

## **Global Compact Communication on Progress and GRI Content Index referencing the Datwyler Sustainability Report 2019**

### **Message from the CEO**

#### **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 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.

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 continued support of the ten principles 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.

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. 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. 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  
Group CEO

## Integration of the Global Compact Communication on Progress in the sustainability reporting according to the Global Reporting Initiative

Since 2008, the Annual Report published by Dätwyler Holding Inc. has followed the Global Reporting Initiative (GRI) Guidelines. Together with the detailed GRI Content Index, the Sustainability Report meets the latest internationally recognised GRI guidelines as confirmed by GRI. Since 9 November 2009, the Datwyler Group has been a member of the UN Global Compact. The table below summarises the significant aspects related to the ten principles of the Global Compact. More information about the specific actions and outcomes can be found on the referenced pages of the Sustainability Report and this GRI Content Index. All documents are available for downloading at <https://datwyler.com/company/sustainability> .

Global Compact Principles	Summary of Actions and Outcomes	Information in the Sustainability Report 2019	Information in the GRI Content Index 2019
<b>Human Rights</b>			
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Datwyler's Code of Conduct clearly stipulates that the companies and employees of the Group respect the human rights, dignity, privacy and personal rights of every individual. Datwyler does not tolerate any form of discrimination, humiliation, oppression, harassment or offence. In the reporting year 2019, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Datwyler companies. In its Code of Conduct, Datwyler commits to ensuring a safe and healthy working environment.	Page 19-21: Attractive employer, agility and empowerment Pages 24/25: Fair business practices	Page 5: Ethics and integrity (102-16) Pages 7/8: Social topics, human rights assessment (412)
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	In its Code of Conduct, Datwyler commits to open and honest behaviour with integrity. Datwyler gives its suppliers fair contractual terms and reasonable valuable consideration. In return, Datwyler also expects the suppliers to treat their employees and suppliers fairly and honestly.  Since 2014, the Datwyler Group also has a supplier Code of Conduct.	Pages 22/23: Sustainable supply chains Page 24/25: Fair business practices	Page 5: Ethics and integrity (102-16) Page 5/6: Stakeholder engagement Pages 7/8: Social topics
<b>Labour</b>			
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Datwyler's Code of Conduct explicitly states that employees are free to join trade unions. The Datwyler companies maintain a constructive dialogue with internal employee representatives. Employees in Switzerland are subject to the Collective Bargaining Agreement of the Swiss mechanical and electrical engineering industries. Company wide, 67.6% of the Datwyler workforce, were covered by collective bargaining agreements in 2019.	Pages 19-21: Attractive employer, agility and empowerment Pages 24/25: Fair business practices	Page 5/6: Stakeholder engagement (102-41)
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	In its Code of Conduct, Datwyler commits to protect human rights. It categorically rejects the use of forced and compulsory labour. The systematic sustainability reporting shows that all companies of the Datwyler Group comply with this.	Pages 24/25: Fair business practices	Page 8: Social topics, forced or compulsory labour (409-1)
Principle 5: Businesses should uphold the effective abolition of child labour.	In its Code of Conduct, Datwyler commits to protect human rights. It categorically rejects the use of child labour. The systematic sustainability reporting shows that all companies of the Datwyler Group comply with this.	Pages 24/25: Fair business practices	Page 8: Social topics, child labour (408-1)
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	The Code of Conduct lays down that Datwyler does not tolerate any form of discrimination, humiliation, oppression, harassment or offence. In the reporting year 2019, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Datwyler companies.	Pages 19-21: Attractive employer, agility and empowerment Page 24/25: Fair business practices	Page 5: Ethics and integrity (102-16) Page 7/8: Social topics, diversity and equal opportunity (405-1), non-discrimination (406-1)

