidation. Their assets, liabilities, income and expenses are incorporated in full. Minority interests are presented as a separate component of the Group's equity and net result. The purchase method of accounting is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets.

Intercompany transactions and balances are eliminated. Unrealised intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights, are classified as associates and accounted for using the equity method. At year-end of the current reporting year, the Group had no investments classified as associates.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

## Foreign currency translation

### TRANSLATION FOR CONSOLIDATION PURPOSES

The financial statements of foreign subsidiaries are prepared in local currencies. For the purpose of consolidation, the local financial statements are translated into Swiss francs (CHF), which is the Group's presentation currency. The principal exchange rates used to translate foreign currencies in the Datwyler Group were as follows:

	2023		2022	
	Closing rate at 31.12.	Average rate for the year	Closing rate at 31.12.	Average rate for the year
100 CNY	11.79	12.71	13.38	14.18
1 EUR	0.93	0.97	0.98	1.00
1 USD	0.84	0.90	0.92	0.95

For the purpose of presenting consolidated financial statements, assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date, while income statements, cash flow statements and other movements are translated at average exchange rates for the year.

Exchange differences arising from the translation of balance sheets and income statements of foreign subsidiaries are taken directly to reserves (currency translation reserve in equity) and not recognised in the income statement.

### TRANSLATION OF BALANCES AND TRANSACTIONS IN THE ACCOUNTS OF SUBSIDIARIES

In preparing the financial statements of the individual subsidiaries, assets and liabilities denominated in foreign currencies are translated at the closing rates used in the consolidation. Exchange differences resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognised as foreign exchange gains or losses in the income statement. Exchange differences from the valuation of equity-like loans denominated in foreign currencies or in CHF at foreign subsidiaries are directly charged to equity.

## Income statement and balance sheet

### REVENUE RECOGNITION

In the Healthcare Solutions and Industrial Solutions business areas revenues are mainly generated from the sale of products from own production and from distribution of goods for resale and from rendering of services. Revenue arising from the sale of manufactured products and goods for resale is recognised when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with their delivery, depending on the terms agreed for instance ex works or on arrival at the customer's destination. Revenue under long-term multiple supply contracts is recorded when each instalment is delivered, according to the quantity delivered. Revenue from services rendered is recognised by reference to the stage of completion in the period in which the services were rendered.

### GROSS PROFIT

The income statement is presented using the functional format where gross profit represents net revenue less cost of goods sold.

### RESEARCH AND DEVELOPMENT

Research expenditure is recognised as an expense in the period in which it is incurred. Development costs are capitalised only if it can be demonstrated that future economic benefits will be generated. Otherwise they are charged to the income statement.

#### **INCOME TAX EXPENSE**

Current income tax is calculated on taxable profits for the year and recognised on an accrual basis.

Deferred income tax is provided, using the liability method, on all temporary differences and recognised as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date.

Tax losses carried forward and other temporary valuation differences are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Provision is made for tax that will arise on the distribution of profits retained by subsidiaries, mainly comprising non-refundable withholding tax and income tax in the parent company, if it is intended to remit such profits in the form of dividends.

#### **CASH AND CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS**

Cash and cash equivalents comprise cash in hand, deposits in postal and bank accounts, and money market investments with original maturities of three months or less. They are stated at nominal value. Money market investments with an original maturity of 91 to 360 days are also stated at nominal value and classified separately in the balance sheet.

#### **TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES**

Trade accounts receivable and other current receivables are recognised at nominal value less provision for any impairment.

Doubtful debts are provided for by way of specific provisions and taking into account the actual losses expected based on past experience. Delinquency in payment by customers, or the probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators of impairment. The provision for impairment of receivables is presented separately. The amount of the provision is the difference between the receivable's carrying amount and its current estimated recoverable amount. When receivables are no longer collectible, they are written off against the provision for impairment. Changes in the carrying amount of the provision for impairment and income from recoveries of receivables previously written off are recognised in the income statement.

#### **INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Appropriate provisions are made for slow-moving inventories and obsolete inventories are fully written off. If the net realisable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

#### PROPERTY, PLANT AND EQUIPMENT

Land is stated at cost. Land use rights, buildings, plant and equipment are stated at cost less depreciation, calculated on a straight-line basis to write off the assets over their estimated useful lives, and less any impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the assets into working condition for their intended use.

The estimated useful lives and depreciation periods are as follows:

	Years
Buildings:	
– Building structures	20–40
– Interiors	20
Installations, storage equipment, tanks, silos, etc.	10–20
Production equipment	10–15
Production equipment: electrical/electronic equipment	5–8
Machinery	8–10
Moulds and tools	3

Land is generally not depreciated, but any impairment loss is recognised.

Costs of maintenance and renovations, other than improvements, are charged to the income statement. Borrowing costs of long-term projects actually incurred during construction in progress are capitalised, all other financing costs are expensed as incurred.

The residual values and useful lives of property, plant and equipment are reviewed annually and adjusted, if appropriate.

#### LEASES

The Datwyler Group leases certain assets. Finance leasing and operating leasing agreements are treated differently. In a finance lease, the lessor transfers substantially all the risks and rewards relating to ownership of the leased asset to the Datwyler Group. The fair value of such assets or, if lower, the net present value of the future minimum lease payments is therefore recognised as a non-current asset and as a finance lease liability in the balance sheet. Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

#### INTANGIBLE ASSETS

Intangible assets mainly include software as well as licences, patents and other intangible assets which are capitalised at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of software are between 3 and 5 years. Only the blueprints for the implementation of the enterprise resource planning system are amortised over a 10 year period.

#### GOODWILL

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the acquired assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed in the notes to the consolidated financial statements. On sale of an acquired subsidiary, goodwill from acquisitions formerly directly offset against equity is charged to income at original cost when calculating the gain or loss on sale. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated best possible at the date of acquisition. Accordingly, goodwill offset against equity is modified for adjustments resulting later from the final purchase price determination. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net assets recognised.

#### **IMPAIRMENT OF NON-CURRENT ASSETS AND GOODWILL**

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for an impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs.

When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but only be disclosed in the notes to the consolidated financial statements.

#### **DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments used for hedging balance sheet items are recognised at fair value on the date a derivative contract is entered into and are recorded as other receivables or other current liabilities. Derivatives are subsequently remeasured to their current fair value at each balance sheet date, with unrealised gains and losses recognised in the income statement. Fair values of derivative financial instruments are determined by reference to current market prices on the balance sheet date. Changes in the fair value of derivative financial instruments used to hedge future cash flows are directly recognised in equity until realised.

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency risk.

#### **MISCELLANEOUS FINANCIAL ASSETS**

Miscellaneous financial assets include loans to third parties and minority shareholdings. Loans receivable and minority shareholdings are stated at cost less appropriate impairment losses.

#### **TRADE ACCOUNTS PAYABLE**

Trade accounts payable are recognised at nominal value.

#### **PROVISIONS**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with a possible restructuring is recognised when a detailed restructuring plan has been developed and the measures have been approved before the balance sheet date. For long-term provisions material discounting effects are considered.

#### **BANK DEBT**

Bank debt is recognised at nominal value. Discounts are netted with bank debt and recognised on a straight-line basis in the financial result of the income statement over the period of the respective bank loan. Bank debt is classified as current liabilities unless the Group has the right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **BONDS**

Bonds are initially recorded at issue price net of issue costs. Issue costs and any discount or premium are recognised in the financial result of the income statement over the period of the respective bond.

#### **DIVIDENDS**

Dividend payments to shareholders are recognised as a liability in the balance sheet in the period in which the dividends are approved by shareholders.

#### **PENSION BENEFITS**

Pension benefit obligations of subsidiaries are recognised in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a Group company is calculated as at balance sheet date. An economic benefit is recorded, if it will be used for future pension contributions made by the company. An economic obligation is recognised if the requirements to record a provision are met. Unrestricted employer contribution reserves are capitalised as an asset.

The Swiss subsidiaries of the Group have their own legally independent pension schemes financed by employer and employee contributions. The economic impact of a funding surplus or deficit of pension schemes for the Group, the change in employer contribution reserves and the contributions accrued for the period are charged to income as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the respective pension schemes prepared in accordance with Swiss GAAP ARR 26.

There are no significant pension schemes in foreign countries. Certain foreign subsidiaries have unfunded pension schemes and recognise the respective benefit obligation as a provision directly in the balance sheet. Such pension liabilities are calculated using methods accepted in the respective countries with changes charged to income as personnel expenses. In addition, in certain countries there are comprehensive coverages with insurance companies where the paid insurance premiums are recorded as an expense.

#### **SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN**

The share award plan was introduced in 2007 and from 2019 only directors have been participating in this plan, see note 26. The awarding of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date.

Since 2018, a long-term incentive plan for senior executives has existed, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfillment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies.

#### **CAPITAL MANAGEMENT**

The Group has a solid equity base. It consequently focuses the management of its capital structure on the equity of the Group as a whole, the following objectives and policies being relevant:

- Where possible and economically viable, the Group finances its operations through equity, the objective being to maintain an equity ratio of at least 40%.
- A portion of profits generated is paid out to owners as dividends, taking into account current financing needs and compliance with legal requirements. The current dividend policy is generally to maintain a payout ratio of about 40% of the Group's net result for the year.

## **2 / BUSINESS ACQUISITIONS AND DISPOSALS**

Acquisitions and disposals during 2023 and 2022 are shown below, see also note 31.

