

## **Global Compact Communication on Progress and GRI Content Index referencing the Datwyler Sustainability Report 2016**

### **Message from the CEO**

#### **Long-term values**

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

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

We strive to deliver sustainable profitable growth for the benefit of our stakeholders as the foundation for adding longterm value and preserving the corporate independence of the Datwyler Group. In our efforts, we are addressing the challenges of our times. As early as 2008, we voluntarily adopted the standards of the Global Reporting Initiative (GRI) for the sustainability section of our Annual Report, and in 2009 we joined the UN Global Compact. This is an initiative launched by the United Nations stating ten principles in the areas of human rights, labour, the environment and in combating corruption. As a UN Global Compact participant, Datwyler commits to follow the ten principles and to accept its responsibility within society. This endeavour is based on the Datwyler values and the Code of Conduct that lay down globally binding rules for all Datwyler Group employees.

As far as our suppliers are concerned, we have set out our requirements in a dedicated code of conduct based on the UN Global Compact since the beginning of 2014. The systematic customer and employee satisfaction surveys were continued in 2016. Since 2013, the Datwyler Group has also reported its greenhouse gas emissions to the Carbon Disclosure Project (CDP). In this way, we live up to our social responsibility every day 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 standards 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 [www.datwyler.com](http://www.datwyler.com).

Global Compact Principles	Summary of Actions and Outcomes	Information in the Sustainability Report 2016	Information in the GRI Content Index 2016
<b>Human Rights</b>			
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	The Datwyler Group's Code of Conduct clearly stipulates that the companies and employees in 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 2016, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Datwyler companies. In its Code of Conduct, the Datwyler Group commits to ensuring a safe and healthy working environment.	Page 5: Long-term values Page 19-21: Attractive employer and employee engagement Pages 24/25: Fair business practices	Page 5: 3. Ethics and integrity (102-16) Pages 9/10: Social topics, human rights assessment (412-3)
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	In its Code of Conduct, the Datwyler Group commits to open and honest behaviour with integrity. The Datwyler Group 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: 3. Ethics and integrity (102-16) Page 6: Stakeholder engagement Pages 9/10: Social topics
<b>Labour</b>			
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Datwyler Group'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 of the Sealing Solutions Division in Switzerland are subject to the Collective Bargaining Agreement of the Swiss mechanical and electrical engineering industries. Group wide, 72.7% of the Datwyler Groups workforce, were covered by collective bargaining agreements in 2016.	Pages 19-21: Attractive employer and employee engagement Pages 24/25: Fair business practices	Page 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, the Datwyler Group commits to protect human rights. It categorically rejects the use of forced and compulsory labour. The systematic sustainability reporting shows that all companies in the Datwyler Group comply with this.	Pages 24/25: Fair business practices	Page 10: Social topics, forced or compulsory labour (409-1)
Principle 5: Businesses should uphold the effective abolition of child labour.	In its Code of Conduct, the Datwyler Group commits to protect human rights. It categorically rejects the use of child labour. The systematic sustainability reporting shows that all companies in the Datwyler Group comply with this.	Pages 24/25: Fair business practices	Page 9: 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 2016, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Datwyler companies.	Pages 19-21: Attractive employer and employee engagement Page 24/25: Fair business practices	Page 5: 3. Ethics and integrity (102-16) Page 9: 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 2016	Information in the GRI Content Index 2016
<b>Environment</b>			
<p>Principle 7: Business should support a precautionary approach to environmental challenges.</p>	<p>For the companies in the Datwyler Group, environmental protection is an important mission and, as such, is embodied in the Group's 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 and waste and more than 90% of the workforce of the Datwyler Group.</p> <p>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 77.8 million (previous year: CHF 59.5 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: High-quality, sustainable products and services Pages 14-17: Resource-friendly production Pages 22/23: Sustainable supply chains</p>	<p>Page 8: Environmental topics</p>
<p>Principle 8: Business should undertake initiatives to promote greater environmental responsibility.</p>	<p>At the end of 2016, 17 Datwyler companies were certified to ISO 14001. Other companies are working towards ISO environmental certification.</p> <p>The Sealing Solutions Division and its Swiss affiliate have been members of the Swiss Private Sector Energy Agency since 2002. During this time, Datwyler Sealing Solutions in Schattdorf reduced its CO<sub>2</sub> emissions according to Swiss set of laws to 0.</p> <p>A wood-fired electricity generating plant has been in operation at the Sealing Solutions Division's Swiss site since October 2008 to supply process and heat energy. The use of renewable energy sources enables Datwyler to save around 500,000 litres of heating oil annually and to reduce CO<sub>2</sub> emissions by some 1,300 tonnes. At the same location, Datwyler uses only 100% hydroelectric power from naturemade-basic-certified power stations since October 2012. This saves around 2'300 tonnes of CO<sub>2</sub> emissions per year.</p>	<p>Pages 12/13: High-quality, sustainable products and services Pages 14-17: Resource-friendly production Pages 22/23: Sustainable supply chains</p>	<p>Page 8: Environmental topics</p>
<p>Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.</p>	<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 and, in many cases, 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: High-quality, sustainable products and services Pages 14-17: Resource-friendly production</p>	<p>Page 8: Environmental topics</p>
<b>Anti-Corruption</b>			
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The Datwyler Group's Code of Conduct strictly prohibits collusion, bribery and corruption. The Code of Conduct is reiterated to employees constantly during internal training sessions. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Datwyler during 2016. Nor were any significant fines or non-monetary sanctions imposed on Datwyler for non-compliance with laws and regulations during the reporting year.</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 the Datwyler Group.</p> <p>In accordance with the Code of Conduct, the Datwyler Group does not provide financial support to political parties, organisations or office holders.</p>	<p>Pages 22/23: Sustainable supply chains Pages 24/25: Fair business practices</p>	<p>Page 5: 3. Ethics and integrity (102-16) Page 7 : Economic topics, Anti-corruption (205-2, 205-3), Anti-competitive behaviour (206-1) Page 10: Social topics, supplier social assessment (414-1), compliance (419-1)</p>