Global Compact Principles	Summary of Actions and Outcomes	Information in the Sustainability Report 2019	Information in the GRI Content Index 2019
<b>Environment</b>			
Principle 7: Business should support a precautionary approach to environmental challenges.	<p>For Datwyler, environmental protection is an important mission and, as such, is embodied in the company's values and Code of Conduct. This encompasses both environmentally friendly production with efficient use of resources and the development of products that are made of the most environmentally sound components possible.</p> <p>The environmental data in the sustainability reporting covers more than 98% of resource consumption, more than 96% of waste and more than 96% of the workforce of the Datwyler Group.</p> <p>The company is continuously investing in the maintenance and modernisation of its production plants worldwide. In the reporting year, 2019 investments in property, plant and equipment amounted to CHF 104.6 million (previous year: CHF 138.5 million). The impact on the use of resources is also considered when any investments are made in equipment and buildings.</p>	<p>Pages 12/13: Leading quality, products</p> <p>Pages 14-17: Resource-friendly production</p> <p>Pages 22/23: Sustainable supply chains</p>	Page 7: Environmental topics
Principle 8: Business should undertake initiatives to promote greater environmental responsibility.	<p>At the end of 2019, 13 Datwyler plants were certified to ISO 14001. Additional plants are working towards ISO environmental certification. Thanks to measures that were implemented, in 2019 Datwyler, for the third consecutive time, succeeded in reducing the resource consumption per revenue unit: electricity -3.2%, fuels -0.5%, water -15.0%, and waste volume -5.5%.</p> <p>With the publication of the 2019 sustainability report, Datwyler has announced carbon neutrality for the whole Group as long term target. In Switzerland, Datwyler produces CO<sub>2</sub>-neutrally already by using a wood-fired heating plant for process energy and heating power as well as hydropower for electricity. As a result, every year the company saves 500'000 tonnes of fuel oil and 3'600 tonnes of CO<sub>2</sub>. By putting into operation a modern cogeneration unit at the Italian facility, Datwyler reduces the CO<sub>2</sub> emissions by some additional 900 tonnes per year.</p>	<p>Pages 12/13: Leading quality products</p> <p>Pages 14-17: Resource-friendly production</p> <p>Pages 22/23: Sustainable supply chains</p>	Page 7: Environmental topics
Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.	<p>Environmental protection at Datwyler encompasses both environmentally friendly production with efficient use of resources and the development of products that are made of the most environmentally sound components possible. With its proactive chemical compliance management, the company goes above and beyond the legal requirements. Datwyler proactively identifies substances of concern that are particularly hazardous to health and harmful to the environment and prohibits the use of these substances for the development and production of new elastomer products.</p> <p>In many cases, Datwyler products directly help to protect the environment. One example is the new rubber gaskets for environmentally friendly natural gas engines or for Selective Catalytic Reduction technology to reduce nitrogen-oxide emissions from diesel-powered vehicles in the automotive industry.</p>	<p>Pages 12/13: Leading quality products</p> <p>Pages 14-17: Resource-friendly production</p>	Page 7: Environmental topics
<b>Anti-Corruption</b>			
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	<p>Datwyler's Code of Conduct strictly prohibits collusion, bribery and corruption. The Code of Conduct is reiterated to employees regularly during internal training sessions. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Datwyler during 2019. Nor were any significant fines or non-monetary sanctions imposed on Datwyler for non-compliance with laws and regulations during the reporting year. In accordance with the Code of Conduct, Datwyler does not provide financial support to political parties, organisations or office holders.</p> <p>Since 2014, the Datwyler Group also has a supplier Code of Conduct.</p> <p>The internal auditors regularly monitor compliance with laws and observation of the Code of Conduct in all organisational units of Datwyler.</p>	<p>Pages 22/23: Sustainable supply chains</p> <p>Pages 24/25: Fair business practices</p>	<p>Page 5: Ethics and integrity (102-16)</p> <p>Page 6: Economic topics, Anti-corruption (205-2, 205-3), Anti-competitive behaviour (206-1)</p> <p>Page 7/8: Social topics, supplier social assessment (414-1), compliance (419-1)</p>

## **GRI Content Index referencing the Datwyler Sustainability Report 2019**

### **Integration of Sustainability Information following the Global Reporting Initiative Guidelines**

The Sustainability Report 2019 published by Dätwyler Holding Inc. follows the Global Reporting Initiative (GRI) Guidelines for the tweltht time. The report, together with the information compiled in this detailed GRI Content Index, has been prepared according to the latest internationally recognised GRI guidelines as confirmed by GRI.

GRI is the world's leading standard for corporate sustainability reporting ([www.globalreporting.org](http://www.globalreporting.org)). The GRI guidelines require disclosures that set the overall context for understanding an organisation's sustainability performance. Furthermore, they cover disclosures on the organisational profile and numerous performance indicators relating to the organisational profile as well as to economic, environmental and social topics. By adopting these guidelines, Datwyler is seeking to provide its stakeholders with comprehensive and transparent information on the company's sustainability focus.