### **Transactions 2023**

#### **MERGERS**

In 2023, Quality Synthetic Rubber GmbH merged into Dätwyler Sealing Solutions Deutschland GmbH & Co. KG.

### **Transactions 2022**

#### **ACQUISITIONS**

Q Holco LLC, headquartered in Wilmington, USA (100%) and its QSR subsidiaries, see also note 34

Yantai Xinhui Packing Co. Ltd., domiciled in Yantai, China (100%)

CTsystems AG, domiciled in Dübendorf, Switzerland (100%)



### 3 / SEGMENT INFORMATION

in CHF millions	Healthcare Solutions	Industrial Solutions	Eliminations	Total Group
<b>2023</b>				
Revenue from external customers	468.9	682.6	–	1'151.5
Inter-segment revenue	0.1	5.6	–5.7	–
<b>Total net revenue</b>	<b>469.0</b>	<b>688.2</b>	<b>–5.7</b>	<b>1'151.5</b>
<b>Operating result</b>	<b>74.4</b>	<b>46.0</b>	<b>–</b>	<b>120.4</b>
Operating result as % of net revenue	15.9%	6.7%	–	10.5%

in CHF millions	Healthcare Solutions	Industrial Solutions	Eliminations	Total Group
<b>2022</b>				
Revenue from external customers	520.3	630.3	–	1'150.6
Inter-segment revenue	–	5.8	–5.8	–
<b>Total net revenue</b>	<b>520.3</b>	<b>636.1</b>	<b>–5.8</b>	<b>1'150.6</b>
<b>Operating result</b>	<b>106.3</b>	<b>42.9</b>	<b>–</b>	<b>149.2</b>
Operating result as % of net revenue	20.4%	6.7%	–	13.0%

The Datwyler Group is a focused industrial supplier organised into the two business areas Healthcare Solutions and Industrial Solutions, both with leading positions in global and regional market segments.

The result of the Group management functions is allocated to the two business areas Healthcare Solutions and Industrial Solutions using a revenue-based key.

The Business Area Healthcare Solutions offers system-critical components for containers and delivery systems for injectable drugs and diagnostics in the pharmaceutical and medical markets. The significant manufacturing and distribution companies are located in Belgium, Germany, Italy, the USA, India and China.

The Business Area Industrial Solutions manufactures customised system-critical components for applications in the Mobility, Connectors, General Industry and Food & Beverage markets. The significant manufacturing and distribution companies are located in Switzerland, Germany, Italy, the Czech Republic, China, South Korea, the USA, Brazil and Mexico.

## Net revenue by geographical region

in CHF millions	2023	2022
Switzerland	210.1	189.3
Rest of Europe	398.0	402.8
North and South America	316.7	332.4
Asia	219.9	219.3
Other markets	6.8	6.8
<b>Total Group</b>	<b>1'151.5</b>	<b>1'150.6</b>

Net revenue by geographical region corresponds to revenue from external customers by destination.

## 4 / ADDITIONAL INCOME STATEMENT DISCLOSURES

Material expense of CHF 395.6 million (previous year CHF 411.4 million) is included in the income statement.

Other operating income includes gain on sale of property, plant and equipment of CHF 0.5 million (previous year CHF 0.2 million) as well as ancillary revenues and rental income.

## 5 / PERSONNEL EXPENSES

in CHF millions	Note	2023	2022
Wages and salaries		293.7	279.5
Benefit costs		66.2	63.2
– State social security contributions		38.6	38.1
– Pension costs	<sup>6</sup>	10.0	10.0
– Other benefit costs		17.6	15.1
Other employee costs		16.8	16.5
<b>Total personnel expenses</b>		<b>376.7</b>	<b>359.2</b>

Since 2007, directors and senior executives receive a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc., see note 26.

## 6 / EMPLOYEE BENEFIT SCHEMES

### Economic benefit / obligation and pension costs

in CHF millions	Funding surplus/deficit according to Swiss GAAP ARR 26	Economic impact Group	Economic impact Group	Changes not affecting income	Change to prior year or charge to income current year	Contributions for the period	Pension costs in personnel expenses	Pension costs in personnel expenses
	31.12.23	31.12.23	31.12.22				2023	2022
Welfare funds Switzerland	0.4	–	–	–	–	–	–	–
Pension schemes without funding surplus/ deficit Switzerland	–	–	–	–	–	4.8	4.8	6.2
Pension schemes with funding surplus Switzerland	–	–	–	–	–	1.6	1.6	–
Pension schemes without funding surplus/ deficit abroad	–	–	–	–	–	3.0	3.0	3.0
Unfunded pension schemes abroad	–	–2.5	–2.9	–0.3	–0.0	0.6	0.6	0.8
<b>Total</b>	<b>–</b>	<b>–2.5</b>	<b>–2.9</b>	<b>–0.3</b>	<b>–0.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

Changes not affecting income: currency translation differences.

At year-end 2023, as at the end of the previous year, no employer contribution reserves (ECR) existed. The Swiss pension schemes calculate their pension benefit obligations using the statistical assumptions of the VZ 2020 mortality tables and a discount rate of 1.0% and 1.25%, respectively (as in the previous year). The pension conversion rates in the current year were 4.8% in both pension funds.

### Summary of pension costs

in CHF millions	Switzerland	Abroad	Total
	2023	2023	2023
Contributions to pension schemes expensed at Group companies	6.4	3.6	10.0
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	6.4	3.6	10.0
+/- Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
<b>Contributions and changes in employer contribution reserves</b>	<b>6.4</b>	<b>3.6</b>	<b>10.0</b>
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	–0.0	–0.0
Total change in economic impact from excess/insufficient coverage	–	–0.0	–0.0
<b>= Pension costs included in personnel expenses for the period</b>	<b>6.4</b>	<b>3.6</b>	<b>10.0</b>

in CHF millions	Switzerland	Abroad	Total
	2022	2022	2022
Contributions to pension schemes expensed at Group companies	6.2	3.6	9.8
Contributions to pension schemes made from employer contribution reserves (ECR)	–	–	–
Total contributions	6.2	3.6	9.8
+/- Changes in ECR due to asset performance, value adjustments, discounting, etc.	–	–	–
<b>Contributions and changes in employer contribution reserves</b>	<b>6.2</b>	<b>3.6</b>	<b>9.8</b>
Increase/reduction economic benefit Group from excess coverage	–	–	–
Reduction/increase economic obligation Group from insufficient coverage	–	0.2	0.2
Total change in economic impact from excess/insufficient coverage	–	0.2	0.2
<b>= Pension costs included in personnel expenses for the period</b>	<b>6.2</b>	<b>3.8</b>	<b>10.0</b>

## 7 / DEPRECIATION AND AMORTISATION

in CHF millions	Note	2023	2022
Depreciation of property, plant and equipment	14	74.2	70.1
Amortisation of intangible assets	15	6.0	5.0
Impairment charges	14	–	0.7
<b>Total depreciation and amortisation</b>		<b>80.2</b>	<b>75.8</b>

The impairment charges of CHF 0.7 million in the previous year related to the shutdown of the plant in the Ukraine, where the remaining book values were fully written down.

## 8 / NET FINANCE RESULT

in CHF millions	2023	2022
Interest expense on bonds, bank and other loans	14.6	8.4
Net foreign exchange loss on financing activities	29.2	4.7
Finance charges	0.7	1.7
<b>Total interest and finance expenses</b>	<b>44.5</b>	<b>14.8</b>
Interest income on bank deposits and loans receivable	–0.8	–0.3
Fair value gain on forward exchange contracts	–15.0	–2.2
<b>Total interest and finance income</b>	<b>–15.8</b>	<b>–2.5</b>
<b>Net finance result (expenses, net)</b>	<b>28.7</b>	<b>12.3</b>

## 9 / INCOME TAX EXPENSES

in CHF millions	2023	2022
Current income tax expense	30.8	33.0
Deferred income tax expense	-5.9	-0.9
<b>Total income tax expenses</b>	<b>24.9</b>	<b>32.1</b>

The effective tax charge on earnings before tax, using the weighted average income tax rate of 22.5% (previous year 22.1%) of the Group, can be analysed as follows:

in CHF millions	2023	2022
Earnings before tax	91.7	136.9
Income tax expense calculated at the weighted average tax rate	20.6	30.3
Effect of current year tax losses not recognised and reassessment of tax loss carryforwards	4.3	1.4
Effect of previously unrecognised tax loss carryforwards used against taxable profits	0.0	-0.4
Change in tax rates for deferred income taxes	-2.5	1.3
Expense and income items treated differently for tax purposes	-0.4	-1.7
Non-refundable taxes on intra-group charges and dividends	2.8	1.1
Prior year tax adjustments	0.9	0.5
Other effects	-0.8	-0.4
<b>Total (current and deferred) income tax expenses</b>	<b>24.9</b>	<b>32.1</b>

Taxable results differing by region are responsible for changes in the weighted average tax rate.

The Datwyler Group falls within the scope of the OECD model regulations (OECD Pillar Two). The corresponding legislation was enacted in Switzerland from 1 January 2024. As the OECD Pillar Two regulations were not yet in force in the reporting period, the Datwyler Group does not yet have any associated direct tax liability.

From 1 January 2024, the Datwyler Group will be required to pay a supplementary tax on the difference between its effective tax rate per country and the minimum tax rate of 15 %. The quantitative impact of the adopted legislation cannot yet be conclusively estimated.

