



# Code of Conduct

Dear Members of the Datwyler Group,

More than 100 years of innovation for the benefit of our customers, employees, shareholders and other stakeholders – that is the hallmark of the Datwyler Group. Over this period, Datwyler has evolved from a family-owned Swiss company into an international group. Building on our strong roots, we have developed our own style with high standards and unique values:

We are entrepreneurs.

We bring value to our customers.

We excel in what we do.

We have respect for others.

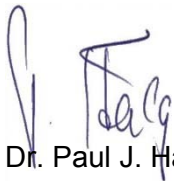
While the social and economic environment is changing at an ever faster pace, we want to uphold the strengths of the Datwyler Group. This makes it vital to establish clear guidelines summarising our continuously grown standards. The Code of Conduct below sets out those same standards of conduct that our employees have always applied using good common sense.

We are convinced that these traditional basic values are regaining importance in our continually globalising world and that they will be an additional competitive advantage. Based on this conviction, the Datwyler Group has joined the UN Global Compact. As a member of this UN initiative, the Datwyler Group has committed itself to the ten principles relating to human rights, labour standards, environmental protection and anti-corruption initiatives.

For us as an international group with companies and sales activities around the world, it is important to lay down binding standards of conduct that we expect and to take appropriate disciplinary action in the event of any violations. As in the past, we are confident that everyone who works for the Datwyler Group will adhere to the highest standards of ethical behaviour. If any unclear situations arise in day-to-day business activities, this Code of Conduct will provide practical guidance. We are counting on you!

On behalf of the Board of Directors

On behalf of the Executive Board



Dr. Paul J. Hälg, Chairman



Dirk Lambrecht, CEO

Altdorf, 27 June 2008, updated on 1 January 2014 and 2 February 2018

For the sake of simplicity, the terms “he”, “his”, “him” and “himself” are used throughout the Code of Conduct to refer to both male and female.

## **Contents**

1. Background
2. Principles and objectives
3. Basic principles of conduct –  
no violations of law, discrimination or harassment
  - 3.1 Compliance with laws
  - 3.2 Mutual respect, honesty and integrity
  - 3.3 Upholding the reputation of the Datwyler Group
  - 3.4 Coordinated external communications
4. Attractive employer
  - 4.1 Modern corporate governance
  - 4.2 Decentralised management
  - 4.3 Responsibility and supervision
  - 4.4 Fair employment conditions
  - 4.5 Systematic training and development
  - 4.6 Occupational health and safety
5. Dealings with business partners and third parties –  
no collusion, bribery or corruption
  - 5.1 Compliance with competition and antitrust laws
  - 5.2 No offering and granting of benefits
  - 5.3 No solicitation and acceptance of benefits
  - 5.4 Special contracting rules
  - 5.5 Sponsorship payments and donations
  - 5.6 Separate Supplier Code of Conduct
6. Avoiding conflicts of interest
  - 6.1 Policy of avoidance
  - 6.2 Non-competition
  - 6.3 Outside activities
7. Use and protection of Company assets and information
  - 7.1 Use of assets
  - 7.2 Records and reports
  - 7.3 Confidentiality: intellectual property and inside information
  - 7.4 Data privacy and security
  - 7.5 General Data Protection Regulation (GDPR)
8. Environment and community
  - 8.1 Environmental protection
  - 8.2 Community involvement
9. Reporting procedure, violations and disciplinary action
10. Implementation and monitoring

## **1. Background**

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth. The Sealing Solutions Division is a leading supplier of customer specific sealing solutions to global market segments, such as the health care, automotive, civil engineering and consumer goods industries. The Technical Components Division is one of Europe's foremost high-service distributors of maintenance, automation, electronic and ICT components and accessories.

We seek to sustain profitable growth for the benefit of our customers, employees, shareholders and all other stakeholders. This is the foundation on which we add value in the long term and preserve the corporate independence of the Datwyler Group. As a competent development partner, we maintain close contact with our customers, deliver the highest quality and provide satisfaction with innovative services. Every Datwyler employee is committed to contributing to our customers' success in their markets.

