SUSTAINABLE GROWTH – FOR MORE THAN 100 YEARS

Sustainability Report 2019
LONG-TERM TARGET
CARBON NEUTRALITY

100 years of innovation for the benefit of our customers, employees, shareholders and the community – that is the hallmark of Datwyler. 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.

We strive to deliver sustainable profitable growth as the foundation for adding long-term value and preserving corporate independence. In order to increase value in the long term and to maintain our entrepreneurial independence, we are striving for sustained profitable growth. In our efforts, we are addressing the challenges of our times. For example, since the sale of the distribution companies Distrelec and Nedis at the end of February 2020, we are focusing on the business with system-critical elastomer components. With a new organisational structure, we will further strengthen our market focus, our core competencies and our agility. The concept of Objectives and Key Results (OKR), which was also newly introduced, will motivate our employees to work towards the same overriding goals (see pp. 19–21).

As a company with a long-term focus, we are aware of our responsibility towards our stakeholders, society and the environment. This is reflected, among other things, in our membership of the UN Global Compact, which we joined in 2009, and our Sustainability Report in accordance with the GRI Sustainability Reporting Standards. I am very pleased that in 2019 we succeeded for the third time in a row in reducing the relative consumption per unit of sales for all resources. We have achieved our public reduction targets for electricity and water consumption and waste volume (see pages 14–17). Also particularly worth mentioning is our proactive chemical compliance management, with which we go far beyond the legal requirements and thus set leading global standards in the elastomer industry (see pp. 12–13). Our commitment to sustainable management has also been recognised by independent bodies. For example, Datwyler has received the silver award from the globally recognised rating agency EcoVadis for the second time in succession and is in the top 25% of more than 65,000 companies surveyed (see p. 3). This motivates us to do more: an interdisciplinary project group is currently working on further developing Datwyler’s sustainability and climate strategy with the long-term target of becoming carbon neutral.

In this way, we live up to our social responsibility as a reliable partner to our stakeholders and contribute to achieving the UN Sustainable Development Goals.

Dirk Lambrecht
Chief Executive Officer
FACTS AND FIGURES

**NET REVENUE**

CHF million

- 2015: 1'165.2
- 2016: 1'215.8
- 2017: 1'291.4
- 2018: 1'361.6
- 2019: 1'360.8

**OPERATING RESULT BEFORE INTEREST AND TAX (EBIT)**

CHF million

- 2015: 126.1
- 2016: 146.1
- 2017: 162.6
- 2018: 170.0
- 2019: 168.7* (Adjusted EBIT)

**ENERGY CONSUMPTION**

MWh

- 2015: 201'945
- 2016: 218'666
- 2017: 237'256
- 2018: 238'655
- 2019: 243'343

The increase in absolute energy consumption is attributable to organic growth and the inclusion of acquired companies in the figures for the first time: Columbia Engineered Rubber in 2015, Origom in 2016, Ott in 2017 and Parco and Bins in 2019.

30 billion components produced per year.

61.5% of employees are men.

72.1% of Datwyler’s waste is sent for recycling.

38.5% of employees are women.

See page 8

See page 12

See page 14

See page 19
SUSTAINABILITY REPORT 2019
Datwyler

2019 RESULTS AND OBJECTIVES
for annual reduction of resource consumption per revenue unit

-3.2% (objective -3%)
electricity per revenue unit.

-0.5% (objective -6%)
fuels per revenue unit.

-15% (objective -3%)
water per revenue unit.

-5.5% (objective -3%)
waste per revenue unit.

Datwyler’s long-term aim is to become carbon neutral.

ELECTRICITY AND CO₂ EMISSIONS

6.9 MWh
less electricity consumption per million CHF in revenue.

5.6 tonnes
fewer CO₂ emissions per million CHF in revenue.

WATER AND WASTE

184’799 m³
less water consumption.

900 kg
less waste per million CHF in revenue.

UN Global Compact
The Datwyler Group has been a member of the UN Global Compact since 2009. This means that it is committed to following the ten principles and taking its social responsibilities seriously.

Global Reporting Initiative
The Datwyler Group published its first sustainability report in accordance with the internationally recognised Global Reporting Initiative (GRI) guidelines back in 2009.

CDP Standards
Since 2013, the Datwyler Group has reported its CO₂ emissions in accordance with the standards of the CDP, a global network of institutional investors.

EcoVadis
Datwyler has received the silver rating from EcoVadis for its sustainability activities for the second time in a row and is in the top 25% of all companies assessed.
Datwyler is focusing on high-quality, system-critical elastomer components and has leading positions in attractive global markets such as healthcare, mobility, oil & gas, and food & beverage. With its recognised core competencies and technological leadership, the company delivers added value to customers in the markets served. Datwyler concentrates on markets that offer opportunities to create more value and sustain profitable growth. With more than 20 operating companies, sales in over 100 countries and some 7’000 employees, Datwyler generates annual sales of more than CHF 1’000 million. The company has been listed on the SIX Swiss Exchange since 1986 (security no. 3048677).
Future-proof – for more than 100 years

Healthy and sustainable growth for the benefit of our employees, customers and shareholders – this has distinguished Datwyler for more than 100 years. Our success story began with a small cable and rubber factory in Central Switzerland, which Adolf Dätwyler took over in 1915. With a visionary drive, he managed to expand his company and keep it aligned with the ever-changing market. Adolf Dätwyler took carefully considered, far-sighted management decisions. He placed great value on responsible business conduct. The values of our founder are the basis of our success to this day.
SUSTAINABILITY REPORT 2019
Datwyler

RELEVANCE MATRIX
FOR PRIORITISATION

Sustainability is about balancing economic, social and environmental responsibility. Within the Datwyler Group, sustainability is an important strategic objective, embedded in all we do from product development, customer support, human resources management and production to social engagement. Given the considerable importance of sustainability, Datwyler publishes an independent Sustainability Report every year.

This document will meet the latest GRI standards on sustainability reporting. Datwyler launched a comprehensive process to this end in 2016, aimed at defining key sustainability topics for the company while determining objectives in each main area of focus. The materiality analysis is reviewed on an annual basis and adjusted as needed.

Multi-stage process
As part of a multistage process, Datwyler first conducted interviews on the subject of sustainability with representatives of the management teams and experts from both divisions. We also performed a benchmark analysis of peer companies. The Executive Management structured the identified key topics by order of strategic relevance, and approved them for the Group accordingly. Topics with material economic, social, and environmental impacts were also identified. The assessment of the impacts for sustainable development is gradually being developed. As a next step, in a workshop attended by over 70 managers from all of the larger sites and subsidiaries, Datwyler subsequently drew up objectives, visions and priorities related to these topics in terms of strategic focus and strategic development. Datwyler will continue to develop and refine the sustainability objectives over the next few years (GRI 102-46, GRI 102-47).

Living up to its social responsibility
As a responsible company, Datwyler wants to contribute to achieving the UN Sustainable Development Goals. We still want to grow as a company, but we also want to reduce our consumption per revenue unit of resources such as heating energy, electricity and water. The same applies to the volume of waste produced at our plants. In future, the ideal of sustainable processes and products must be engrained in our mindset – just as innovation and quality have been for many years. Through a responsible management of resource use and other sustainability issues, Datwyler believes that it will create added value for its customers, stand out from its competitors, become more attractive to employees and meet societal requirements.

The sustainability objectives were developed with the involvement of managers from all sites.
Topics with particular material, economic, social, and environmental impact:

1. **Long-term profitable growth**
   The long-term profitable growth of the Datwyler Group requires the construction of new – and the expansion of existing – production plants. The company thus generates a considerable direct and indirect benefit for the regional environment. In Kesurdi, India, for instance, Datwyler has created 475 new jobs since 2013. There are also the trainee positions, the purchases at local businesses, and the company’s and employees’ tax payments. (see page 8)

2. **High client satisfaction**
   The high satisfaction of Datwyler clients is evident, among other areas, in the partnerships that last for many years. There is a variety of clients who are highly regarded around the world who have trusted Datwyler’s reliability and its ability to innovate for over thirty years. The regular awards for top quality and continuous improvement indicate the clients’ high satisfaction. (see pages 10–11)

3. **Leading quality products**
   Worldwide, Datwyler elastomer components are utilised in every second car and in millions of syringes and drug vials. As system-critical parts, they make a decisive contribution to the functioning of customers’ systems. They thus guarantee the safety of motorists and patients around the world. (see pages 12–13)

4. **Resource-friendly production**
   Datwyler fosters the responsible handling of natural resources and has set itself ambitious reduction objectives. In 2019, this was evident in the reduction of the relative consumption of fuels, electricity, water, and the volume of waste per revenue unit for the third successive year. (see pages 14–17)

5. **Attractive employer**
   Through decentralised management, Datwyler encourages entrepreneurial initiative and employee identification. We want our employees to be able to bring all of their talents, competencies, and creativity to work. To strengthen competitiveness, a Chief Agility Officer together with self-organised teams promotes agility within the company. (see pages 19–21)
The Datwyler Group takes a long-term view, as evidenced by its successful history dating back over 100 years. Several production facilities of the Datwyler Group have been located at the same sites for decades. In many cases, Datwyler ranks among the larger employers in the regions where its sites are based. This means Datwyler sites generate considerable direct and indirect benefits for industry in the region. Local municipalities also benefit from this indirect economic impact through training places for example, and both the tax paid directly by Datwyler companies and the tax paid indirectly by employees.