## 10 / CASH, CASH EQUIVALENTS AND MONEY MARKET INVESTMENTS

in CHF millions	2023	2022
Cash in hand and at bank	121.8	95.9
Money market investments (original maturities up to 90 days)	0.6	5.4
<b>Total cash and cash equivalents</b>	<b>122.4</b>	<b>101.3</b>
Money market investments (original maturities 91 to 360 days)	0.1	-
<b>Total cash, cash equivalents and money market investments</b>	<b>122.5</b>	<b>101.3</b>

## 11 / TRADE ACCOUNTS RECEIVABLE

in CHF millions	2023	2022
Trade accounts receivable from third parties, gross	228.5	251.6
Provision for impairment of trade accounts receivable	-1.3	-1.4
<b>Total trade accounts receivable from third parties, net</b>	<b>227.2</b>	<b>250.2</b>
Trade accounts receivable from related parties	0.0	0.1
<b>Total trade accounts receivable, net</b>	<b>227.2</b>	<b>250.3</b>

### Aging analysis of gross trade accounts receivable from third parties

in CHF millions	2023	2022
Not yet due	189.1	213.7
Past due 1–30 days	25.1	22.7
Past due 31–60 days	7.5	7.9
Past due 61–90 days	1.9	2.2
Past due 91–180 days	3.4	4.0
Past due more than 180 days	1.5	1.1
<b>Total trade accounts receivable from third parties, gross</b>	<b>228.5</b>	<b>251.6</b>

### Movements in the provision on trade accounts receivable

in CHF millions	2023	2022
At 1 January	1.4	1.1
Charge for the year	0.4	0.1
Unused amounts reversed	-0.4	-0.4
Receivables written off as uncollectible	0.0	-0.6
Acquisition of subsidiaries	-	1.3
Exchange differences	-0.1	-0.1
<b>At 31 December</b>	<b>1.3</b>	<b>1.4</b>
Of which specific provisions for impairment	1.1	0.9

## 12 / INVENTORIES

in CHF millions	2023	2022
Raw material, gross	55.8	77.0
Consumables, gross	28.0	32.1
Work in progress, gross	23.4	28.8
Finished goods, gross	72.9	79.8
Goods for resale, gross	8.4	12.4
Provision for impairment of inventories	-21.8	-21.1
<b>Total inventories</b>	<b>166.7</b>	<b>209.0</b>

## 13 / OTHER RECEIVABLES

in CHF millions	Note	2023	2022
Withholding, capital and value added tax receivables		4.0	6.6
Current income tax assets		10.5	9.3
Prepayments made, advances given and deposits made		3.3	3.5
Accrued interest receivable		0.0	0.1
Derivative assets: forward exchange contracts	28	20.2	6.6
Miscellaneous receivables		5.7	3.3
<b>Total other receivables</b>		<b>43.7</b>	<b>29.4</b>

## 14 / PROPERTY, PLANT AND EQUIPMENT

in CHF millions	Note	Real estate	Machinery and production equipment	Office equipment, IT infrastructure, vehicles	Assets under construction	Total property, plant and equipment
<b>PROPERTY, PLANT AND EQUIPMENT 2023</b>						
<b>At cost</b>						
At 1 January 2023		344.9	805.3	46.6	96.6	1'293.4
Additions		1.7	8.7	2.9	32.0	45.3
Disposals		-1.7	-11.8	-2.9	-	-16.4
Transfers		37.8	51.5	3.3	-92.6	-
Exchange differences		-24.9	-47.0	-2.8	-3.4	-78.1
<b>At 31 December 2023</b>		<b>357.8</b>	<b>806.7</b>	<b>47.1</b>	<b>32.6</b>	<b>1'244.2</b>
<b>Accumulated depreciation</b>						
At 1 January 2023		-141.5	-511.3	-33.1	-	-685.9
Depreciation expense	7	-13.6	-55.7	-4.9	-	-74.2
Disposals		1.5	10.9	2.1	-	14.5
Exchange differences		8.2	27.9	2.0	-	38.1
<b>At 31 December 2023</b>		<b>-145.4</b>	<b>-528.2</b>	<b>-33.9</b>	<b>-</b>	<b>-707.5</b>
<b>Net book values</b>						
At 1 January 2023		203.4	294.0	13.5	96.6	607.5
<b>At 31 December 2023</b>		<b>212.4</b>	<b>278.5</b>	<b>13.2</b>	<b>32.6</b>	<b>536.7</b>

in CHF millions				Machinery and production equipment	Office equipment, IT infrastructure, vehicles	Assets under construction	Total property, plant and equipment
	Note	Real estate					
PROPERTY, PLANT AND EQUIPMENT 2022							
At cost							
At 1 January 2022		325.8	730.0	43.9	89.5		1'189.2
Additions		2.0	16.1	3.1	70.4		91.6
Disposals		-0.2	-6.2	-0.7	-		-7.1
Transfers		3.7	55.1	1.2	-60.0		-
Acquisition of subsidiaries		21.0	32.5	0.7	3.4		57.6
Exchange differences		-7.4	-22.2	-1.6	-6.7		-37.9
At 31 December 2022		344.9	805.3	46.6	96.6		1'293.4
Accumulated depreciation							
At 1 January 2022		-132.2	-476.2	-30.2	-		-638.6
Depreciation expense and impairment charges	7	-12.5	-53.7	-4.6	-		-70.8
Disposals		0.0	5.7	0.6	-		6.3
Exchange differences		3.2	12.9	1.1	-		17.2
At 31 December 2022		-141.5	-511.3	-33.1	-		-685.9
Net book values							
At 1 January 2022		193.6	253.8	13.7	89.5		550.6
At 31 December 2022		203.4	294.0	13.5	96.6		607.5

Acquisition/disposal of subsidiaries include the additions from acquisitions, see also notes 2 and 31.

#### Other details of property, plant and equipment

As in the previous year, no property, plant and equipment under finance leases existed. Property, plant and equipment in the amount of CHF 8.4 million (previous year CHF 10.1 million) were pledged or assigned to secure own liabilities. Assets under construction include prepayments made in the amount of CHF 7.8 million (previous year CHF 10.5 million). Additions to property, plant and equipment include no capitalised borrowing costs (previous year none). At balance sheet date, commitments for capital expenditure on property, plant and equipment amounted to CHF 8.8 million (previous year CHF 26.3 million).

Additions include own work capitalized in the amount of CHF 0.5 million (previous year CHF 0.6 million).



## 15 / INTANGIBLE ASSETS: SOFTWARE

in CHF millions	Total
<b>INTANGIBLE ASSETS</b>	
<b>At cost</b>	
At 1 January 2023	55.3
Additions	7.7
Disposals	-0.8
Exchange differences	-3.5
<b>At 31 December 2023</b>	<b>58.7</b>
<b>Accumulated amortisation</b>	
At 1 January 2023	-23.5
Amortisation expense	-6.0
Disposals	0.8
Exchange differences	1.4
<b>At 31 December 2023</b>	<b>-27.3</b>
<b>Net book values</b>	
At 1 January 2023	31.8
<b>At 31 December 2023</b>	<b>31.4</b>

in CHF millions	Total
<b>INTANGIBLE ASSETS 2022</b>	
<b>At cost</b>	
At 1 January 2022	46.3
Additions	10.2
Disposals	-0.0
Acquisition/disposal of subsidiaries	0.2
Exchange differences	-1.4
<b>At 31 December 2022</b>	<b>55.3</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	-18.9
Amortisation expense	-5.0
Disposals	-
Exchange differences	0.4
<b>At 31 December 2022</b>	<b>-23.5</b>
<b>Net book values</b>	
At 1 January 2022	27.4
<b>At 31 December 2022</b>	<b>31.8</b>

Additions include capitalized development costs of CHF 0.8 million (previous year none). Total own work capitalized amounts to CHF 2.7 million (previous year CHF 3.3 million).

### Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of goodwill is disclosed below:

### Theoretical movement schedule for goodwill

in CHF millions	Note	2023	2022
<b>At cost</b>			
At 1 January		838.2	285.6
Additions from acquisition of subsidiaries	31	–	552.6
Adjustments from earn-out agreements		0.5	–
<b>At 31 December</b>		<b>838.7</b>	<b>838.2</b>
<b>Accumulated amortisation</b>			
At 1 January		–342.1	–241.9
Amortisation expense		–129.3	–100.2
Impairment charges		–	–
<b>At 31 December</b>		<b>–471.4</b>	<b>–342.1</b>
<b>Theoretical net book values</b>			
At 1 January		496.1	43.7
<b>At 31 December</b>		<b>367.3</b>	<b>496.1</b>

Goodwill is theoretically amortised on a straight-line basis usually over 5 years. The carrying amounts of goodwill existing on conversion from IFRS to Swiss GAAP ARR at 1 January 2009 have been included in the theoretical movement schedule above using the closing rates prevailing at 1 January 2009. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. As a result this procedure no exchange differences occur in the movement schedule above.