## **2. Principles and objectives**

The Code of Conduct contains binding rules that apply to all employees of all Datwyler Group companies, subsidiaries and brands worldwide. They are designed to help deal with ethical and legal challenges in our day-to-day work. Any employee may speak to his superior or the manager of the local company at any time if he has questions or concerns relating to the Code of Conduct.

### **3. Basic principles of conduct – no violations of law, discrimination or harassment**

#### **3.1. Compliance with laws**

Compliance with laws is the top priority for our Company. Every employee must respect and obey the laws and regulations of the jurisdiction in which he operates. Violating the law must be avoided under all circumstances. Besides the penalties imposed by law, any employee guilty of a violation can expect disciplinary action, up to and including dismissal, for breach of his obligations under his employment contract.

#### **3.2 Mutual respect, honesty and integrity**

We respect the human rights, dignity, privacy and personal rights of every individual. We work with men and women of different origins, nationalities, cultures, religions and colours, nurturing a culture of mutual respect and trust. We will not tolerate any form of discrimination, humiliation, oppression, harassment or offence. In particular, we strictly condemn sexual harassment and bullying. We categorically reject the use of child and forced labour.

We are open and honest, act with integrity and take responsibility for our actions. We are reliable partners and do not make promises we cannot keep. These principles apply both to the way we interact with each other within the Company and to our conduct in dealings with external partners.

#### **3.3. Upholding the reputation of the Datwyler Group**

The reputation of the Datwyler Group largely depends on the behaviour and conduct of each one of us. Inappropriate behaviour or conduct of even a single employee can cause serious harm to the Company. Every employee is required to uphold the Datwyler Group's public image. All he does in the performance of his duties must be guided by this principle. Rules for the use of social media platforms by Datwyler Group employees are set out in separate Social Media Guidelines.

#### **3.4 Coordinated external communications**

The Datwyler Group maintains an open dialogue with all stakeholders. As a publicly listed company, Dätwyler Holding Inc. fosters relationships with investors, banks and media representatives, in particular, to promote the interests of shareholders. 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 provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of the SIX Swiss Exchange.

To ensure that all stakeholders are treated equally as required, it is critical that communications with members of the daily, business and financial media are coordinated by Corporate Communications and our press spokesman. All media inquiries must be referred to these staff of Dätwyler Holding Inc. This does not apply to inquiries from trade media concerning technical matters. Specific guidelines for dealing with the media are set out in a separate Communication Manual. The corporate design guidelines must be followed at all times when using any communication tools.

## **4. Attractive employer**

### **4.1 Modern corporate governance**

As a company committed to creating long-term value, Datwyler has a clear framework of sound organisational, management and control policies. These policies are set out in the Articles of Association, Rules of Organisation and Business Conduct, and the Delegation of Group Management Responsibilities of Dätwyler Holding Inc. They ensure compliance with modern principles of good corporate governance and are published each year in the Annual Report and on our website in accordance with the Corporate Governance Directive issued by the SIX Swiss Exchange.

### **4.2 Decentralised management**

The Datwyler Group operates a systematically decentralised management system within a clear framework. By taking decisions at the lowest possible level close to the market and customers, the Group fosters an entrepreneurial culture with a high level of identification and fast response times. Full transparency in the organisation ensures the necessary sense of responsibility in decision making. In the performance of his duties, every employee must abide by the Rules of Organisation, Delegation of Responsibilities and any special instructions issued by the employer.

### **4.3 Responsibility and supervision**

Each superior is responsible for the employees reporting to him. He must earn their respect through exemplary personal conduct, performance, reliability and social skills. He sets clear, ambitious and realistic goals, leads by trust and allows employees as much personal responsibility and freedom as possible. He or the Human Resources Department can also be consulted by employees if they have any job-related or personal concerns.

Each superior has organisational and supervisory duties to perform. He is responsible for ensuring that no violations of law are committed within his area of responsibility that could have been prevented or impeded by proper supervision. He still remains accountable even if some tasks have been delegated.

The following applies in particular to management, responsibility and supervision:

1. The superior must exercise care in selecting employees based on their personal and professional qualifications. The duty of care increases with the importance of the task to be performed by the employee (duty of selection).
2. The superior must define the tasks in a precise, complete and binding manner, in particular with respect to compliance with legal requirements (duty of instruction).
3. The manager must ensure that compliance with legal requirements is monitored continuously (duty of monitoring).
4. The superior must clearly communicate to employees that violations of law are not acceptable and will have consequences under labour law.