Divestment of the distribution business
At the end of 2019, Datwyler announced the sale of the distribution companies Distrelec and Nedis. In future, Datwyler will be focusing on the fast-growing, high-margin sealing business in attractive global markets. In the 2019 reporting year, Datwyler was able to increase net revenue for continuing operations (Sealing Solutions division and Reichelt) to CHF 1'088.5 million (previous year: CHF 1'060.9 million). At an operational level, continuing operations achieved adjusted EBIT of CHF 168.7 million (previous year: CHF 183.5 million) and an adjusted EBIT margin of 15.5% (previous year: 17.3%; see the Annual Report 2019, particularly pages 2–11 and pages 56–63).

Highly promising prospects for the medium term
In order to strengthen our market focus, boost proximity to customers, use our long-standing core competencies more efficiently and make the organisation more agile, Datwyler has restructured the Group’s organisation with effect from 1 February 2020. The market and production activities are now combined in the two business areas Healthcare Solutions and Industrial Solutions. These will be supported by the new Technology & Innovation and Finance & Shared Services service units. Thanks to strong market positions and the strategic priorities it is pursuing, Datwyler aims to achieve profitable growth above the average of the markets it serves. With a view to aligning the financial interests of the management and shareholders, the variable element of annual salary and the long-term participation scheme are linked to clear performance indicators and reward both long-term performance and sustainable success (see the Annual Report 2019, pages 42–54).

KEY POINTS IN BRIEF

- The Datwyler sites generate considerable benefits for the local industry and municipalities.
- In 2019, Datwyler increased revenue from continuing operations by 2.6% to CHF 1'088.5 million. The adjusted EBIT margin reached 15.5%.
- Objectives: Datwyler strives to achieve profitable growth above the market average in the market segments it serves.
Datwyler wants to proactively turn the new possibilities and opportunities of digitalisation into a competitive advantage to benefit from the manifold growth in our markets. To this end, the company is continuously investing in state-of-the-art systems and solutions and thus increasing the efficiency of business processes, improving data quality, raising IT security, and establishing a strong and flexible basis for future digital applications. Datwyler Group has a central ICT organisation with more than 100 specialists across 11 locations, with 50 people in an ICT centre in Pune, India.

Real-time production planning thanks to Industry 4.0

The digitalisation focus is on Industry 4.0, with automated, interconnected, and intelligent production facilities and continuously optimised processes. To improve predictive maintenance, Datwyler is taking advantage of artificial intelligence (AI) and machine learning techniques. With SAP S/4 HANA and SAP Integrated Business Planning (IBP), Datwyler is thus modernising and expanding its existing ERP capability. This will in future enable Datwyler to analyse large volumes of business data for planning, execution, forecasting and simulation in real time, allowing us to optimally adjust the available production capacities to demand. Powered by in-memory computing technology within SAP S/4 HANA, SAP IBP combines sales and operations, forecasting and demand, response and supply, with demand-driven replacement and inventory planning. In parallel, the existing manufacturing management systems are continuously being replaced by state-of-the-art SAP MII technology. SAP MII synchronises manufacturing operations with back office business processes, standardises the data, and thus enables paperless production and production reports in real time. Further concrete examples of digitalisation include robotic process automations (RPA) and automated guided vehicles (AGV).

Digital technologies in research and development

Datwyler is also embracing the potential of latest digital technologies in research and development. Among other things, the company is increasingly using artificial intelligence and machine learning techniques in compound development to reduce the number of variations and lead times, thus lowering costs. Radio Frequency Identification (RFID) technology is opening up new opportunities for monitoring and tracing the material flow. For example, components containing an RFID chip can be tracked in the company’s own plants, in the plants of direct customers and during the period of use in customer systems. A prime example for leading-edge Industry 4.0 competencies is the new healthcare plant in the US, where Datwyler is running a fully interconnected, highly automated, and paperless production facility thanks to state-of-the-art digital technologies. As part of the existing uniform production system, knowledge newly acquired in the US is continuously introduced in all other Datwyler plants.

By using state-of-the-art digital technologies, Datwyler is increasing the efficiency of its manufacturing and development processes. The focus is on Industry 4.0 with automated, interconnected and intelligent production facilities.
The decentralised management style at Datwyler encourages an entrepreneurial culture associated with short response times and the ability to make decisions that reflect the situation in the relevant market. In addition to actual products, Datwyler’s comprehensive solutions also incorporate advice, development work and logistics.

**System-critical elastomer components**
Datwyler is a recognised development partner whose core competencies of solution design, material expertise and operational excellence help customers succeed in their markets. The elastomer components produced for specific customers are certainly system-critical parts. These make a decisive contribution to ensuring systems function properly for customers in the global Healthcare, Mobility, Oil & Gas, Food & Beverage and General Industry market segments. The fact that several renowned companies have crowned Datwyler ‘supplier of the year’ or made it their preferred supplier underlines just how closely the business works with its customers. Via its key account management, Datwyler maintains close working relationships with more than 1’000 leading customers. The ten largest customers generate some 45% of revenue.

**Systematic complaints management**
Datwyler maintains a systematic approach to complaints management with a global process and uniform database. The internationally recognised 8D reporting concept (en.wikipedia.org/wiki/Eight_Disciplines_Problem_Solving) is used to process complaints and resolve the underlying problems. Datwyler also endeavours to define detailed

**HIGH CLIENT SATISFACTION**

Customers and their needs and requirements 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. In fact, two of the four corporate values come into play here: ‘We are entrepreneurs’ and ‘We bring value to our customers’.

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By participating in trade fairs on all continents, Datwyler is raising its profile and laying the foundation for winning new customers.

**KEY POINTS IN BRIEF**

- By providing system-critical and application-specific elastomer components, Datwyler helps its more than 1’000 customers worldwide enjoy success within their markets.
- Datwyler picked up nine awards for quality, innovation and customer service during the 2019 reporting year.
- Objectives: Use the findings of the customer surveys and complaints management to continuously improve the offer and performance.
Datwyler’s “Design Your Seal” app offers healthcare customers an innovative tool to design the plastic and aluminium caps of packaging for injectable medicines online according to their individual brand needs.

It must be simple for existing and potential customers to do business with Datwyler. This is why the company wants to develop an even better understanding of its markets’ and customers’ requirements and needs in future. This kind of proactive approach will help Datwyler benefit from changes within the international supplier industry, since customers in global market segments have been reducing the number of suppliers they use for some time now 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.

Recognised core competencies as the basis for customer satisfaction

With the sale of the distribution companies Distrelec and Nedis, Datwyler has restructured the company’s organisation with effect from 1 February 2020. Market and manufacturing activities are now grouped into two business areas: Healthcare Solutions and Industrial Solutions. These are supported by the new Technology & Innovation and Finance & Shared Services service units. With this new structure, Datwyler aims to further strengthen its market focus, boost proximity to customers, use the long-standing core competencies more efficiently and make the organisation more agile. Customer satisfaction is based on our recognised core competencies in solution design, materials expertise and operational excellence. The pace of technological progress means our globally active customers are running increasingly powerful – and increasingly complex – systems. The value of our core competencies is therefore becoming increasingly apparent to our customers. As a result, there is growing demand for high-quality, system-critical Datwyler components across a wide variety of industries, and these components no longer only seal, but also perform a variety of functions. Taken together, our core competencies allow us to support our 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.