### Impact on income statement

in CHF millions	2023	2022
Operating result according to income statement	120.4	149.2
Amortisation of goodwill	–129.3	–100.2
Theoretical operating result incl. amortisation of goodwill	–8.9	49.0
Net result according to income statement	66.8	104.8
Amortisation of goodwill	–129.3	–100.2
Theoretical net result incl. amortisation of goodwill	–62.5	4.6

## Impact on balance sheet

in CHF millions	2023	2022
Equity according to balance sheet	386.2	403.6
Theoretical capitalisation of goodwill (net book value)	367.3	496.1
Theoretical equity incl. net book value of goodwill	753.5	899.7
Equity according to balance sheet	386.2	403.6
Equity as % of total assets	32.2%	31.1%
Theoretical equity incl. net book value of goodwill	753.5	899.7
Theoretical equity incl. net book value of goodwill as % of total assets	48.1%	50.1%

## 16 / MISCELLANEOUS FINANCIAL ASSETS

in CHF millions	2023	2022
Long-term loans to third parties	0.5	0.6
Other financial investments	1.4	1.4
<b>Total miscellaneous financial assets</b>	<b>1.9</b>	<b>2.0</b>

## 17 / BANK DEBT

in CHF millions	2023	2022
Bank overdrafts	–	–
Current portion of long-term bank loans	5.9	10.7
<b>Total short-term bank debt</b>	<b>5.9</b>	<b>10.7</b>
Long-term bank loans	46.1	143.2
<b>Total bank debt</b>	<b>52.0</b>	<b>153.9</b>
Secured portion of short-term and long-term bank debt	5.9	6.7

The short-term bank liabilities in CNY and EUR were subject to an average interest rate of 4.8% and the long-term bank loans in USD to an average interest rate of 6.4%. A long-term loan agreement of originally USD 175.0 million was entered into for the acquisition of QSR. USD 20.0 million was repaid in the 2022 financial year and a further USD 100.0 million in the 2023 financial year. The balance in Swiss francs at the end of 2023 was CHF 46.1 million. Voluntary repayments are possible during the year under this loan agreement, but there is no repayment obligation until 2027. Furthermore, the term of this loan can be extended by a further two years until the end of 2024. In addition, a bond of CHF 240.0 million was placed in the previous year for the long-term financing of the QSR acquisition, see note 18, and a long-term loan of CHF 154.0 million was granted by Pema Holding AG, see note 32, the balance of which amounted to CHF 198.0 million at the end of 2023.

## Maturity of long-term bank debt

in CHF millions	2023	2022
Within 2 years	–	0.1
Within 3 years	–	–
Within 4 years	46.1	–
Within 5 years	–	143.1
Beyond 5 years	–	–
<b>Total long-term bank debt</b>	<b>46.1</b>	<b>143.2</b>

## 18 / BONDS

On 15 June 2022, a 2.1% CHF 240.0 million bond was placed with a five-year term and annual interest payments starting on 13 July 2023. This bond was paid up on 13 July 2022 at an issue price of 100.035%. On 30 May 2018, a 0.625% CHF 150.0 million bond was placed at an issue price of 100.368%. Interest payments are due annually on 30 May and the bond is repayable on 30 May 2024.

## 19 / TRADE ACCOUNTS PAYABLE

Trade accounts payable include accounts payable to related parties of CHF 0.0 million (previous year CHF 0.1 million).

## 20 / OTHER LIABILITIES

### Other current liabilities

in CHF millions	Note	2023	2022
Customer advances received		5.3	3.6
Social security liabilities		3.5	3.0
Current income tax liabilities		10.2	8.8
Capital and value added tax liabilities		0.9	2.1
Deferred earn-out obligations		1.5	2.7
Derivative liabilities: forward exchange contracts	28	0.3	1.6
Accrued interest payable		3.2	3.6
Miscellaneous current liabilities		6.3	14.8
<b>Total other current liabilities</b>		<b>31.2</b>	<b>40.2</b>

### Other long-term liabilities

Other long-term liabilities include no long-term finance lease liabilities (previous year none) and no deferred earn-out obligations (previous year CHF 1.4 million).

## 21 / PROVISIONS

in CHF millions	Employees and social security	Warranty and liability claims	Other	Total
<b>PROVISIONS 2023</b>				
At 1 January 2023	14.3	1.3	3.0	18.6
Charges	22.2	1.7	0.5	24.4
Uses	-22.6	-0.9	-1.6	-25.1
Unused amounts reversed	-	-0.2	-0.5	-0.7
Exchange differences	-0.8	-0.2	0.0	-1.0
<b>At 31 December 2023</b>	<b>13.1</b>	<b>1.7</b>	<b>1.4</b>	<b>16.2</b>
Thereof current provisions	9.4	1.7	0.8	11.9
Thereof long-term provisions	3.7	-	0.6	4.3

in CHF millions	Employees and social security	Warranty and liability claims	Other	Total
<b>PROVISIONS 2022</b>				
At 1 January 2022	14.5	0.6	3.8	18.9
Charges	21.8	0.1	1.6	23.5
Uses	-21.6	-0.3	-1.6	-23.5
Unused amounts reversed	-	-0.2	-0.6	-0.8
Acquisition	0.1	1.1	-	1.2
Exchange differences	-0.5	-0.0	-0.2	-0.7
<b>At 31 December 2022</b>	<b>14.3</b>	<b>1.3</b>	<b>3.0</b>	<b>18.6</b>
Thereof current provisions	10.1	1.3	1.7	13.1
Thereof long-term provisions	4.2	-	1.3	5.5

### Discounting

Long-term provisions amounting to CHF 0.9 million were discounted using discount rates between 1.0 and 7.5%.

### Employees and social security

This provision covers holiday pay, overtime, statutory termination benefits, long-term employee retention plans and similar liabilities. The provisions are calculated based on actual data.

### Warranty and liability claims

The Datwyler Group gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements as well as on past experience. The provision for liability claims is based on actual claims reported, which are generally settled within one year.

### Other provisions

Other provisions among others include provisions relating to onerous contracts.

## 22 / DEFERRED INCOME TAX ASSETS/LIABILITIES

in CHF millions	Note	2023	2022
<b>At 1 January:</b>			
Deferred income tax assets		53.8	51.0
Deferred income tax liabilities		8.6	9.5
<b>Deferred income tax (assets)/liabilities, net</b>		<b>-45.2</b>	<b>-41.5</b>
Deferred income tax expense/(credit)		-5.9	-0.9
Acquisition of subsidiaries	31	-	-2.4
Exchange differences		4.1	-0.4
<b>At 31 December:</b>			
Deferred income tax assets		56.1	53.8
Deferred income tax liabilities		9.1	8.6
<b>Deferred income tax (assets)/liabilities, net</b>		<b>-47.0</b>	<b>-45.2</b>

Deferred income taxes are calculated at every subsidiary using the local effective income tax rates (weighted average around 23.6%, previous year around 22.1%) applicable.

### Tax loss carryforwards

Total available tax loss carryforwards result in deferred income tax assets, gross, of CHF 21.8 million (previous year CHF 30.0 million), of which an amount of CHF 19.6 million (previous year CHF 28.7 million) was capitalised. Deferred income tax assets were impacted by valuation allowances for and non-capitalisation of tax loss carryforwards in the amount of CHF 2.2 million (previous year CHF 1.3 million).

## 23 / SHARE CAPITAL

### Composition

in CHF	2023	2022
22 million registered shares of CHF 0.01 each	220'000	220'000
12.6 million bearer shares of CHF 0.05 each	630'000	630'000
<b>Total share capital</b>	<b>850'000</b>	<b>850'000</b>

## Per share data

	2023	2022
<b>Bearer shares</b>		
Par value (CHF)	0.05	0.05
Number of shares issued	12'600'000	12'600'000
Proposed/approved dividend per bearer share (CHF)	3.20 <sup>1</sup>	3.20
<b>Registered shares</b>		
Par value (CHF)	0.01	0.01
Number of shares issued	22'000'000	22'000'000
Proposed/approved dividend per registered share (CHF)	0.64 <sup>1</sup>	0.64
<b>Total par value of shares ranking for dividend (CHF)</b>	<b>850'000</b>	<b>850'000</b>
Authorised additional share capital	none	none
Authorised contingent share capital	none	none
Registration/voting restrictions	none	none
Opting-out and opting-up provisions	none	none

<sup>1</sup> See Board of Directors' proposed appropriation of retained earnings.

## 24 / NET RESULT PER SHARE

Net result per share is calculated by dividing net result by the weighted average number of shares in issue and ranking for dividend, excluding the weighted average number of treasury shares. The weighted value of the 22'000'000 registered shares represents 4'400'000 bearer shares. As in the previous year, the weighted average number of bearer and registered shares outstanding was 17 million shares in total. The short-term purchase and subsequent award of treasury shares, see notes 25 and 26, had no noticeable impact on the calculation of earnings per share. The net result per share of CHF 3.93 (previous year CHF 6.16) thus arises from the simple division of the net result of CHF 66.8 million (previous year CHF 104.8 million) by the weighted average number of 17 million shares.

## 25 / TREASURY SHARES

In 2023, a total of 20,320 (previous year: 19,152) shares were acquired from the related party Pema Holding AG in two transactions. In April, 13,876 (previous year: 14,416) bearer shares were acquired at the current market price of CHF 199.80 (previous year: CHF 307.50) and allocated to the plan participants as part of the long-term participation plan. In June, a further 6,444 (previous year 4,736) bearer shares were acquired at the current market price of CHF 220.00 (previous year CHF 230.50) and allocated to the members of the board of directors as part of the share participation plan, see note 26. As at the end of 2023, no treasury shares were held, as at the end of the previous year.

## 26 / SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN

Since 2007, directors and senior executives received a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc.

The share award plan was introduced in 2007 and since 2019 only directors have participated in this plan. The awarding of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on current market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date. In June 2023, directors were awarded a total of 6'444 (previous year 4'736) bearer shares of Dätwyler Holding Inc., see also note 25. Personnel expenses relating to the share award plan amount to CHF 1.4 million (previous year CHF 1.1 million), without impact on additional paid-in capital (previous year no impact on additional paid-in capital).