The GRI Content Index below shows where to locate specific information in the Sustainability Report or in the Annual Report.

If you have any queries about Datwyler's sustainability reporting, please contact:

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# GRI CONTENT INDEX



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

Reference	Disclosure	Page*
<b>GRI 101: Foundation (2016)</b>	This report has been prepared in accordance with the principles of the GRI standards.	
<b>GRI 102: General Disclosures (2016)</b>		
<b>1. Organisational profile</b>		
GRI 102-1	Name of the organisation	p. 30
GRI 102-2	Activities, brands, products, and services	p. 4-5, AR p. 14-21
GRI 102-3	Headquarters	p. 30
GRI 102-4	Location of operations	AR p. 91-92
GRI 102-5	Ownership and legal form	AR p. 28-29
GRI 102-6	Markets served	p. 4-5, AR p. 14-21
GRI 102-7	Scale of the organisation	p. 2-5
GRI 102-8	Information on employees and other workers	p. 2-5, 20-21
GRI 102-9	Supply Chain	p. 22-23
GRI 102-10	Significant changes to the organisation and its supply chain	
	None.	
GRI 102-11	<b>Precautionary Principle</b> 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.	AR p. 24, 32
GRI 102-12	<b>External Initiatives</b> 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	
GRI 102-13	<b>Membership of associations</b> Swissmem; Global Compact Network Switzerland	
<b>2. Strategy</b>		
GRI 102-14	Statement from senior decision maker	p. 1 AR p. 8-11
<b>3. Ethics and integrity</b>		
GRI 102-16	<b>Values, principles, standards, and norms of behaviour</b> 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.	p. 1, 24-25
<b>4. Governance</b>		
GRI 102-18	Governance structure	AR p. 28-38
<b>5. Stakeholder Engagement</b>		
GRI 102-40	<b>List of stakeholder groups</b> 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.	
GRI 102-41	<b>Collective bargaining agreements</b> 67.6% of all employees are covered by collective agreements (or collective bargaining agreements)	

Reference	Disclosure	Page *
GRI 102-42	<b>Identifying and selecting stakeholders</b> 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	<b>Approach to stakeholder engagement</b> 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	<b>Key topics and concerns raised</b> 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.	
<b>6. Reporting practice</b>		
GRI 102-45	<b>Entities included in the consolidated financial statements</b> If not stated otherwise, all entities in the Datwyler Group.	
GRI 102-46	<b>Defining report content and topic Boundaries</b>	p. 6
GRI 102-47	<b>List of material topics</b>	p. 6
GRI 102-48	<b>Restatements of information</b> None.	
GRI 102-49	<b>Changes in reporting</b> The companies Parco and Bins (acquired in the second half of 2018) were included for the first time for the entire 2019 calendar year.	
GRI 102-50	<b>Reporting period</b> 1.1.2019–31.12.2019	
GRI 102-51	<b>Date of most recent report</b> 28.6.2019	
GRI 102-52	<b>Reporting cycle</b> Annual	
GRI 102-53	<b>Contact point for questions regarding the report</b>	p. 30
GRI 102-54	<b>Claims of reporting in accordance with the GRI Standards</b> This report has been prepared in accordance with the GRI Standards: core option	
GRI 102-55	<b>GRI content index</b>	p. 26
GRI 102-56	<b>External assurance</b> No external assurance	

## TOPIC-SPECIFIC STANDARDS

Reference	Disclosure	Page	Reasons for omission
<b>GRI 200: Economic</b>			
<b>GRI 201: Economic Performance (2016)</b>			
GRI 103: 103-1/103-2/103-3	<b>Management Approach (2016)</b>	p. 8	
GRI 201-1	<b>Direct economic value generated and distributed</b>	p. 8	
GRI 201-3	<b>Defined benefit plan obligations</b>	AR p. 69	
<b>GRI 203: Indirect Economic Impacts (2016)</b>			
GRI 103: 103-1/103-2/103-3	<b>Management Approach (2016)</b>	p. 8	
GRI 203-2	<b>Significant indirect economic impacts</b>	p. 8	
<b>GRI 205: Anti-corruption (2016)</b>			
GRI 103: 103-1/103-2/103-3	<b>Management Approach (2016)</b>	p. 22–25	
GRI 205-2	<b>Communication and training about anti-corruption policies and procedures</b>	p. 24–25	
GRI 205-3	<b>Confirmed incidents of corruption and actions taken</b> No incidents in the reporting year.		
<b>GRI 206: Anti-competitive Behaviour (2016)</b>			
GRI 103: 103-1/103-2/103-3	<b>Management Approach (2016)</b>	p. 24–25	
GRI 206-1	<b>Legal actions for anti-competitive behaviour</b>	p. 25	