Awards for top quality, innovation and customer service

Datwyler picked up nine awards for top quality, innovation and customer service during the 2019 reporting year. The Cleebronn site has received the “Strategic Supplier Certificate” from the leading electronics manufacturing service provider Melecs. With this, Melecs acknowledges the excellent cooperation in LSR/thermoplastic projects for applications in electrified vehicles and underlines the intention to expand the cooperation worldwide. Meanwhile, the Chinese Datwyler plant for automotive components in Ningguo has received a total of three awards for leading quality and reliable collaboration. GM also presented the plant in Korea with the “Supplier Quality Excellence Award” and Bosch awarded the Datwyler company Bins in China the “Zero Defect Performance” certificate. In addition, the Datwyler distribution company Reichelt was voted “Electronics Distributor of the Year” by readers of the German trade magazine Elektronik for the second time in a row. For overall impression, Reichelt received the gold or silver medal in five of the six product categories.

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The highest quality standards and reliability represent significant success factors which clients really value in terms of their collaboration with Datwyler. This is also reflected in the corporate value of ‘We excel in what we do’. Datwyler is continuously investing in even better materials and process technologies, production equipment and testing methods.

Quality assurance through standardised processes
Corporate processes are based on the new production system at the Sealing Solutions division (see below) and the internationally recognised quality assurance systems. For example, all plants making products for the automotive industry are certified in accordance with ISO/TS 16949. The healthcare plants, with the exception of the US plant in Pennsauken, have ISO 15378 certification (primary packaging materials for medicinal products). Automatic camera inspections and state-of-the-art clean room technologies, among other things, ensure impeccable quality for the 30 billion plus manufactured components. In addition, the effects of all products on the health and safety of users are examined. Line functions involved in procurement and production are supported by a global quality assurance function with some 18 employees and by a local team for each plant.

Statutory information obligations as minimum standards
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) governs the registration, assessment and approval of chemical substances within the European Union. Again in the 2019 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.

Proactive chemical compliance management
Datwyler meets a variety of chemical law requirements at its production locations as well as additional industry and customer-specific rules. This is assured through transparent procedures for selecting raw materials and other materials. Manufacturing elastomer products requires the use of various chemicals such as polymers, fillers, curing agents, and antioxidants. Datwyler examines the effects of all substances used on the health and safety of employees and users as well as on the environment. With its systematic chemical compliance management, the company goes above and beyond legal requirements, setting leading standards.

With the “StarterPack” Datwyler, in collaboration with Schott, has launched an attractive standard set for companies and start-ups active in the research and development of high-quality biotech drugs.

LEADING QUALITY PRODUCTS
Datwyler is about more than just its products. Across all parts of the business, the focus is on constantly improving processes and passing the resulting expertise onto the customer.
standards worldwide in the elastomer industry. Datwyler uses all globally available information on the substances used to proactively identify substances of concern that are particularly hazardous to health and harmful to the environment. New studies (for example, by the REACH chemical legislation in Europe) can cause substances that were previously considered unproblematic to be re-evaluated. This might even result in these substances having to be seen as substances of concern in the future. As soon as there are any indications of new risks, Datwyler prohibits the use of these substances internally for the development and production of new elastomer products. In existing products, Datwyler has started replacing substances of concern in coordination with the customer. As one of the few manufacturers of elastomer products, Datwyler consistently and uniformly implements the findings of the systematic chemical compliance management at all plants worldwide. We do this even if the national laws still permit the use of certain substances of concern. Examples of substances of concern that have been replaced early and voluntarily are mineral oil and phthalate softeners or bisphenol A. Proactive worldwide chemical management offers several advantages: We increase the occupational safety of our employees and reduce environmental impact in the manufacturing, use, and later disposal of our products. In addition, our global customers benefit from particularly safe elastomer compounds for their products from all Datwyler plants. And in the long term, there will be less of a need for costly reformulations of elastomer compounds.

A vision of integrated product development
Datwyler also works with higher education institutions, international standardisation committees and independent testing bodies to drive innovation and stay abreast of the latest technology trends. A good example of this is the LeiMot (light engine) research project, in which Datwyler is working with leading players in the mobility industry such as Volkswagen, the German Federal Ministry of Economic Affairs and Energy, RWTH Aachen, Fraunhofer Gesellschaft, FEV, and many others. The aim of the project is to reduce the weight of an existing, latest generation internal combustion engine by up to 25%. In the healthcare business, Datwyler experts are working with the renowned Parenteral Drug Association (PDA) to offer webinars and specialist seminars lasting several days. With its Start-up Accelerator Programme, Datwyler also seeks contact with innovative start-up companies whose technologies challenge the status quo and offer interesting new perspectives. Our most exciting future-oriented technologies right now include, among others, additive manufacturing, printed and integrated electronic components, and electroactive polymers. In future, Datwyler is looking to place more emphasis on ‘Ecodesign’ when developing products. This includes developing environmentally friendly elastomer compounds, optimising design to save on materials, reducing process-related waste and using reusable or recyclable packaging and boxes.
RESOURCE-FRIENDLY PRODUCTION

For Datwyler, a responsible attitude to natural resources represents an important principle that is enshrined in both the corporate values and the Code of Conduct. In 2019, the company reduced relative consumption of all resources for the third time in a row. Datwyler's long-term aim is to become carbon neutral.

Most of Datwyler’s system-critical elastomer components are small parts that are processed in customers’ systems and products. For example, Datwyler elastomer components are used in every second car worldwide or one in every five syringes.

Focus on own production plants
During their useful life, the direct environmental impact associated with Datwyler components is low. And even the environmental impact associated with the disposal of Datwyler components is negligible compared with our customers’ systems and products. As such, it quickly became clear in the materiality analysis that, as regards responsible use of natural resources, Datwyler’s focus is on resource-friendly production. And while the company still wants to keep growing of course, Datwyler also wants to reduce consumption of resources such as heating energy, electricity and water for each revenue unit at the same time. The same applies to the volume of waste produced at the plants. With this in mind, the company has set itself ambitious objectives, up to 2020, based on average values to be achieved each year: reduction in fuel consumption in relation to revenue (MWh/CHF million) of 6% a year, reduction in electricity consumption in relation to revenue (MWh/CHF million) of 3% a year, reduction in water consumption in relation to revenue (m³/CHF million) of 3% a year and reduction in the volume of waste in relation to revenue (tonnes/CHF million) of 3% a year. With these objectives and associated measures, Datwyler is adopting a targeted approach to reducing its environmental impact. Unsurprisingly, the business areas Healthcare Solutions and Industrial Solutions, which have their own manufacturing plants, use considerably more resources than Reichelt, the online distributor still remaining with Datwyler after the sale of Distrelec and Nedis. The business areas Healthcare Solutions and Industrial Solutions therefore account for the vast majority of resource consumption and waste. The explanations below regarding the progress achieved towards achieving objectives – by way of relative consumption figures – therefore focus on the two manufacturing business areas. Absolute and relative figures on resource consumption can be found in the table on page 17.

Certified and integrated environmental management
The certified and integrated environmental management system provides the basis for optimising the use of resources. A number of Datwyler plants already have certification in accordance with the internationally recognised ISO 14001 standard. Other companies are working towards ISO environmental certification. The Swiss plant has also been a member of the Energy Agency of the Swiss Private
Datwyler processes, environmental protection, and satisfied and empowered employees. This makes reducing the consumption of resources and protecting the environment an integral aspect of the pursuit of operational excellence.

Continuous reduction of relative electricity consumption

The absolute energy consumption of the business with sealing components, which is the major contributor to resource consumption, rose by 4.4% to 243'343 MWh in the 2019 reporting year (previous year: 233'053 MWh). This increase in absolute energy consumption, as well as the increase in absolute figures for other resources (see below), is mainly explained by the first-time inclusion of Parco and Bins, which were acquired in 2018. In 2019, Parco and Bins were included for twelve months with revenue and resource consumption, whereas they were not included at all in the 2018 figures. As a result of this treatment of Parco and Bins, currency-adjusted revenue as the basis for relative resource consumption increased by 7.2% in 2019 compared to the previous year.

Absolute electricity consumption increased by 3.8% to 197'036 MWh in 2019, which represents 81.0% of the total energy consumption. Thanks to the measures implemented, however, relative electricity consumption per sales unit fell for the third time in succession, this time by 3.2%. Datwyler thus achieved its ambitious target of reducing relative electricity consumption by 3% in 2019. Process and heating energy from the combustion of fuels such as heating oil or natural gas at its own sites accounts for the much smaller share of energy consumption, 42'242 MWh or 17.4%. Due to this year’s cold winter, this consumption was 6.6% higher in absolute terms than in the previous year. Datwyler was, however, able to reduce fuel consumption per revenue unit in 2019 for the fourth consecutive year. With a change of –0.5%, the company did not reach its ambitious target of reducing relative consumption by 6%.