Since 2018, a long-term incentive plan exists for senior executives, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfilment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies. Personnel expenses for the long-term incentive plan attributable to 2023 amount to CHF 1.5 million (previous year CHF 1.4 million). Under this plan, shares were awarded April 2023, when 13'876 (previous year 14'416) bearer shares of Dätwyler Holding Inc. were distributed, see also note 25.

## 27 / SHAREHOLDERS

At year-end 2023, Pema Holding AG holds as in the previous year all 22'000'000 registered shares, plus 5'041'465 (previous year 5'061'785) of the total of 12'600'000 bearer shares of Dätwyler Holding Inc. This represents 78.15% (previous year 78.21%) of the voting rights and 55.54% (previous year 55.66%) of the share capital. The entire share capital of Pema Holding AG is held by Dätwyler Führungs AG, thereby indirectly possessing the majority of the voting rights in Dätwyler Holding Inc.

The Board of Dätwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3% or more of the total voting rights.

## 28 / DERIVATIVE FINANCIAL INSTRUMENTS

The Group economically hedges part of its exposure to foreign currency risk on trade accounts receivable and payable as well as intercompany loans. Forward exchange contracts and currency options, which generally have maturities of less than 12 months, are used as hedging instruments.



### Unsettled forward exchange contracts

in CHF millions	31.12.2023	31.12.2022
Positive fair value	20.2	6.6
Notional amounts	436.3	266.9
Negative fair value	0.3	1.6
Notional amounts	5.2	101.6

These forward exchange contracts have maturities until June 2024. Positive fair values are recorded as other receivables (see note 13), while negative fair values have been recognised in other current liabilities (see note 20).

## 29 / CONTINGENT LIABILITIES

In the ordinary course of business, the Group is exposed to a number of risks among others in connection with litigation cases and outstanding or disputed tax assessments which can lead to possible obligations (contingent liabilities). For most actual cases the amounts involved are insignificant. No provisions have been made where the outcome of such matters is uncertain or the risk is not quantifiable or an outflow of resources is not probable. Provisions have been recognised to the extent that the outcome can be reliably estimated and an outflow of resources is probable.

At year-end 2023, no guarantees in favour of third parties were outstanding. The Datwyler Group has not given any other guarantees in respect of its business relationships with third parties. Performance bonds and guarantees within the Group have been eliminated on consolidation. There are no subordination agreements with third parties.

In the contract for the sale of Distrelec and Nedis in December 2019, the Group issued customary contractual warranties in favor of the buyers. These warranties are generally limited to a maximum of CHF 5.0 million and, in certain cases, apply for a maximum of five years or until the respective statutory limitation period expires.

## 30 / COMMITMENTS

### Maturities of commitments under operating leases, long-term rental and outsourcing agreements

in CHF millions	2023	2022
Less than 1 year	18.2	18.0
Between 2 and 5 years	25.9	32.4
Over 5 years	2.6	3.5
<b>Total commitments</b>	<b>46.7</b>	<b>53.9</b>

Total commitments include CHF 17.6 million (previous year CHF 25.2 million) relating to IT outsourcing contracts for the years 2024 to 2026. Operating lease payments recognised as an expense in the income statement amounted to CHF 6.7 million (previous year CHF 5.6 million). There are no individually significant operating leases.

## 31 / ACQUISITIONS OF SUBSIDIARIES

No acquisitions were made in the current year. The Acquisitions of subsidiaries in the prior year had the following effect on the Group's assets and liabilities:

At the beginning of March 2022, Yantai Xinhui Packing Co. Ltd. in Yantai (Shandong), China, were fully acquired by the Healthcare Solutions business area. The acquired companies employed 213 people and generated between March and the end of December 2022 net revenue of CHF 15.1 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Fair value on acquisition
Cash and cash equivalents	0.5
Trade accounts receivable	3.1
Inventories	2.6
Other current assets	0.7
Property, plant and equipment	20.1
Other non-current assets	0.1
Current liabilities	-14.5
<b>Net assets acquired at fair value</b>	<b>12.6</b>
Goodwill including directly attributable transaction costs	46.3
Total	58.9
Less cash and cash equivalents acquired	-0.5
<b>Net cash outflow on acquisition</b>	<b>58.4</b>

In May 2022, QSR headquartered in Twinsburg (OH), USA, was fully acquired by the Industrial Solutions business area. The acquired companies employed 1'575 people and generated between May and the end of December 2022 net revenue of CHF 112.7 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Fair value on acquisition
Cash and cash equivalents	5.5
Trade accounts receivable	41.6
Inventories	37.3
Other current assets	5.6
Property, plant and equipment	37.5
Other non-current assets	3.0
Current liabilities	-27.4
Long-term liabilities	-0.6
<b>Net assets acquired at fair value</b>	<b>102.5</b>
Goodwill including directly attributable transaction costs	505.2
Total	607.7
Less cash and cash equivalents acquired	-5.5
<b>Net cash outflow on acquisition</b>	<b>602.2</b>

At the end of August 2022, CTsystems AG in Dübendorf, Switzerland, was fully acquired by the Industrial Solutions business area. Total assets acquired amounted to CHF 1.2 million, including a goodwill of CHF 1.1 million.

## 32 / RELATED PARTY TRANSACTIONS

### **Pema Holding AG**

Transactions with related parties include the dividend payments to Pema Holding AG of CHF 30.3 million (previous year CHF 39.8 million) and administrative costs of CHF 120'000 (previous year CHF 120'000) for administration and accounting services provided by Alvest AG. In addition, the following transactions with Pema Holding AG and its subsidiaries occurred in 2023: Net revenue none (previous year none), material expense of CHF 0.0 million (previous year CHF 0.1 million), IT and trademark service revenues and other service revenue of CHF 8.2 million in total (previous year CHF 8.1 million) and service expenses of CHF 0.7 million (previous year CHF 0.7 million). Pema Holding AG granted long-term loans to Dätwyler Holding Inc. in the amount of CHF 198.0 million (previous year proceeds amounting to CHF 154.0 million) with interest charges of CHF 1.3 million (previous year CHF 0.5 million). A total of 20'320 shares (previous year 19'152 shares) of Dätwyler Holding AG were purchased from Pema Holding AG at current market prices, see notes 25 and 26. Accounts receivable and payable with Pema Holding AG and its subsidiaries are disclosed as items with related parties in notes 11 and 19.

### **Pension schemes**

Alvest AG charged administrative costs of CHF 0.2 million (previous year CHF 0.2 million) to the pension schemes.

### **Remuneration of Directors and Executive Board members**

Except for the remuneration as disclosed in the remuneration report of the annual report, no further relations or transactions existed in 2023 and 2022 with the members of the Board of Directors and the Executive Board.

## 33 / EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors and the Executive Board are not aware of any other significant events occurring up to the date of approval of the consolidated financial statements on 5 February 2024 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

## 34 / SUBSIDIARIES

Dätwyler Holding Inc. directly or indirectly owned the following fully consolidated subsidiaries at 31 December 2023, all with a capital and voting interest of 100%. There are no minority interests.

		Registered office	Original currency	Capital in original currency (in millions)	Healthcare Solutions	Industrial Solutions	Service and financial companies
<b>SWITZERLAND</b>	Alvest AG *	Altdorf	CHF	15.000			●
	CTsystems AG	Dübendorf	CHF	0.100		○	
	Dätwyler AG *	Altdorf	CHF	0.100			●
	Dätwyler IT Services AG *	Altdorf	CHF	0.100			●
	Dätwyler Schweiz AG *	Schattdorf	CHF	32.000		○	
	Pohl Immobilien AG	Schattdorf	CHF	1.600	●		
<b>BELGIUM</b>	Datwyler Pharma Packaging Belgium NV *	Alken	EUR	17.688	○		
<b>BRAZIL</b>	Datwyler do Brasil Ltda.	São Leopoldo	BRL	36.694		○	
<b>CHINA</b>	Datwyler Sealing Technologies (Anhui) Co., Ltd.	Ningguo	USD	5.000		○	
	Datwyler Sealing Technologies (Wuxi) Co., Ltd.	Wuxi	USD	5.000		○	
	Quality Synthetic Rubber (Dongguan) Co., Ltd.	Dongguan	CNY	18.401		○	
	Datwyler Pharma Packaging (Yantai) Co., Ltd.	Yantai	CNY	99.800	○		
<b>GERMANY</b>	Dätwyler Pharma Packaging Deutschland GmbH	Karlsbad	EUR	2.600	○		
	Dätwyler Sealing Solutions Deutschland GmbH & Co. KG	Cleebronn	EUR	2.800		○	
<b>INDIA</b>	Datwyler IT Services India LLP	Magarpatta, Pune	INR	0.100			●
	Datwyler Pharma Packaging India Private Limited	Kesurdi, Satara	INR	656.233	○		
<b>HONGKONG</b>	Quality Synthetic Rubber (Hong Kong) Limited	Hongkong	USD	0.001		○	
<b>LATVIA</b>	Datwyler IT Services SIA	Riga	EUR	0.003			●
<b>ITALY</b>	Datwyler Pharma Packaging Italy S.r.L.	Milano	EUR	2.000	○		
	Datwyler Sealing Solutions Italy S.p.A.	Viadanica	EUR	1.300		○	
<b>MEXICO</b>	Datwyler Sealing Technologies México S. DE R.L. DE C.V.	Silao	MXN	82.000		○	
	Q Seals de México S. DE R.L. DE C.V.	Querétaro	MXN	0.003		○	
	Qventas (México) S. DE R.L. DE C.V.	Querétaro	MXN	0.010		○	
<b>SOUTH KOREA</b>	Datwyler Korea Inc.	Daegu	KRW	1'131.000		○	
<b>CZECH REPUBLIC</b>	Datwyler Sealing Technologies CZ s.r.o.	Nový Bydžov	CZK	20.000		○	
<b>UKRAINE</b>	Datwyler Sealing Technologies Ukraine JSC	Malyn	UAH	12.500		○	
<b>USA</b>	Datwyler Parco Holdings Inc.	Wilmington	USD	0.000		●	
	Datwyler Pharma Packaging USA Inc.	Pennsauken	USD	0.001	○		
	Datwyler Sealing Solutions USA Inc.	Dayton	USD	0.153		○	
	Double-E LLC	Dallas	USD	0.000		○	
	Lexington Rubber Group Inc.	Wilmington	USD	0.000		○	
	Parco LLC	Ontario	USD	0.000		○	
	Q Holdco LLC	Wilmington	USD	0.000		●	
	TAC Materials Inc.	Bedford	USD	0.000		○	

○ Manufacturing and sales

● Services/finance/real estate

\* = Held directly by Dätwyler Holding Inc.