In addition, each superior is required to familiarise his employees with the Code of Conduct on a regular and documented basis.

#### **4.4 Fair employment conditions**

Datwyler Group companies ensure equal opportunities, equal treatment and fair employment conditions, pay fair wages and salaries, and offer employee benefits in line with national and industry standards. In business reorganisation programmes, we consider the needs of the employees. Regular employee surveys provide the foundation for continuous improvements. Our employees are free to join trade unions. We maintain a constructive dialogue with internal employee representatives.

#### **4.5 Systematic training and development**

The markets in which the Datwyler Group operates call for highly trained employees undergoing continuous development and improvement. Some of our initiatives to train young people are reflected in the numerous apprenticeships offered by Datwyler Group companies worldwide. We support training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy. To promote management talent, Datwyler provides individual programmes tailored to future job skill requirements.

#### **4.6 Occupational health and safety**

Datwyler Group companies are committed to ensuring a safe and healthy working environment and provide employees with regular training. It is the responsibility of each individual towards his fellow employees and colleagues that provides the best safeguard against hazards and accidents. This applies both to technical planning of workplaces, equipment and processes and to safety management and personal behaviour in everyday working life. Every employee must pay constant attention to safety.

## **5. Dealings with business partners and third parties – no collusion, bribery or corruption**

### **5.1. Compliance with competition and antitrust laws**

Fair competition is fundamental to free enterprise. The principle of integrity also applies to competition for market share. Every employee is required to observe all rules of fair competition. In particular, employees must not enter into any discussions with competitors where arrangements are made about prices, capacities, industries, market territories or customers. Arrangements with competitors not to compete or to submit sham bids in a competitive bidding process are also prohibited.

As per 1 July 2016 the corruption law has been updated in Switzerland. It is essential to pay special attention to this update as corruption may also occur in a Swiss company with global presence. The company can be punished, independently of the culpability of an individual person.

### **5.2. No offering and granting of benefits**

We compete for contracts on the merits of the quality and price of our innovative products and services. No employee may directly or indirectly offer or grant unwarranted benefits ("bribes", "kickbacks") to others in connection with his business activities, whether in cash or in the form of other services or benefits.

Business gifts to employees of business partners must be chosen so as to avoid any appearance of dishonesty and impropriety with the recipient.

Employees who enter into contracts with consultants, intermediaries, agents or similar third parties must make sure that those parties do not offer or grant any unwarranted benefits either.

### **5.3. No solicitation and acceptance of benefits**

No employee may use his position with the Company to solicit, accept, procure or be promised benefits ("bribes", "kickbacks"). This does not apply to the acceptance of occasional gifts of nominal value. Other gifts must be refused or returned.

### **5.4. Special contracting rules**

Anyone bidding for a contract expects his tender to be given fair and impartial consideration. Employees involved in awarding contracts must in particular observe the following rules:

- The employee must inform his superior of any personal interest he might have in connection with the performance of his duties for the Company. In particular, this also includes any family or personal relationships with a potential supplier. In such cases, competitive tenders must be obtained.
- Suppliers competing for contracts must not be unfairly favoured or discriminated against.
- Invitations from business partners may only be accepted if the occasion and the scope of the invitation are appropriate and if refusing the invitation would be discourteous. We exercise restraint in travel and functions involving overnight stays and, if an invitation is accepted, pay the costs of overnight accommodation and return travel ourselves. A process is in place for reporting invitations accepted that have a value equivalent to more than CHF 500.-/USD 500.-/EUR 400.-. Each company must implement this process in an appropriate manner.
- Gifts from business partners must be refused or returned unless they are occasional token gifts of nominal value.
- No employee may have private work carried out by firms with which he has business dealings if he could gain any advantage from the deal.