Datwyler’s investments in improving future electricity and energy efficiency are ongoing. In 2019, the Italian plant put into operation a modern trigeneration unit for CHF 1.7 million. This trigeneration unit is powered by natural gas and generates 1.2 MW of electrical energy and heat for heating purposes and production processes. Use of an absorption chiller can also meet cooling requirements. The new trigeneration unit will reduce purchased electricity by more than 70% and CO₂ emissions by some 900 tonnes per year. Another good example is the ecological cooling system at the Swiss plant. The use of groundwater for air conditioning, ventilation and certain processes reduced electricity consumption by some 900 tonnes per year.

Sector (EnAW). A global Environment Health and Safety (EHS) Manager is responsible for coordinating environmental management in all plants. The global EHS Manager is supported by a dedicated EHS officer at each plant. In addition, the Group is constantly investing in the maintenance and modernisation of its production plants worldwide. In the reporting year, investments in property, plant and equipment amounted to CHF 104.6 million (previous year: CHF 138.0 million). The impact on the use of resources is also considered when any investments are made in equipment and buildings.

Production system as basis for operational excellence

To ensure that the business is competitive and equipped to cope with the increasing speed with which the requirements of global supply chains change, Datwyler has an integrated production system with uniform production processes for all plants on all continents. As a shared, long-term programme for continuous improvement, the Datwyler production system offers a framework for achieving operational excellence. For Datwyler, the quest for operational excellence means a safe workplace, no quality issues, deliveries on time, waste-free processes, environmental protection, and satisfied and empowered employees. This makes reducing the consumption of resources and protecting the environment an integral aspect of the pursuit of operational excellence.

KEY POINTS IN BRIEF

- **Environmental** management is focused on the company’s own production plants within the business areas Healthcare Solutions and Industrial Solutions.
- **Datwyler** environmental management is certified in accordance with ISO 14001 at the majority of plants and is integrated into the new production system.
- **Reduction** in material relative consumption per revenue unit up to 2020: fuel –6%, electricity –3%, water –3%, volume of waste –3%. Datwyler’s long-term aim is to become carbon neutral.
- **Objectives**: Average annual reduction in the relative consumption of resources per revenue unit up to 2020: fuel –6%, electricity –3%, water –3%, volume of waste –3%.

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**Continuous reduction of relative electricity consumption**

The absolute energy consumption of the business with sealing components, which is the major contributor to resource consumption, rose by 4.4% to 243'343 MWh in the 2019 reporting year (previous year: 233'053 MWh). This increase in absolute energy consumption, as well as the increase in absolute figures for other resources (see below), is mainly explained by the first-time inclusion of Parco and Bins, which were acquired in 2018. In 2019, Parco and Bins were included for twelve months with revenue and resource consumption, whereas they were not included at all in the 2018 figures. As a result of this treatment of Parco and Bins, currency-adjusted revenue as the basis for relative resource consumption increased by 7.2% in 2019 compared to the previous year.

Absolute electricity consumption increased by 3.8% to 197'036 MWh in 2019, which represents 81.0% of the total energy consumption. Thanks to the measures implemented, however, relative electricity consumption per sales unit fell for the third time in succession, this time by 3.2%. Datwyler thus achieved its ambitious target of reducing relative electricity consumption by 3% in 2019. Process and heating energy from the combustion of fuels such as heating oil or natural gas at its own sites accounts for the much smaller share of energy consumption, 42'242 MWh or 17.4%. Due to this year’s cold winter, this consumption was 6.6% higher in absolute terms than in the previous year. Datwyler was, however, able to reduce fuel consumption per revenue unit in 2019 for the fourth consecutive year. With a change of –0.5%, the company did not reach its ambitious target of reducing relative consumption by 6%.

Datwyler’s investments in improving future electricity and energy efficiency are ongoing. In 2019, the Italian plant put into operation a modern trigeneration unit for CHF 1.7 million. This trigeneration unit is powered by natural gas and generates 1.2 MW of electrical energy and heat for heating purposes and production processes. Use of an absorption chiller can also meet cooling requirements. The new trigeneration unit will reduce purchased electricity by more than 70% and CO₂ emissions by some 900 tonnes per year. Another good example is the ecological cooling system at the Swiss plant. The use of groundwater for air conditioning, ventilation and certain processes reduced electricity consumption by some 900 tonnes per year.
Environmental management is an integral part of the standard Datwyler production system.

Demand by over 60% compared with a conventional solution based on chillers. In absolute terms, electricity savings per year amount to 1,900 MWh. Moreover, at many sites, Datwyler has equipped the air compressors with heat recovery systems.

**Reduction of relative CO₂ emissions**

As part of its efforts to reduce energy consumption per revenue unit, Datwyler is also striving to reduce CO₂ emissions per revenue unit. CO₂ emissions from direct and indirect energy consumption are calculated by an external specialist on the basis of recognised emission factors derived from reported energy volumes. Overall, Datwyler’s absolute CO₂ output rose by 1.2% to 89,388 tonnes (previous year: 88,310 tonnes). This increase is disproportionately low compared with power consumption, which is due to the fact that the Parco and Bins plants in California and Brazil, which were included in the calculations for the first time, are located in regions with low CO₂ emission factors. The relative CO₂ emissions per revenue unit decreased by 5.5% for the second year in a row.

**Decline in water consumption for the fourth consecutive year**

For the fourth year in a row, Datwyler reduced absolute water consumption and relative water consumption per revenue unit. The absolute water consumption of some 1.9 million m³ was 8.9% lower than that in the previous year. The reduction per revenue unit was 15.0%. These numbers thus exceeded the target of a 3% reduction for the fourth consecutive year. A new closed cooling circuit for the Mobility production facilities at the Swiss plant and the commissioning of two of a total of three planned water treatment facilities for multiple water use at the Belgian plant significantly contributed to this success. The considerable water consumption reflects the specific requirements of the production processes. Washing of the Healthcare components and the cooling systems used in production in the Food & Beverage Business Unit require particularly large volumes of water. The Swiss plant uses process water to cover a large proportion of its water demand of around 691,000 m³ (more than 35% of the group-wide water consumption). Several production sites have treatment facilities and reuse water several times before returning it to the environment as clear water. Datwyler is especially committed to fulfilling its environmental responsibilities by using a closed water cycle at its healthcare plant in India, located in an area with limited water reserves.

**Reduction in the relative volume of waste for the fourth time in a row**

The absolute volume of waste rose slightly to 14,298 tonnes in the reporting year (previous year: 14,118 tonnes). At the same time, however, the relative volume of waste per revenue unit decreased for the fourth time in a row. With a change of −5.5%, Datwyler achieved its goal of reducing the volume of waste by 3%. As a result of efforts to find customers for process-related elastomer waste, the proportion of recycled waste was further increased from 69.7% to 72.1%. The US healthcare plant was recognised for its voluntary ‘Environmental Stewardship’ by the New Jersey Department of Environmental Protection in acknowledgement of its commitment to recycling. The elastomer material concerned, which is of perfectly good quality, is used, for example, to manufacture floor coverings at sports facilities. Datwyler also has a vested interest in achieving ongoing reductions in process-related elastomer waste by continuously looking to improve both production processes and the way components are engineered. This can save both costs and resources.

**CO₂-neutral industrial production in Switzerland**

The Swiss production site provides a good example of the responsible use of natural resources. Since the end of 2012, Datwyler has only been sourcing environmentally friendly electricity for the site — generated entirely from hydropower and originating from power plants with ‘naturemade basic’ certification belonging to the local electricity provider. This means that just under 10% of the electricity consumed across the company comes from environmentally friendly hydropower. The resulting reduction in CO₂ emissions amounts to around 2,300 tonnes a year. The Swiss production site has been sourcing process and heating energy from a nearby wood-fired heating plant since 2008. This allows Datwyler to save around 500,000 litres of heating oil a year and reduce annual CO₂ emissions by another 1,300 tonnes or so a year. 