# Report of the Statutory Auditor on the Consolidated Financial Statements



## Statutory Auditor's Report

To the General Meeting of Dätwyler Holding AG, Altdorf

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Dätwyler Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages F06 to F36) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter



#### REVENUE RECOGNITION

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## REVENUE RECOGNITION

### Key Audit Matter

Consolidated net revenue recognized for the year ended 31 December 2023 amounted to CHF 1'151.5 million. Revenues are an important metric to evaluate the Group's business performance and are therefore considered by external and internal stakeholders.

In the Business Areas Industrial Solutions und Healthcare Solutions revenues are mainly generated from the sale of products from own production. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer in accordance with the agreed terms and conditions. Risk and rewards of ownership generally transfer with their delivery. Revenues under long-term multiple supply contracts are recorded at delivery of each instalment, according to the quantity delivered. These circumstances have to be considered when determining the appropriate time of revenue recognition. This results in a significant risk from an audit perspective. There is a risk that Revenues may be deliberately over or understated in order for management to achieve planned results. This could for example occur by manipulating inputs in the Group's accounting system. Based on this rationale, we consider revenue recognition as a key audit matter.

### Our response

We obtained an understanding of the revenue recognition process from initiating sales orders to payment receipts. Based on this we critically assessed whether transactions are completely and accurately recorded in the consolidated financial statements.

We considered the existence (design and implementation) of the relevant controls within the Group and we tested the operating effectiveness of key controls relating to revenue recognition on a sample basis. We assessed the appropriateness of accounting policies for revenue recognition and, specifically, for the appropriate time of revenue recognition.

In addition and among others, our procedures included the following:

- On a sample basis, we performed detailed cut-off testing of revenue transactions to either side of the balance sheet date with reference to shipping documentation and contracts. Based on that we assessed the appropriate revenue recognition based on the transfer of risks and rewards of ownership to the buyer in accordance with the agreed terms and conditions.
- On a sample basis, we obtained trade debtors confirmations and agreed the confirmations to the trade debtors balances.
- On a sample basis, we assessed the appropriateness of credit notes issued as well as the payments received after year end.
- In addition we performed analytical procedures including gross margin trend analysis on a Division level as well as on the level of various entities.

In addition to the procedures described above, we further addressed the risk of management override of controls by analysing manual journal entries related to revenue accounts.

For further information on Revenue Recognition refer to the following:

- Summary of Significant Accounting Policies on page F10
- Segment Information on page F17



#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Melanie Gamma  
Licensed Audit Expert

Zurich, 5 February 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# Dätwyler Holding Inc.

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## Income Statement

in CHF	Notes	2023	2022
Dividend income from subsidiaries	2.1	72'007'976	52'216'836
Trademark income	2.2	13'757'140	14'287'000
Reversal of provisions	2.3	489'256	66'879
Personnel expenses		-2'055'970	-1'690'949
Other operating expenses	2.4	-2'151'458	-2'520'694
<b>Income before interest and taxes</b>		<b>82'046'944</b>	<b>62'359'072</b>
Financial expenses	2.5	-9'987'693	-6'176'091
Financial income	2.6	16'719'416	12'478'817
<b>Earnings before taxes</b>		<b>88'778'667</b>	<b>68'661'798</b>
Direct taxes		-1'652'241	-1'600'385
<b>Net result</b>		<b>87'126'426</b>	<b>67'061'413</b>

The accompanying notes are an integral part of these financial statements.

# Balance Sheet

## Assets

in CHF	Notes	31.12.2023	31.12.2022
Cash and cash equivalents		751'444	1'150'847
Other current receivables		13'138'782	27'503'996
– Due from third parties		483'176	595'838
– Due from subsidiaries		12'655'606	26'908'158
<b>Total current assets</b>		<b>13'890'226</b>	<b>28'654'843</b>
Financial assets: Long-term receivables from subsidiaries	2.7	1'190'688'000	1'100'918'600
Investments in subsidiaries	2.8	327'678'918	327'678'918
Intangible assets: Trademarks		1	1
<b>Total non-current assets</b>		<b>1'518'366'919</b>	<b>1'428'597'519</b>
<b>Total assets</b>		<b>1'532'257'145</b>	<b>1'457'252'362</b>

## Liabilities and shareholders' equity

in CHF	Notes	31.12.2023	31.12.2022
Current liabilities third parties		2'920'873	3'770'033
Short-term interest-bearing liabilities: 0.625% Bond, repayable on 30 May 2024	2.9	150'000'000	–
Current provisions		280'000	415'000
Accrued expenses and deferred income		1'258'981	1'363'109
<b>Total current liabilities</b>		<b>154'459'854</b>	<b>5'548'143</b>
Long-term interest-bearing liabilities due to Pema Holding AG		198'000'000	154'000'000
Long-term interest-bearing liabilities: Bond, repayable on 13 July 2027	2.9	240'000'000	390'000'000
Long-term provisions		667'646	1'301'000
<b>Total long-term liabilities</b>		<b>438'667'646</b>	<b>545'301'000</b>
<b>Total liabilities</b>		<b>593'127'500</b>	<b>550'849'143</b>
Share capital	2.10	850'000	850'000
Statutory capital reserves		83'000'000	83'000'000
Statutory retained earnings		4'000'000	4'000'000
Voluntary retained earnings	2.12	305'263'318	305'263'318
Retained earnings available for distribution		546'016'327	513'289'901
– Profit carried forward		458'889'901	446'228'488
– Net result		87'126'426	67'061'413
<b>Total shareholders' equity</b>		<b>939'129'645</b>	<b>906'403'219</b>
<b>Total liabilities and shareholders' equity</b>		<b>1'532'257'145</b>	<b>1'457'252'362</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the Financial Statements

## 1 / VALUATION PRINCIPLES

These Financial Statements were prepared in accordance with the provisions of the Swiss Code of Obligations concerning accounting and financial reporting standards (SCO 957 ff.). Significant balance sheet items are reported as follows.

### **Financial assets and investments in subsidiaries**

Financial assets are measured at nominal value less necessary impairment charges. Investments in subsidiaries are measured individually at purchase price less necessary impairment charges.

### **Measurement of liabilities/bonds**

Liabilities including bonds are carried at nominal value.

## 2 / EXPLANATIONS CONCERNING THE FINANCIAL STATEMENTS

Dätwyler Holding Inc. is domiciled in Altdorf.

The average number of full-time equivalents in the course of a year does not exceed ten employees.

### **2.1 / DIVIDEND INCOME FROM SUBSIDIARIES**

Dividend income from subsidiaries comprises profit distributions from subsidiaries.

### **2.2 / TRADEMARK INCOME**

The right to use the trademark Dätwyler is invoiced to subsidiaries and related companies.

### **2.3 / REVERSAL OF PROVISIONS**

In 2019, a provision for onerous contracts was charged to income. In 2023 as in the previous year, a part of this provision was reversed to income.

### **2.4 / OTHER OPERATING EXPENSES**

This item comprises Dätwyler Holding Inc.'s general costs of doing business. Dätwyler Holding Inc. has no operating costs, as these are charged in full to Alvest AG and then in turn to the subsidiaries. "Stewardship costs" (Dätwyler Holding Inc. administrative expenses) are charged to Dätwyler Holding Inc.

### **2.5 / FINANCIAL EXPENSES**

Financial expenses mainly include interest expenses for bonds, interest to Pema Holding AG, foreign currency effects, commissions and finance charges.

### **2.6 / FINANCIAL INCOME**

Financial income is derived primarily from interest-bearing assets of subsidiaries and foreign currency effects.

## **2.7 / LONG-TERM RECEIVABLES FROM SUBSIDIARIES**

These are Swiss franc and Euro denominated long-term loans receivable from subsidiaries. Foreign currency balances are fully hedged.

## **2.8 / INVESTMENTS IN SUBSIDIARIES**

Dätwyler Holding Inc.'s direct and indirect subsidiaries are disclosed in note 34 to the consolidated financial statements.