Reference	Disclosure	Page	Reasons for omission
<b>Company-specific topic: Accelerate digitalisation</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 9	
<b>GRI 300: Environmental</b>			
<b>GRI 302: Energy (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 14–15	
GRI 302-1	Energy consumption within the organisation	p. 17	
GRI 302-3	Energy intensity	p. 17	
GRI 302-4	Reduction of energy consumption	p. 15	
GRI 302-5	Reduction in energy requirements of products and services	p. 12–15	
<b>GRI 303: Water (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 14–16	
GRI 303-1	Water withdrawal by source	p. 16–17	
<b>GRI 305: Emissions (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 14–16	
GRI 305-1	Direct (Scope 1) GHG emissions	p. 17	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	p. 17	
GRI 305-4	GHG emissions intensity	p. 17	
GRI 305-5	Reduction of GHG emissions	p. 15–16	
<b>GRI 306: Effluents and Waste (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 14–16	
GRI 306-2	Waste by type and disposal method	p. 16–17	
<b>GRI 307: Environmental Compliance (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 23–25	
GRI 307-1	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.	p. 23	
<b>GRI 400: Social</b>			
<b>GRI 401: Employment (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 19–21	
GRI 401-1	New employee hires and employee turnover	p. 21	Detailed breakdown in preparation
<b>GRI 403: Occupational Health and Safety (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 18	
GRI 403-2	Types of injury and rates of injury	p. 18	
<b>GRI 404: Training and Education (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 19–20	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	p. 19–20	
GRI 404-3	Percentage of employees receiving regular performance reviews	p. 20	
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 19, 21	

Reference	Disclosure	Page	Reasons for omission
GRI 405-1	Diversity of governance bodies and employees	p. 21 AR p. 33-37	
<b>GRI 406: Non-discrimination (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 19	
GRI 406-1	Incidents of discrimination and corrective actions taken	p. 19	
<b>GRI 408: Child Labour (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 22-23	
GRI 408-1	<b>Operations and suppliers at significant risk of incidents of child labour</b> In its Code of Conduct established in 2008 and with its participation in the UN Global Compact, the Datwyler Group has committed itself to protecting human rights. This means that all legal entities categorically reject the use of child labour. In the reporting year, no sites or suppliers were identified where child labour represents a significant risk.		
<b>GRI 409: Forced or Compulsory Labour (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 22-23	
GRI 409-1	<b>Operations and suppliers at significant risk of incidents of forced or compulsory labour</b> In its Code of Conduct established in 2008 and with its participation in the UN Global Compact, the Datwyler Group has committed itself to protecting human rights. This means that all legal entities categorically reject the use of forced or compulsory labour. In the reporting year, no sites or suppliers were identified where forced or compulsory labour represents a significant risk.		
<b>GRI 412: Human Rights Assessment (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 22-24	
GRI 412-3	Investment agreements that include human rights clauses	p. 22-24	
<b>GRI 414: Supplier Social Assessment (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 22-23	
GRI 414-1	New suppliers that were screened using social criteria	p. 22-23	
<b>GRI 416: Customer Health and Safety (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 12-13	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 12-13	
<b>GRI 417: Marketing and Labelling (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 12-13	
GRI 417-1	Product and service information and labelling	p. 12-13	
<b>GRI 419: Socioeconomic Compliance (2016)</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 22-25	
GRI 419-1	Non-compliance with laws and regulations	p. 22	
<b>Company specific topic: High client satisfaction</b>			
GRI 103: 103-1/103-2/103-3	Management Approach (2016)	p. 10-11	

\* Page(s) in this report or in the Annual Report (AR = Datwyler Annual Report 2019)