For the fourth year in a row, Datwyler reduced absolute water consumption and relative water consumption per revenue unit. The absolute water consumption of some 1.9 million m³ was 8.9% lower than that in the previous year. The reduction per revenue unit was 15.0%. These numbers thus exceeded the target of a 3% reduction for the fourth consecutive year. A new closed cooling circuit for the Mobility production facilities at the Swiss plant and the commissioning of two of a total of three planned water treatment facilities for multiple water use at the Belgian plant significantly contributed to this success. The considerable water consumption reflects the specific requirements of the production processes. Washing of the Healthcare components and the cooling systems used in production in the Food & Beverage Business Unit require particularly large volumes of water. The Swiss plant uses process water to cover a large proportion of its water demand of around 691,000 m³ (more than 35% of the group-wide water consumption). Several production sites have treatment facilities and reuse water several times before returning it to the environment as clear water. Datwyler is especially committed to fulfilling its environmental responsibilities by using a closed water cycle at its healthcare plant in India, located in an area with limited water reserves.

**Decline in water consumption for the fourth consecutive year**

The absolute volume of waste rose slightly to 14,298 tonnes in the reporting year (previous year: 14,118 tonnes). At the same time, however, the relative volume of waste per revenue unit decreased for the fourth time in a row. With a change of −5.5%, Datwyler achieved its goal of reducing the volume of waste by 3%. As a result of efforts to find customers for process-related elastomer waste, the proportion of recycled waste was further increased from 69.7% to 72.1%. The US healthcare plant was recognised for its voluntary ‘Environmental Stewardship’ by the New Jersey Department of Environmental Protection in acknowledgement of its commitment to recycling. The elastomer material concerned, which is of perfectly good quality, is used, for example, to manufacture floor coverings at sports facilities. Datwyler also has a vested interest in achieving ongoing reductions in process-related elastomer waste by continuously looking to improve both production processes and the way components are engineered. This can save both costs and resources.
## SUMMARY OF RESOURCE CONSUMPTION (1)

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2019</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (2)</td>
<td>million CHF</td>
<td>934.1</td>
<td>871.6</td>
<td>+7.2%</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>MWh</td>
<td>243,343</td>
<td>233,053</td>
<td>+4.4%</td>
</tr>
<tr>
<td>Total energy consumption per revenue</td>
<td>MWh/million CHF</td>
<td>260.5</td>
<td>267.4</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Heating fuels</td>
<td>MWh</td>
<td>42,272</td>
<td>39,650</td>
<td>+6.6%</td>
</tr>
<tr>
<td>Heating fuels consumption per revenue</td>
<td>MWh/million CHF</td>
<td>45.3</td>
<td>45.5</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Energy generated externally</td>
<td>MWh</td>
<td>201,057</td>
<td>193,403</td>
<td>+4.0%</td>
</tr>
<tr>
<td>– of which electricity</td>
<td>MWh</td>
<td>197,036</td>
<td>189,878</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Electricity consumption per revenue</td>
<td>MWh/million CHF</td>
<td>210.9</td>
<td>217.8</td>
<td>-3.2%</td>
</tr>
<tr>
<td>– of which district heating</td>
<td>MWh</td>
<td>4,021</td>
<td>3,525</td>
<td>+14.1%</td>
</tr>
<tr>
<td><strong>Greenhouse gas emissions CO₂</strong></td>
<td>tonnes</td>
<td>89,388</td>
<td>88,310</td>
<td>+1.2%</td>
</tr>
<tr>
<td>– of which Scope 1</td>
<td>tonnes</td>
<td>8,798</td>
<td>8,285</td>
<td>+6.2%</td>
</tr>
<tr>
<td>– of which Scope 2</td>
<td>tonnes</td>
<td>80,589</td>
<td>80,024</td>
<td>+0.7%</td>
</tr>
<tr>
<td>Total emissions per net revenue</td>
<td>tonnes/million CHF</td>
<td>95.7</td>
<td>101.3</td>
<td>-5.5%</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drinking/industrial water consumption</td>
<td>m³</td>
<td>1,901,289</td>
<td>2,086,088</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Water consumption per revenue</td>
<td>m³/million CHF</td>
<td>2,035.4</td>
<td>2,393.3</td>
<td>-15.0%</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total waste</td>
<td>tonnes</td>
<td>14,298</td>
<td>14,118</td>
<td>+1.3%</td>
</tr>
<tr>
<td>– of which regular waste</td>
<td>tonnes</td>
<td>13,410</td>
<td>12,939</td>
<td>+3.6%</td>
</tr>
<tr>
<td>– of which special waste</td>
<td>tonnes</td>
<td>888</td>
<td>1,179</td>
<td>-24.7%</td>
</tr>
<tr>
<td>Proportion of waste sent for recycling</td>
<td>%</td>
<td>72.1%</td>
<td>69.7%</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Total waste per net revenue</td>
<td>tonnes/million CHF</td>
<td>15.3</td>
<td>16.2</td>
<td>-5.5%</td>
</tr>
</tbody>
</table>

(1) For the reporting of resource consumption, 19 production plants of the former Sealing Solutions division were included in 2019. The online distributor Reichelt, which is still held by Datwyler, and Distrelec and Nedis, which were sold at the end of February 2020, are not included in either revenue or resource consumption in either year. Datwyler thus covers more than 98% of resource consumption, more than 96% of waste and more than 96% of employees at Group level. For newly acquired companies, resource consumption and revenue are included in the first full calendar year. Consequently, Parco and Bins, which were acquired in 2018, are included in the sales and resource consumption figures for 2019, whereas they are not included at all in the 2018 figures. In addition to organic growth, this explains the increase in absolute consumption of fuels and electricity as well as the increase in absolute CO₂ emissions and absolute waste.

(2) Revenue in 2019 is adjusted for exchange rate effects at 2018 exchange rates; internal revenue between locations is eliminated at company level. The revenues of Parco and Bins, which were acquired in 2018, are included for twelve months in 2019, whereas they are not included at all in the 2018 figures.

(3) The CO₂ emissions are reported as direct (Scope 1) emissions, resulting from the combustion of fossil fuels at the Group’s own facilities, and indirect (Scope 2) emissions, caused for example by the consumption of electricity and district heating. The CO₂ emissions from electricity consumption have been calculated using the market-based approach. This value is also similar to those generated using a location-based approach.
WORKPLACE SAFETY AND HEALTH

Employee health and safety are key concerns for Datwyler. The topic was therefore assigned a high level of importance in the materiality analysis and placed in the ‘Strategic focus’ category.

Datwyler is pursuing a vision of accident- and injury-free production plants. The company and those responsible under the Code of Conduct are therefore committed to ensuring a safe and healthy working environment and providing employees with regular training. This applies to the technical planning of workplaces, facilities, and processes, and also to safety management and people’s individual behaviour as they go about their day-to-day work. The six largest production plants with more than half of all employees are certified to OHSAS 18’001 or ISO 45’001.

Accident-related absences within ‘good practice’ standards
As with the consumption of resources, workplace safety and health is a key issue for the two manufacturing business areas Healthcare Solutions and Industrial Solutions. In the twenty production plants distributed around the world, there were 2’412 days of absence due to workplace accidents in 2019. Expressed per full-time equivalent, this figure equates to 0.35 days’ absence for the year as a whole (prior year 0.33). This figure is slightly above the Datwyler target of 0.25, which is the ‘Good Practice’ benchmark set by SUVA, the Swiss Accident Insurance Fund. Higher than accident-related absence is absence due to illness. This amounted to 44’629 days in the reporting year. This equates to 6.54 days’ illness per full-time equivalent (prior year 5.86). This value is still above the medium-term Datwyler target of four days of absence due to illness a year per full-time equivalent. Lengthy individual periods of absence tend to distort the average. The data covers all employees at all sites, including temporary staff. 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.

Regular training and audits
Workplace safety and health is coordinated by the global Environment Health and Safety (EHS) Manager in cooperation with Human Resource Management. There is one dedicated EHS Officer per plant. Regular training and audits at the twenty production plants help raise awareness among management and employees. The global EHS Manager also records the findings from audits and individual accidents in a central database so all plants can learn from each other. With the integrated Datwyler Production System, workplace safety and health management are an integral part of the drive for operational excellence.

The new exhaust air purification systems at the Chinese plant improve air quality.
Datwyler is keen to promote equal opportunities, equal treatment, and fair conditions of employment, as well as paying fair wages and offering social security benefits in line with the relevant country and sector.

**Fair conditions of employment**
Personnel costs, including social security benefits, amounted to CHF 375.9 million in the reporting year. Operational measures take account of employees’ needs, with efforts made to maintain a constructive dialogue with staff representatives within the business. Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment or insults relating to anyone’s gender, origins, nationality, culture, religion or colour. This is clearly laid down in the Code of Conduct, with punishments ranging from sanctions to dismissal. Again in 2019, the Compliance Officer (currently the CFO) received no reports of alleged discrimination within Datwyler companies. And by continually supporting and raising awareness among managers, Datwyler is playing its part in furthering gender equality at work.