## **2.9 / BONDS**

On 15 June 2022, a 2.1% CHF 240.0 million bond was placed with a five-year term and annual interest payments starting on 13 July 2023. This bond was paid up on 13 July 2022 at an issue price of 100.035%. On 30 May 2018, a 0.625% CHF 150.0 million bond was placed at an issue price of 100.368%. Interest payments are due annually on 30 May and the bond is repayable on 30 May 2024.

## **2.10 / SHARE CAPITAL**

in CHF	31.12.2023	31.12.2022
22'000'000 registered shares at CHF 0.01 par	220'000	220'000
12'600'000 bearer shares at CHF 0.05 par	630'000	630'000
<b>Share capital</b>	<b>850'000</b>	<b>850'000</b>

Shares in Dätwyler Holding Inc. are listed on the SIX Swiss Exchange. Each registered share and each bearer share, regardless of nominal value, carries one vote at the General Meeting of Shareholders, with the exception of bearer treasury shares.

All 22'000'000 registered shares along with 5'041'465 of the total 12'600'000 bearer shares are held by Pema Holding AG, Altdorf, resulting in a percentage of capital of 55.54% and a percentage of voting shares of 78.15%.

The Board of Directors is not aware of any further shareholders or of shareholder voting pools whose interest reaches 3% of all votes.

## **2.11 / SHARE OWNERSHIP AND LONG-TERM INCENTIVE PLAN / TREASURY SHARES**

In the current year, a total of 20'320 (previous year 19'152) bearer shares were acquired by Alvest AG in two transactions. In April, 13'876 (previous year 14'416) bearer shares were acquired at the current stock exchange price of CHF 199.80 (previous year CHF 307.50) and distributed to the participants of the long-term incentive plan of the group. In June, another 6'444 (previous year 4'736) bearer shares were acquired at the current stock exchange price of CHF 220.00 (previous year CHF 230.50) and then allocated to the members of the Board of Director within the scope of the share award plan with a total value of CHF 1'417'680 (previous year CHF 1'091'648), see Remuneration Report. At the end of 2023 and 2022, no treasury shares were held.

## **2.12 / VOLUNTARY RETAINED EARNINGS**

The voluntary retained earnings represent a free reserve at the disposal of the General Meeting of Shareholders.

## **2.13 / SURETIES, GUARANTEES AND PLEDGE COMMITMENTS IN FAVOUR OF THIRD PARTIES**

On joint and several liability basis, guarantees amounting to USD 55.0 million (previous year USD 155.0 million) and lines of credit in the amount of CHF 17.9 million (previous year CHF 18.1 million) were granted to various subsidiaries, of which CHF 0.5 million (previous year CHF 0.5 million) were used. In addition, no guarantees were outstanding as of the balance sheet date (previous year CHF 3.1 million for rental commitments).

## **2.14 / JOINT AND SEVERAL LIABILITY**

Since 1 January 2009 the company has been a member of the value-added tax group under the number CHE-116.346.605 MWST. The principal member of the group is Alvest AG, Altdorf. For the term of its membership in this group, the company bears joint and several liability pursuant to Art. 15 para. 1 lit c of the VAT Act.

## **2.15 / CONTINGENT LIABILITIES**

In the normal course of business, risks arise in connection with such matters as legal disputes and pending or disputed tax assessments that could potentially lead to liabilities (contingent liabilities). The amount involved in most current cases is immaterial. Where the outcome of such cases is unclear or the risk is unquantifiable or the likelihood of an outflow of funds is unlikely, no provisions are being made. Provisions are being made where the outcome can be estimated or an outflow of funds is probable.



## 2.16 / BOARD OF DIRECTORS AND EXECUTIVE BOARD SHAREHOLDINGS

As at 31 December 2023, the individual members of the Board of Directors and Executive Management and their related parties held the following quantities of the company's equity securities:

### Board of Directors shareholdings 2023

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2024	2025	2026	2027	2028
Hälg, Paul J.	Chairman	37'539	0.108494	2'168	2'016	1'125	1'092	1'487
Fässler, Hanspeter	Vice-Chairman	14'586	0.042156	1'511	1'406	682	662	901
Breu, Jens	Member	3'588	0.010370	986	917	512	497	676
Cornaz, Claude R.	Member	4'377	0.012650	986	917	512	497	676
Fedier, Jürg	Member	7'677	0.022188	986	917	512	497	676
Hirzel, Martin	Member	1'685	0.004870	0	0	512	497	676
Huber, Gabi	Member	10'046	0.029035	986	917	512	497	676
van Walsum, Judith	Member	1'173	0.003390	0	0	0	497	676

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

### Executive Management shareholdings 2023

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2024	2025	2026	2027	2028
Lambrecht, Dirk	CEO	22'160	0.064046	0	0	0	0	0
Scherz, Walter	CFO	2'850	0.008237	0	0	0	0	0
Borghs, Dirk	COO	1'623	0.004691	0	0	0	0	0
Gérard, Sabrina	CSO	0	–	0	0	0	0	0
Schön, Frank	CTO	1'147	0.003315	0	0	0	0	0

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

## Board of Directors shareholdings 2022

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2023	2024	2025	2026	2027
Hälg, Paul J.	Chairman	36'052	0.104197	1'736	2'168	2'016	1'125	1'092
Fässler, Hanspeter	Vice-Chairman	13'685	0.039552	1'210	1'511	1'406	682	662
Breu, Jens	Member	2'912	0.008416	0	986	917	512	497
Cornaz, Claude R.	Member	3'701	0.010697	789	986	917	512	497
Fedier, Jürg	Member	7'001	0.020234	789	986	917	512	497
Hirzel, Martin	Member	1'009	0.002916	0	0	0	512	497
Huber, Gabi	Member	9'370	0.027081	789	986	917	512	497
van Walsum, Judith	Member	497	0.001436	0	0	0	0	497

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

## Executive Management shareholdings 2022

Last name, first name	Position	Number of shares	% of voting rights	Of which blocked until				
				2023	2024	2025	2026	2027
Lambrecht, Dirk	CEO	15'802	0.045671	0	0	0	0	0
Scherz, Walter	CFO	1'290	0.003728	250	0	0	0	0
Borghs, Dirk	COO	63	0.000182	0	0	0	0	0
Gérard, Sabrina	CSO	0	–	0	0	0	0	0
Schön, Frank	CTO	0	–	0	0	0	0	0

Share type: Bearer share, nom. CHF 0.05

Voting rights per bearer share: 0.00000289%

## 2.17 / SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## Proposed Appropriation of Retained Earnings

### Retained earnings carried forward

in CHF	2023	2022
Profit carried forward	458'889'901	446'228'488
Net result	87'126'426	67'061'413
<b>Retained earnings at disposal of General Meeting of Shareholders</b>	<b>546'016'327</b>	<b>513'289'901</b>

### Proposal of the Board of Directors on the appropriation of retained earnings

in CHF	2023  Proposal of the Board of Directors	2022  Resolution of the General Meeting of Shareholders
<b>Retained earnings at disposal of General Meeting of Shareholders</b>	<b>546'016'327</b>	<b>513'289'901</b>
Distribution of cash dividend	-54'400'000	-54'400'000
– Registered shares: CHF 0.64 (previous year CHF 0.64)	-14'080'000	-14'080'000
– Bearer shares: CHF 3.20 (previous year CHF 3.20)	-40'320'000	-40'320'000
<b>To be carried forward</b>	<b>491'616'327</b>	<b>458'889'901</b>

# Report of the Statutory Auditor on the Financial Statements



## Statutory Auditor's Report

To the General Meeting of Dätwyler Holding AG, Altdorf

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Dätwyler Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages F44 to F50) comply with Swiss law and the Company's articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of



Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in dark ink, appearing to read 'Toni Wattenhofer'.

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in dark ink, appearing to read 'M. Gamma'.

Melanie Gamma  
Licensed Audit Expert

Zurich, 5 February 2024

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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Shareholder Information