### **5.5 Sponsorship payments and donations**

Datwyler Group companies may make donations in cash or in kind to education and science, the arts, culture, sports and social causes. The Datwyler Group does not provide financial support to political parties, organisations or office holders. The following rules apply for granting donations:

- No payments to persons or organisations associated with a competitive bidding process for a business contract or order.
- Requests from individuals for donations should generally be refused.
- No payments to private accounts.
- A donation may never be granted to individuals or organisations that do not have an impeccable reputation or whose objectives are not consistent with those of the Datwyler Group.
- The donation must be transparent. The recipient of the donation and its actual use by the recipient must be known. The donor must be able to account for the reason for the donation and its use for the intended purpose at any time.
- A process is in place for approval and reporting of sponsorship payments and donations totalling an amount in excess of CHF 500.-/EUR 400.-/USD 500.- per recipient and financial year. Each company must implement this process in an appropriate manner.

### **5.6 Separate Supplier Code of Conduct**

We give our suppliers fair contractual terms and reasonable valuable consideration. In return, we also expect them to treat their employees and suppliers fairly and honestly. Our specific requirements to be met by our suppliers are set out in a separate Supplier Code of Conduct applied consistently by all Datwyler Group companies, subsidiaries and brands.

## **6. Avoiding conflicts of interest**

### **6.1. Policy of avoidance**

It is important to the Company that its employees do not face any conflicts of interest or loyalty in their work. Such conflicts can occur when an employee works for or has a financial interest in another company. Conflicts of interest may also arise as a result of family or personal relationships. Therefore, the policy is to avoid conflicts of interest.

### **6.2. Non-competition**

Employees are not permitted to run a business that competes fully or partially with the Datwyler Group. In addition, they are not permitted to hold direct or indirect interests in a non-publicly listed company that competes fully or partially with the Datwyler Group.

Prior written approval must be obtained before a financial interest is acquired in a company that is a business partner of the Datwyler Group. Approval will be granted by the management and documented in the employee's personnel file. Approval will not be granted or may be withdrawn later if the employee has business dealings with the company concerned.

Financial interests held by close relatives in a competing company or any other company described above must be disclosed to the superior immediately and the Human Resources Department in writing by the employee, if he is aware thereof. This will be documented in the employee's personnel record.

### **6.3. Outside activities**

The superior must be notified in writing before an employee takes up any paid outside employment or activities. The outside activities may be prohibited if they interfere with work performance, are inconsistent with the employee's duties in the Company or could give rise to a conflict of interest.

## **7. Use and protection of Company assets and information**

### **7.1 Use of assets**

The facilities and equipment in offices and workshops (e.g. telephones, photocopiers, PCs including software and the Internet/Intranet, machines, tools) may be used only for business purposes. Exceptions and, if necessary, any payment will be determined locally. It is never permissible to access or transmit material that incites racial hatred, violence or other criminal offences or that contains material perceived as sexually offensive in the particular cultural context.

No employee is permitted without the consent of his superior to create recordings, files, photo, video and audio documents or copies unless directly required to perform his job.

### **7.2 Records and reports**

Open and effective cooperation requires accurate and honest reporting. This applies to the relationship with investors, employees, customers, business partners, the public and government offices alike. All records and reports produced internally or distributed externally must be accurate and truthful. In accordance with proper accounting practices, data recorded and other records must always be complete, accurate, timely and understandable. In particular, the principle of truthful presentation also applies to expense accounts.

### **7.3 Confidentiality: intellectual property and inside information**

Internal Company affairs that have not been publicly disclosed must be kept confidential. Examples include trade secrets, intellectual property, internal reporting data and details relating to the Company's organisation and assets. The obligation to maintain confidentiality continues even after employment ends.

As Dätwyler Holding Inc. is a publicly listed company, all employees are required to comply with insider trading legislation. Trading in securities of Dätwyler Holding Inc. on the basis of privileged and confidential information is not permitted. Disclosing such information without authorisation or making a recommendation for the purchase or sale of securities of Dätwyler Holding Inc. is also prohibited. Employees involved in the preparation of the Annual and Interim Reports are prohibited from trading in securities of Dätwyler Holding Inc. during the binding closed periods specified.

### **7.4 Data privacy and security**

Together with the advantages of modern electronic communications, there are also risks for privacy and security of confidential data. Taking effective measures to safeguard against these risks is an important part of IT management, management responsibility and also the conduct of each individual. The standards of conduct expected in the use of ICT resources are set out in a separate ICT Security Policy.