**Promoting entrepreneurial initiative**
Management at Datwyler is based on concrete and inspiring objectives, which are broken down and assigned to the various levels within the hierarchy. The company uses the concept of Objectives and Key Results (OKR) for this purpose. For each group objective, several key results are defined. These are specific and time-bound, aggressive and yet realistic. Above all, they are measurable.

### ATTRACTIVE EMPLOYER, AGILITY AND EMPOWERMENT

For Datwyler to enjoy future success in rapidly changing international industrial markets, it is particularly important to have a well qualified and fully committed workforce. It therefore places special emphasis on fair and secure working conditions, on in-depth training and development, and on a strong corporate culture based on the corporate values of ‘We are entrepreneurs’ and ‘We have respect for others’.

**376 million**

CHF were spent on personnel costs in 2019, including social security benefits.

Datwyler encourages entrepreneurial initiative and motivates its employees to make full use of their talents, skills and creativity.
and verifiable. For each key result, there is a responsible person who coordinates the alignment of activities to meet the objectives at all hierarchical levels and in all units of the company. Activities are regularly reviewed and adjusted if necessary. The objectives and key results are transparent and observable by all employees. In this way, Datwyler delegates responsibility for achieving goals to the lowest possible level and promotes entrepreneurial initiative and customer focus right across the business.

**Agility to strengthen competitiveness**

Increasing agility is a key strategic priority for Datwyler. In this way, the company aims to promote the organisation’s adaptability to rapidly changing conditions and further strengthen collaboration across departmental boundaries and hierarchical levels. Since spring 2019, a Chief Agility Officer has been working with a team to increase agility within the organisation. As one of the first measures, employees from all locations and hierarchical levels were able to register as volunteers. In addition to their conventional functions, these volunteers work as self-organised teams in agility communities. Currently there are four communities: core, coaching, projects and hubs. Overall, Datwyler is planning to install several agility hubs where employees can experience agility using state-of-the-art working techniques. Currently, a hub is being realised in Switzerland. The agility movement team is organising training courses explaining for example, how agility is being applied at Datwyler, agile leadership, design thinking or scrum. Over 900 employees were trained in 2019 and 2020. The agility movement works with certified scrum masters and is developing agile team facilitators. The agility movement team also contributes to the business by offering project support to achieve the objectives and key results (OKR). Currently, the team is supporting more than 30 projects, all connected to the company’s OKRs.

**Systematic performance review and talent management**

At an individual level, the systematic performance review process constitutes an important aspect of management. One of Datwyler’s stated objectives is for all employees – in addition to any regular dialogue – to have an official progress appraisal with their line manager at least once a year. The markets in which Datwyler is active require employees with in-depth training who also have access to continuous development.

Development programmes designed to bring on employees’ technical and social skills are supported down the various levels of the hierarchy. The company’s internal WeLead program is the basis for systematic talent management. Depending on the target group, the content ranges from development of self-competence and competence as an employee to the teaching of management skills and raising awareness of strategic decision-making processes at the highest level of an organisation. Datwyler provides its managers with targeted management training that helps them encourage their employees by acting more like coaches. Datwyler is thus creating an environment for agility to be lived out in everyday life and for employees to make full use of their talents, skills and creativity.

**Regular employee survey**

Datwyler conducts a standard Group-wide employee survey every other year. For the last survey in autumn 2018, the response rate was 87% for continuing operations. The target is 80%. In addition to detailed results for the 50 or so questions, the survey also provides an overview of employee commitment levels through a representative statistical analysis. For example, as of autumn 2018, 82% of employees

![HEADCOUNT*](image-url)

The number of employees has continually increased as a result of acquisitions and an increase in the number of sites in low-wage countries.

* The figures for headcount have been adjusted retroactively due to the sale of Distrelec and Nedis in spring 2020. In all years shown they include continuing operations: former Sealing Solutions division, online distributor Reichelt and Corporate.
were found to have a high level of commitment. With these values, Datwyler has reached the target value of 80%, which is also considered ‘very good’ when benchmarked against other international industrial companies. The score for whether staff would recommend Datwyler as an employer to others is 76% (2016: 68%), clearly exceeding the target of 70%. The results of the employee survey provide a valuable platform for devising and implementing measures to improve the situation. Measures to increase employee commitment are part of the systematic management process.

Composition of the workforce
The Datwyler workforce declined slightly in 2019. This is primarily due to the decline in demand in the global automotive market and the resulting lower capacity utilisation of the Mobility plants. With the sale of the distribution companies Distrelec and Nedis, some 850 employees left Datwyler at the end of February 2020. At the end of 2019, the headcount – including those on fixed-term contracts – of continuing operations (former Sealing Solutions division and online distributor Reichelt) totalled 7'153 people. Employees are spread across more than twenty locations in twelve countries, with 31.7% in Asia, 15.5% in North and South America, and 52.8% in Europe. This equates to 7'034 full-time equivalents at the end of the year.

Expressed as an annual average, 327 employees or 4.6% were employed on a part-time basis in continuing operations. The number of employees on fixed-term employment contracts was 637 or 8.9% of the workforce. The proportion of women in the overall workforce was 38.5%, while the proportion of women in senior positions was 20.3%. Based on 7'082 people, the average number of full-time equivalents for the year, revenue per full-time equivalent was CHF 153'895 in 2019. This figure is lower than in the past because, with the divestment of Distrelec and Nedis, the more personnel-intensive business with system-critical elastomer components received a higher weighting. The staff turnover rate for continuing business was 13.2% in the reporting year, without significant gender differences. The staff turnover rate is significantly influenced by the setting up and expansion of production sites in low-wage countries, where staff turnover tends to be higher generally. Turnover is calculated by dividing the number of those leaving voluntarily by the average headcount for the year (not including fixed-term employment contracts). Datwyler records, at all sites, the gender, age and job category of any employee leaving.

At the Kesurdi site in India, Datwyler is helping to improve local infrastructure and has created over 450 jobs since 2013.

38.5% is the proportion of women in the Datwyler workforce.

A responsible employer
At the Indian site in Kesurdi, Datwyler is supporting efforts to improve the local infrastructure, particularly in terms of education and the drinking water supply. Datwyler has already brought the water supply, kitchen and toilet infrastructure as well as the building and playground to a modern standard in three public kindergartens. Local Datwyler employees play an active role in planning and implementing the projects. To ensure sustainable improvement, the local Datwyler cleaning unit regularly cleans and maintains the new facilities and infrastructure. Further projects to improve the infrastructure in the villages in the surrounding area of the Datwyler plant are being planned. At the Silao site in Mexico, Datwyler is taking part in a regional initiative to integrate people with disabilities into the world of work. This project promotes a feeling of belonging at the departments concerned and provides all employees – whether disabled or not – with enriching experiences.
SUSTAINABLE SUPPLY CHAINS

Datwyler carefully selects quality raw materials to improve its competitive position and guarantee business continuity. To this end, the company seeks long-term relationships with suppliers to create added value for customers. A binding Code of Conduct and guidelines for sustainable procurement form the basis for ethical and environmentally friendly supply chains.

As the basis for the production of system-critical elastomer components, Datwyler mainly buys raw materials such as elastomer materials, plastics, aluminium, metals and operating materials. These 56,000 tonnes of raw materials a year are processed at 20 of the business’s own production plants in Europe, Asia and the NAFTA area. In a first production step, the elastomer compounds and the metal moulds are manufactured in our own mixing plants and mould shop. In a second step, Datwyler processes the elastomer compounds into system-critical components using the metal moulds on state-of-the-art presses.

Availability of raw materials is integral to ensuring a reliable supply for the customer. With this in mind, Datwyler works with around 400 suppliers of raw materials worldwide. Some one third of the purchasing volume is sourced from the ten largest suppliers. These and other important suppliers of raw materials are major international companies which manage their own supply chains in a professional manner. Some also compile their own sustainability reports and are members of the UN Global Compact. Geographically speaking, some 70% of raw materials come from Europe, while 20% and 10% come from Asia and the USA respectively. Overall, 1,800 or so suppliers and service providers invoice Datwyler for more than CHF 10’000 a year. The procurement function is divided into a global team with seven employees and a local team at each plant.