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# Five Year Summary

## Datwyler Group

in CHF millions	2023	2022	2021	2020	2019
<b>Net revenue</b>	<b>1'151.5</b>	<b>1'150.6</b>	<b>1'101.7</b>	<b>1'069.2</b>	<b>1'360.8</b>
Year-on-year change (%)	0.1	4.4	3.0	-21.4	-0.1
<b>EBITDA<sup>1,3</sup></b>	<b>200.6</b>	<b>225.0</b>	<b>241.8</b>	<b>211.0</b>	<b>197.1</b>
<b>Depreciation and amortisation</b>	<b>80.2</b>	<b>75.8</b>	<b>66.0</b>	<b>62.4</b>	<b>68.4</b>
As % of net revenue	7.0	6.6	6.0	5.8	5.0
Year-on-year change (%)	5.8	14.8	5.8	-8.8	11.2
<b>Operating result (EBIT)</b>	<b>120.4</b>	<b>149.2</b>	<b>234.2</b>	<b>-315.9</b>	<b>-40.3</b>
As % of net revenue	10.5	13.0	21.3	-29.5	-3.0
Year-on-year change (%)	-19.3	-36.3	n/a	683.9	-123.7
<b>Net result</b>	<b>66.8</b>	<b>104.8</b>	<b>194.0</b>	<b>-346.3</b>	<b>-86.6</b>
As % of net revenue	5.8	9.1	17.6	-32.4	-6.4
Year-on-year change (%)	-36.3	-46.0	n/a	299.9	-171.6
<b>Net cash from operating activities</b>	<b>194.9</b>	<b>118.6</b>	<b>183.5</b>	<b>185.3</b>	<b>174.8</b>
As % of net revenue	16.9	10.3	16.7	17.3	12.8
Year-on-year change (%)	64.3	-35.4	-1.0	6.0	7.3
<b>Free cash flow<sup>1</sup></b>	<b>136.7</b>	<b>-582.9</b>	<b>160.4</b>	<b>115.7</b>	<b>73.2</b>
<b>Non-current assets</b>	<b>626.1</b>	<b>695.1</b>	<b>630.5</b>	<b>609.2</b>	<b>629.8</b>
Year-on-year change (%)	-9.9	10.2	3.5	-3.3	-6.7
<b>Current assets</b>	<b>574.7</b>	<b>603.9</b>	<b>630.5</b>	<b>497.7</b>	<b>531.9</b>
Year-on-year change (%)	-4.8	-4.2	26.7	-6.4	-16.8
<b>Total assets</b>	<b>1'200.8</b>	<b>1'299.0</b>	<b>1'261.0</b>	<b>1'106.9</b>	<b>1'161.7</b>
<b>Equity</b>	<b>386.2</b>	<b>403.6</b>	<b>948.3</b>	<b>735.1</b>	<b>675.1</b>
Year-on-year change (%)	-4.3	-57.4	29.0	8.9	-18.4
As % of total assets	32.2	31.1	75.2	66.4	58.1
<b>Total liabilities</b>	<b>814.6</b>	<b>895.4</b>	<b>312.7</b>	<b>371.8</b>	<b>486.6</b>
Year-on-year change (%)	-9.0	186.3	-15.9	-23.6	-0.2
– Thereof current liabilities	314.8	190.2	143.7	199.6	303.0
– Thereof long-term liabilities	499.8	705.2	169.0	172.2	183.6
<b>Capital expenditures<sup>1</sup></b>	<b>53.0</b>	<b>101.8</b>	<b>110.9</b>	<b>90.8</b>	<b>104.6</b>
Year-on-year change (%)	-47.9	-8.2	22.1	-13.2	-24.2
<b>Personnel expenses</b>	<b>376.7</b>	<b>359.2</b>	<b>321.1</b>	<b>300.8</b>	<b>375.9</b>
Year-on-year change (%)	4.9	11.9	6.7	-20.0	6.1
<b>Number of employees (at year-end)</b>	<b>8'178</b>	<b>8'698</b>	<b>6'909</b>	<b>6'748</b>	<b>7'995</b>
Year-on-year change (%)	-6.0	25.9	2.4	-15.6	-3.7

<sup>1</sup> Datwyler Group uses certain financial performance measures that are not defined by Swiss GAAP. The definitions of these Alternative Performance Measures (APM) are explained on pages F60 to F62.

<sup>2</sup> In 2021/2020 before gain/loss on sale of subsidiaries, in 2019 before impairment charges.

## Dätwyler Holding Inc.

in CHF millions	2023	2022	2021	2020	2019
Finance and investment income	88.7	64.7	77.1	20.2	22.5
Net result	87.1	67.1	126.6	317.2	-359.3
Equity	939.1	906.4	910.7	838.5	572.3
Equity as % of total assets	61.3	62.2	85.6	79.7	66.4
Share capital	0.9	0.9	0.9	0.9	0.9
Distribution	54.4 <sup>1</sup>	54.4	71.4	54.4	51.0

<sup>1</sup> Board of Directors' proposal to the Annual General Meeting.



# Share Information

		2023	2022	2021	2020	2019
<b>Market price SIX (high/low)</b>						
Bearer share – high	CHF	250.50	410.00	408.50	263.50	189.60
Bearer share – low	CHF	154.20	150.00	250.50	125.60	123.00
<b>Trading volume</b>						
Number of shares		2'761'027	3'532'073	2'586'728	6'079'477	4'831'200
Value	in CHF mio.	532	849	810	1'107	741
<b>Gross dividend</b>						
Bearer share	CHF	3.20 <sup>1</sup>	3.20	4.20	3.20	3.00
Registered share	CHF	0.64 <sup>1</sup>	0.64	0.84	0.64	0.60
<b>Net result per share</b>						
Bearer share	CHF	3.93	6.16	11.41	–20.37	–5.09
Registered share	CHF	0.79	1.23	2.28	–4.07	–1.02
<b>Net cash from operating activities per share</b>						
Bearer share	CHF	11.46	6.98	10.79	10.90	10.28
Registered share	CHF	2.29	1.40	2.16	2.18	2.06
<b>Price/earnings ratio (average)</b>		49.0	39.0	27.4	n/a	n/a
<b>Equity per share</b>						
Bearer share	CHF	23	24	56	43	40
Registered share	CHF	5	5	11	9	8
<b>Market capitalisation</b>						
Average for the year	in CHF mio.	3'276	4'086	5'323	3'096	2'607
As % of equity		848	1'012	561	421	386
At 31 December	in CHF mio.	3'318	3'128	6'834	4'369	3'169
As % of equity		859	775	721	594	469

The Articles of Association of Dätwyler Holding Inc. do not contain any opting-out or opting-up provisions pursuant to the Swiss Stock Exchange Act.

<sup>1</sup> Board of Directors' proposal to the Annual General Meeting.

## Alternative Performance Measures (APM)

### EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

in CHF millions	Note	2023	2022
<b>Revenue</b>		1'151.5	1'150.6
<b>Operating result (EBIT)</b>		120.4	149.2
EBIT margin		10.5%	13.0%
Depreciation and amortisation	7	80.2	75.8
<b>EBITDA</b>		<b>200.6</b>	<b>225.0</b>
EBITDA margin		17.4%	19.6%

### RETURN ON CAPITAL EMPLOYED (ROCE)

ROCE is calculated by dividing the operating result (EBIT) by the average capital employed. The following table illustrates the ROCE calculation:

in CHF millions	2023	2022
<b>EBIT</b>	120.4	149.2
EBIT margin	10.5%	13.0%
Average capital employed	896.6	848.4
<b>Return on capital employed</b>	<b>13.4%</b>	<b>17.6%</b>

### AVERAGE CAPITAL EMPLOYED (CE)

Average capital employed according to Datwyler's definition is calculated using the average of the trade accounts receivable, inventories, property, plant and equipment excluding assets under construction, intangible assets less trade accounts payable. Averages are calculated using the balance sheet amounts per 31 December, 30 June and 31 December of the prior year divided by 3 as illustrated on the following table:

in CHF millions	31.12.2023	30.06.2023	31.12.2022	30.06.2022	31.12.2021
Trade accounts receivable	227.2	249.9	250.3	250.0	169.7
Inventories	166.7	199.4	209.0	214.6	143.4
Property, plant and equipment excluding assets under construction	504.1	542.8	510.9	507.3	461.1
Intangible assets	31.4	33.1	31.8	29.1	27.4
Trade accounts payable	-81.6	-89.7	-95.6	-95.5	-68.3
<b>Capital employed (CE)</b>	<b>847.8</b>	<b>935.5</b>	<b>906.4</b>	<b>905.5</b>	<b>733.3</b>
<b>Average capital employed</b>	<b>896.6</b>	<b>848.4</b>			

The average capital employed per 31 December 2023 is calculated using the capital employed per 31 December 2023, 30 June 2023 and 31 December 2022 dividing by 3 equalling CHF 896.6 million. Similarly, the average per 31 December 2022 equates the average of 31 December 2022, 30 June 2022 and 31 December 2021. The ROCE as presented for the Business Areas Healthcare Solutions and Industrial Solutions is calculated accordingly.

in CHF millions	Healthcare Solutions		Industrial Solutions	
	2023	2022	2023	2022
<b>EBIT</b>	<b>74.4</b>	<b>106.3</b>	<b>46.0</b>	<b>42.9</b>
Average capital employed	466.8	443.9	422.7	399.2
<b>Return on capital employed (ROCE)</b>	<b>15.9%</b>	<b>23.9%</b>	<b>10.9%</b>	<b>10.7%</b>

## CAPITAL EXPENDITURES

Capital expenditures represent the additions to property, plant and equipment and intangible assets as presented in the tables of notes 14 and 15 of the consolidated financial statements (as opposed to the cash flow statement on page F08 where capital expenditures relate to cash payments only).

in CHF millions	Note	Healthcare Solutions		Industrial Solutions		Datwyler Group	
		2023	2022	2023	2022	2023	2022
Capital expenditures in property, plant and equipment	14	19.8	53.8	25.4	37.6	45.3	91.6
Capital expenditures in intangible assets	15	2.2	4.4	5.4	5.6	7.7	10.2
<b>Total capital expenditures</b>		<b>22.0</b>	<b>58.2</b>	<b>30.8</b>	<b>43.2</b>	<b>53.0</b>	<b>101.8</b>

## FREE CASH FLOW AND NET CHANGE IN CASH AND CASH EQUIVALENTS

Free cash flow equals net cash from operating activities reduced by net cash used in investing activities as presented in the cash flow statement on page F08.

in CHF millions	2023	2022	2021	2020	2019
Net cash from operating activities	194.9	118.6	183.5	185.3	174.8
Net cash used in investing activities	-58.2	-701.5	-23.1	-69.6	-101.6
<b>Free cash flow</b>	<b>136.7</b>	<b>-582.9</b>	<b>160.4</b>	<b>115.7</b>	<b>73.2</b>
Net cash from financing activities	-109.7	466.8	-113.0	-132.7	-49.2
<b>Net change in cash and cash equivalents</b>	<b>27.0</b>	<b>-116.1</b>	<b>47.4</b>	<b>-17.0</b>	<b>24.0</b>

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