Personal data may only be collected, processed or used if needed for specified, explicit and legitimate purposes. A high standard of data quality and technical protection to prevent unauthorised access must be ensured. The use of data must be transparent for those concerned; their rights to information and correction and, if need be, to object and have data blocked and deleted must be preserved.

### **7.5 General Data Protection Regulation (GDPR)**

The General Data Protection Regulation (GDPR) is a regulation by which the EU intends to strengthen and unify data protection for all individuals within the European Union. This regulation is applicable for all companies in the EU and companies in foreign countries who process personal data for EU based companies or for EU citizens. The deadline for the necessary changes and implementations with regard to the new regulation ends as of 25 May 2018.

If the companies do not follow the regulation the regulatory authorities may take measures and sanction the companies up to 4% of the yearly turnover or a maximum 20 million EUR.

Datwyler Group has appointed a new Data Security Manager in September 2017. This person has initiated, in collaboration with external partners, the necessary procedures to ensure the compliance with the new regulation.

## **8. Environment and community**

### **8.1 Environmental protection**

Datwyler Group companies understand and live up to their responsibility to protect the environment, complying with all applicable legislation. Furthermore, we make every reasonable effort to minimise identifiable risks. Specifically, this means that when choosing resources and production processes, we are committed to finding the most environmentally friendly materials and techniques that will have the least possible impact on the environment when the products are manufactured, used and ultimately disposed of. All employees are required to conserve natural resources in their environment.

Based on the core ecological values, many Datwyler facilities have already obtained the ISO 14001 certificate. Other companies are working towards ISO environmental certification. The Swiss companies in the Sealing Solutions Division have been members of the Swiss Energy Agency for Industry (EnAW) since 2002. As a Group, Datwyler provides sustainability reports in accordance with the Global Reporting Initiative (GRI) guidelines.

### **8.2 Community involvement**

The Datwyler Group recognises its share of responsibility for general civic causes and maintains regular contact with local authorities. We support social initiatives, endeavour to help the disadvantaged within and on the fringes of society and allow our employees to participate appropriately in community service.

## **9. Reporting procedure, violations and disciplinary action**

Every employee is required to report circumstances that may constitute a violation of the Code of Conduct. These should be brought to the attention of his direct superior, the general manager responsible, the Human Resources Department responsible or the Group General Counsel / Compliance Officer (currently the Group Chief Financial Officer). The first person contacted will investigate the matter thoroughly. If appropriate, suitable action will be taken. Employees and superiors should use all internal means to resolve the matter at the lowest possible level. All documentation will be kept confidential. We will not tolerate retaliation of any kind. The reporting employee must not suffer any disadvantage as a result of submitting a complaint or report in good faith. However, deliberate abuse of the complaints system is a violation of the Code of Conduct by the employee and may result in disciplinary action.

In addition to the means described above, the Datwyler Group provides a whistleblowing hotline offering its employees two anonymous channels, free of charge worldwide, for reporting violations of the Code of Conduct. These are operated by an external service provider:

- A) By email: [whistleblowing@datwyler.com](mailto:whistleblowing@datwyler.com)
- B) By telephone: +800 875 11 000 (+18664942081 for calls from the USA)

All information provided will be investigated immediately and be treated confidentially in conformity with the applicable data privacy requirements.

Any employee who violates rules contained in the Code of Conduct can expect disciplinary action, up to and including dismissal, besides the penalties imposed by law.

## **10. Implementation and monitoring**

The Datwyler division managements actively facilitate wide communication of the Code of Conduct and ensure its sustained implementation. Every employee will receive a copy of the Code of Conduct. Superiors and the Human Resources Departments will give the Code of Conduct to each new employee together with his employment contract and are responsible for communicating its contents.

The internal auditors regularly monitor compliance with laws and observation of the Code of Conduct in all organisational units of the Datwyler Group.