Standard Supplier Code of Conduct
As a basis for ethical and environmentally friendly supply chains, Datwyler has a standard code of conduct for suppliers (www.datwyler.com/company/supplier). This is largely based on the globally accepted principles set out in the UN Global Compact and applies to all suppliers, advisors, representatives and partners of the Datwyler Group. Datwyler does not tolerate any kind of special treatment, bribery or corruption (see also page 24 of the text on ethical business practices).

56’000 tonnes of raw materials are sourced per year.
To promote ethically sound collaboration, Datwyler offers its suppliers an email address for compliance issues, which is managed by the internal audit department. No reports were received during the reporting year. The Supplier Code of Conduct is monitored as part of the quality assurance systems. Datwyler also checks up on sustainability issues during the regular assessments of suppliers. Datwyler expects all suppliers to sign up to the Supplier Code of Conduct as a matter of course. Exemptions are only allowed if suppliers are members of the UN Global Compact or have their own official code of conduct which incorporates the principles of the UN Global Compact. Datwyler provides regular training for its own purchasers to ensure that the existing guidelines for sustainable procurement are taken into account in the selection and assessment of suppliers and in cooperation with them.

Proactive reduction of packaging material
Datwyler takes action at various levels to reduce the environmental impact from the procurement of raw materials. 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 use again. There are also non-reusable pallets and boxes made of materials sent for recycling via disposal companies (wood, cardboard, plastic).

Less than 1% natural rubber and sustainable aluminium
Datwyler is constantly looking for the most environmentally friendly raw materials possible. To this end, the procurement department works together with research and development and implements the findings of proactive chemical compliance management (see page 13). The company uses almost exclusively synthetically produced raw materials to manufacture elastomer compounds. Natural rubber counts for less than 1% of purchased elastomer raw materials. Datwyler is thus helping to ensure that in Southeast Asia and Central and South America, no more rainforest has to give way to rubber plantations. In the Food & Beverage business unit, Datwyler, as an innovative partner, is supporting its industry-leading customer to move towards sustainable and traceable aluminium in the spirit of the circular economy. Once fully implemented, this will involve some 4000 tonnes of aluminium per year at Datwyler.

KEY POINTS IN BRIEF

→ Datwyler has a standard, binding code of conduct for suppliers which is monitored as part of the quality assurance systems.
→ Datwyler procures over 56'000 tonnes of raw materials a year from some 400 suppliers, some 70% of whom are based in Europe.
→ Datwyler is constantly looking for the most environmentally friendly raw materials possible and is proactively reducing packaging materials.
→ Less than 1% of elastomer raw materials are natural rubber.
→ Objective: All suppliers to sign up to the Supplier Code of Conduct. Exemptions are allowed if suppliers are members of the UN Global Compact or have their own official code of conduct which incorporates the principles of the UN Global Compact.
Datwyler is aware of the responsibility it shares for ethically sound business practices and signed up to the UN Global Compact in 2009.

A fair and responsible partner
Datwyler first published its code of conduct, which is binding on all employees at all sites across the Group, back in 2008 (see www.datwyler.com/company/corporate-governance/policies-regulations). This makes it clear that the companies and employees within the Group must respect the national laws, human rights, personal dignity, privacy and rights as individuals of each individual person. Datwyler has zero tolerance for discrimination, humiliation, oppression, harassment or insults. The Code of Conduct also sets out the correct way to deal with business partners and competitors. It strictly prohibits any kind of special treatment, bribery or corruption. For example, clear rules are laid out in the Code of Conduct for the placing of orders, the awarding of sponsorship money, and for dealing with conflicts of interest. Datwyler set out its expectations of suppliers in a separate code of conduct specifically for suppliers (see also page 22 of the text on sustainable supply chains and www.datwyler.com/company/supplier).

Compliance reporting process
The Datwyler Group has a standardised compliance reporting process, which is set out in writing and available on the intranet. The managers and management teams at the individual subsidiaries are responsible for adhering to and implementing the Code of Conduct and the various national laws and standards. At the start of the calendar year, the managers of all the subsidiaries provide the Group Compliance Officer (currently the Group Chief Financial Officer) with a signature to confirm that all employees at their company have been made aware at least once during the reporting year of the principles set out in the Code of Conduct at an internal information event. Their signature also confirms that all new employees have received a copy of the Code of Conduct and understand the principles involved.
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, and that they are aware of the main risks for their area of responsibility as regards ‘compliance and fraud’ and monitor these 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 Datwyler in 2019 either. And no significant fines or non-monetary penalties for infringements of legal provisions were imposed on Datwyler in the reporting year. The confirmation of compliance from subsidiaries is checked for accuracy by the internal audit department as part of its inspection work (for information on the internal audit department, see also p. 32 of the Annual Report 2019).

Zero tolerance objectives
Datwyler’s ethically sound business practices are supported by its zero tolerance objectives. The Group does not wish to be involved in any cases of corruption and is keen to avoid any justified legal action against Group companies. The Code of Conduct also forms an integral part of every person’s employment contract, and each employee should be familiar with its content. Each employee is obliged to report any circumstances that suggest a violation of the Code of Conduct. The points of contact for this purpose 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). The Datwyler Group also offers its employees a free worldwide whistle blower hotline for reporting violations of the Code of Conduct. Details of the whistle blower hotline are displayed at all sites, while the facility itself is well established and reviewed on a regular basis during internal audits. Reports are forwarded directly to the internal audit department. Each report is treated as confidential in accordance with the relevant data protection provisions and investigated conscientiously. Most reports do not stand up to detailed scrutiny or can be resolved locally with the Group Compliance Officer acting as intermediary. In the reporting year, thirteen reports contained concrete information. This does not necessarily mean violations of the Code of Conduct. The reports also relate to local leadership problems which can be solved through better processes or structures. Datwyler uses 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 compliance issues, which is also managed by the Group’s internal audit department. No reports were made during the reporting year.

As a listed company, Datwyler is transparent about its business and makes information public.

Datwyler has been a member of the UN Global Compact since 2009 and has a Group-wide binding code of conduct for employees and suppliers. Datwyler does not tolerate any form of discrimination, bribery or corruption. A standardised compliance reporting process ensures that the individual subsidiaries implement the Code of Conduct.

Objectives: No cases of corruption and no justified legal action against Group companies.
For the Materiality Disclosures Service, GRI Services verified that the GRI content index is clearly presented and that the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The GRI Materiality Disclosures Service was performed on the English version of the report.

**UNIVERSAL STANDARDS**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Disclosure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 101: Foundation (2016)</td>
<td>This report has been prepared in accordance with the principles of the GRI standards.</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 102: General Disclosures (2016)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-1</td>
<td>Name of the organisation</td>
<td>p. 30</td>
</tr>
<tr>
<td>GRI 102-2</td>
<td>Activities, brands, products, and services</td>
<td>p. 4–5, AR p. 14–21</td>
</tr>
<tr>
<td>GRI 102-3</td>
<td>Headquarters</td>
<td>p. 30</td>
</tr>
<tr>
<td>GRI 102-4</td>
<td>Location of operations</td>
<td>AR p. 91–92</td>
</tr>
<tr>
<td>GRI 102-5</td>
<td>Ownership and legal form</td>
<td>AR p. 28–29</td>
</tr>
<tr>
<td>GRI 102-6</td>
<td>Markets served</td>
<td>p. 4–5, AR p. 14–21</td>
</tr>
<tr>
<td>GRI 102-7</td>
<td>Scale of the organisation</td>
<td>p. 2–5</td>
</tr>
<tr>
<td>GRI 102-8</td>
<td>Information on employees and other workers</td>
<td>p. 2–5, 20–21</td>
</tr>
<tr>
<td>GRI 102-9</td>
<td>Supply Chain</td>
<td>p. 22–23</td>
</tr>
<tr>
<td>GRI 102-10</td>
<td>Significant changes to the organisation and its supply chain</td>
<td>None.</td>
</tr>
<tr>
<td>GRI 102-11</td>
<td>Precautionary Principle</td>
<td>AR p. 24, 32</td>
</tr>
<tr>
<td>All employees and suppliers are told to use resources sparingly (Code of Conduct). There is also a systematic approach to risk management with a view to minimising a wide variety of risks, including environmental risks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-12</td>
<td>External Initiatives</td>
<td>United Nations Global Compact; Sustainability reporting according to the Global Reporting Initiative (GRI) Standards; Reporting to CDP (formerly the Carbon Disclosure Project); EcoVadis Audit and Rating</td>
</tr>
<tr>
<td>GRI 102-13</td>
<td>Membership of associations</td>
<td>Swissmem; Global Compact Network Switzerland</td>
</tr>
<tr>
<td><strong>2. Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-14</td>
<td>Statement from senior decision maker</td>
<td>p. 1</td>
</tr>
<tr>
<td></td>
<td>AR p. 8–11</td>
<td></td>
</tr>
<tr>
<td><strong>3. Ethics and integrity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-16</td>
<td>Values, principles, standards, and norms of behaviour</td>
<td>p. 1, 24–25</td>
</tr>
<tr>
<td>Our values are based on 100 years of success as a company, see also <a href="http://www.datwyler.com/company/values">www.datwyler.com/company/values</a> There has been a binding code of conduct for employees since 2008 and one for suppliers since early 2014. There is also an annual compliance reporting process.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-18</td>
<td>Governance structure</td>
<td>AR p. 28–38</td>
</tr>
<tr>
<td><strong>5. Stakeholder Engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-40</td>
<td>List of stakeholder groups</td>
<td>Customers, the environment, employees, shareholders, suppliers and the communities in which the Datwyler Group companies have often been long established and promote regional development as reliable employers and partners.</td>
</tr>
<tr>
<td>GRI 102-41</td>
<td>Collective bargaining agreements</td>
<td>67.6% of all employees are covered by collective agreements (or collective bargaining agreements).</td>
</tr>
</tbody>
</table>
Identifying and selecting stakeholders
The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations.