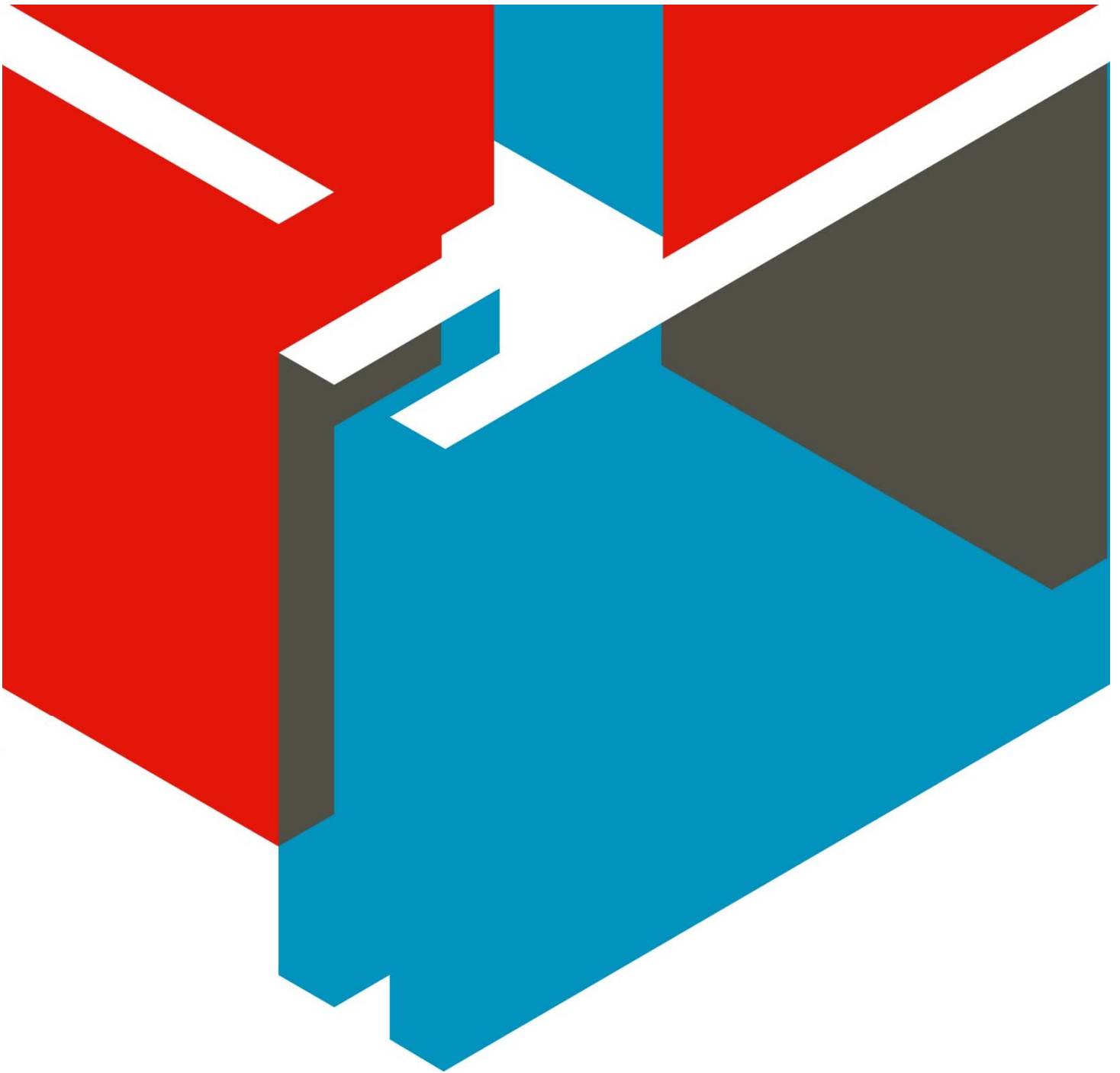
The Board of Directors receives an annual report from the Executive Board concerning compliance with the Code of Conduct.

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This Code of Conduct was adopted by the Board of Directors of Dätwyler Holding Inc. on 27 June 2008 and became effective on 1 July 2008. It was updated with effect from 1 January 2014 and from 2 February 2018.

### **Disclaimer**

This Code of Conduct does not create any rights enforceable by employees or third parties against Dätwyler Holding Inc. or any of its Group companies. The Code is subject to change.



Dätwyler Holding Inc.  
Gotthardstrasse 31, 6460 Altdorf / Switzerland  
T +41 41 875 11 00, F + 41 41 875 12 28  
info@datwyler.com, www.datwyler.com