Approach to stakeholder engagement
The following regular processes are intended to improve stakeholder engagement: supplier evaluations, customer surveys, employee surveys. The various sites also maintain regular contact with representatives from local authorities and the government.

Key topics and concerns raised
Price, quality, delivery times, conditions of employment, wages and increasingly the environment and social aspects too (compliance) by shareholders/investors and customers. Concerns are addressed and action taken accordingly where this makes sense.

Entities included in the consolidated financial statements
If not stated otherwise, all entities in the Datwyler Group.

Defining report content and topic boundaries
List of material topics
Restatements of information
None.

Changes in reporting
The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.

The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.

No external assurance

The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations.

Price, quality, delivery times, conditions of employment, wages and increasingly the environment and social aspects too (compliance) by shareholders/investors and customers. Concerns are addressed and action taken accordingly where this makes sense.

If not stated otherwise, all entities in the Datwyler Group.

List of material topics

None.

The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.

No external assurance

The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations.

Price, quality, delivery times, conditions of employment, wages and increasingly the environment and social aspects too (compliance) by shareholders/investors and customers. Concerns are addressed and action taken accordingly where this makes sense.

If not stated otherwise, all entities in the Datwyler Group.

List of material topics

None.

The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.

No external assurance

GRI 102-42

Identifying and selecting stakeholders
The Datwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations.

GRI 102-43

Approach to stakeholder engagement
The following regular processes are intended to improve stakeholder engagement: supplier evaluations, customer surveys, employee surveys. The various sites also maintain regular contact with representatives from local authorities and the government.

GRI 102-44

Key topics and concerns raised
Price, quality, delivery times, conditions of employment, wages and increasingly the environment and social aspects too (compliance) by shareholders/investors and customers. Concerns are addressed and action taken accordingly where this makes sense.

6. Reporting practice

 Entities included in the consolidated financial statements
If not stated otherwise, all entities in the Datwyler Group.

Defining report content and topic boundaries
List of material topics
Restatements of information
None.

Changes in reporting
The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.

Reporting period

Date of most recent report
28.6.2019

Reporting cycle
Annual

Contact point for questions regarding the report
Annual

Claims of reporting in accordance with the GRI Standards
This report has been prepared in accordance with the GRI Standards: core option

GRI content index
p. 26

External assurance
No external assurance

Management Approach (2016)

GRI 201-1
Direct economic value generated and distributed
p. 8

GRI 201-3
Defined benefit plan obligations
p. 8

GRI 203: Indirect Economic Impacts (2016)
Management Approach (2016)

GRI 203-2
Significant indirect economic impacts
p. 8

GRI 205: Anti-corruption (2016)
Management Approach (2016)

GRI 205-2
Communication and training about anti-corruption policies and procedures
p. 22–25

GRI 205-3
Confirmed incidents of corruption and actions taken
No incidents in the reporting year.

GRI 206: Anti-competitive Behaviour (2016)
Management Approach (2016)

GRI 206-1
Legal actions for anti-competitive behaviour
p. 24–25
<table>
<thead>
<tr>
<th>Reference</th>
<th>Disclosure</th>
<th>Page</th>
<th>Reasons for omission</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company-specific topic: Accelerate digitalisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI 300: Environmental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI 302: Energy (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 302-1</td>
<td>Energy consumption within the organisation</td>
<td>p. 17</td>
<td></td>
</tr>
<tr>
<td>GRI 302-3</td>
<td>Energy intensity</td>
<td>p. 17</td>
<td></td>
</tr>
<tr>
<td>GRI 302-4</td>
<td>Reduction of energy consumption</td>
<td>p. 15</td>
<td></td>
</tr>
<tr>
<td>GRI 302-5</td>
<td>Reduction in energy requirements of products and services</td>
<td>p. 12–15</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 303: Water (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 303-1</td>
<td>Water withdrawal by source</td>
<td>p. 16–17</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 305: Emissions (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>p. 17</td>
<td></td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>p. 17</td>
<td></td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>GHG emissions intensity</td>
<td>p. 17</td>
<td></td>
</tr>
<tr>
<td>GRI 305-5</td>
<td>Reduction of GHG emissions</td>
<td>p. 15–16</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 306: Effluents and Waste (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 306-2</td>
<td>Waste by type and disposal method</td>
<td>p. 16–17</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 307: Environmental Compliance (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 307-1</td>
<td>Non-compliance with environmental laws and regulations Based on the compliance reporting process, no lawsuits were filed against Datwyler in 2019 for non-compliance with environmental protection laws and regulations.</td>
<td>p. 23</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 400: Social</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRI 401: Employment (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 401-1</td>
<td>New employee hires and employee turnover</td>
<td>p. 21</td>
<td>Detailed breakdown in preparation</td>
</tr>
<tr>
<td><strong>GRI 403: Occupational Health and Safety (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 403-2</td>
<td>Types of injury and rates of injury</td>
<td>p. 18</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 404: Training and Education (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>p. 19–20</td>
<td></td>
</tr>
<tr>
<td>GRI 404-3</td>
<td>Percentage of employees receiving regular performance reviews</td>
<td>p. 20</td>
<td></td>
</tr>
<tr>
<td><strong>GRI 405: Diversity and Equal Opportunity (2016)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Reference Disclosure Page Reasons for Omission

<table>
<thead>
<tr>
<th>Reference</th>
<th>Disclosure</th>
<th>Page</th>
<th>Reasons for omission</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>p. 21 AR p. 33–37</td>
<td></td>
</tr>
<tr>
<td>GRI 406: Non-discrimination (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 103:</td>
<td>Management Approach (2016)</td>
<td>p. 19</td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>p. 19</td>
<td></td>
</tr>
<tr>
<td>GRI 408: Child Labour (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Operations and suppliers at significant risk of incidents of child labour</td>
<td>p. 22–23</td>
<td></td>
</tr>
<tr>
<td>GRI 409: Forced or Compulsory Labour (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Operations and suppliers at significant risk of incidents of forced or compulsory labour</td>
<td>p. 22–23</td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Investment agreements that include human rights clauses</td>
<td>p. 22–24</td>
<td></td>
</tr>
<tr>
<td>GRI 414: Supplier Social Assessment (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>New suppliers that were screened using social criteria</td>
<td>p. 22–23</td>
<td></td>
</tr>
<tr>
<td>GRI 416: Customer Health and Safety (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Incidents of non-compliance concerning the health and safety impacts of products and services</td>
<td>p. 12–13</td>
<td></td>
</tr>
<tr>
<td>GRI 417: Marketing and Labelling (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Product and service information and labelling</td>
<td>p. 12–13</td>
<td></td>
</tr>
<tr>
<td>GRI 419: Socioeconomic Compliance (2016)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1/103-2/103-3</td>
<td>Non-compliance with laws and regulations</td>
<td>p. 22</td>
<td></td>
</tr>
</tbody>
</table>

**Company specific topic: High client satisfaction**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Disclosure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 103:</td>
<td>Management Approach (2016)</td>
<td>p. 10–11</td>
</tr>
</tbody>
</table>