## **GRI Content Index referencing the Datwyler Sustainability Report 2016**

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

The Sustainability Report 2016 published by Dätwyler Holding Inc. follows the Global Reporting Initiative (GRI) Guidelines for the ninth time. The report, together with the information compiled in this detailed GRI Content Index, has been prepared according to the latest internationally recognised GRI standards 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



### General Disclosures

Disclosure	Content/Reference	Page*
<b>1. Organisational profile</b>		
102-1	<b>Name of the organisation</b>	p. 32
102-2	<b>Activities, brands, products and services</b>	p. 2-3, AR p. 8-15
102-3	<b>Location of headquarters</b>	p. 32
102-4	<b>Location of operations</b>	AR p. 84-85
102-5	<b>Ownership and legal form</b>	AR p. 22-23
102-6	<b>Markets served</b>	p. 2-3, AR p. 8-15
102-7	<b>Scale of the organisation</b>	p. 3, 6-7
102-8	<b>Information on employees and other workers</b>	p. 3, 6-7, 19-21
102-9	<b>Supply chain</b>	p. 22-23
102-10	<b>Significant changes to the organisation and its supply chain</b> No significant changes in the reporting period	
102-11	<b>Precautionary principle or approach</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. 26
102-12	<b>External initiatives</b> United Nations Global Compact; Sustainability Report according to the Global Reporting Initiative (GRI) Standards; reporting according to the Carbon Disclosure Project (CDP)	
102-13	<b>Membership of associations</b> Swissmem; Global Compact Network Switzerland	
<b>2. Strategy</b>		
102-14	<b>Statement by the CEO regarding the importance of sustainability</b> <b>Letter to the shareholders in the Annual Report</b>	p. 5 AR p. 3-5
<b>3. Ethics and integrity</b>		
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/en/governance/values">http://www.datwyler.com/en/governance/values</a> There has been a binding code of conduct for employees since 2008 and one for suppliers since early 2014. The Datwyler Group has been a member of the UN Global Compact since 2009 and has been reporting in line with the GRI (Global Reporting Initiative) since 2009 and the CDP (Carbon Disclosure Project) since 2013. There is also an annual compliance reporting process.	p. 3, 5, 24-25
<b>4. Governance</b>		
102-18	<b>Governance structure</b>	AR p. 22-33

<b>5. Stakeholder engagement</b>		
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.	
102-41	<b>Collective bargaining agreements</b> 72.7% of all employees are covered by collective agreements (or collective bargaining agreements)	
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.	
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.	
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>		
102-45	<b>Entities included in the consolidated financial statements</b> If not stated otherwise, all entities in the Datwyler Group, incl. Technical Components and Sealing Solutions	
102-46	<b>Defining report content and topic boundaries</b>	<b>p. 8</b>
102-47	<b>List of material topics</b>	<b>p. 8</b>
102-48	<b>Restatements of information</b> None	
102-49	<b>Changes in reporting</b> This was the first time Origom (acquired in September 2015) was taken into account for the full calendar year. Ott (acquired in October 2016) was not taken into account for the purpose of resource consumption.	
102-50	<b>Reporting period</b> 1.1.2016 – 31.12.2016	
102-51	<b>Date of most recent report</b> 21 March 2016	
102-52	<b>Reporting cycle</b> Annually	
102-53	<b>Contact point for questions regarding the report</b>	<b>p. 31</b>
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	
102-55	<b>GRI Content Index</b>	<b>p. 26</b>
102-56	<b>External assurance</b> No external assurance	

## Material Topics

Disclosure	Content/Reference	Page*	Reasons for omission
<b>Economic Topics</b>			
<b>Economic Performance</b>			
103	Management Approach	p. 9	n/a
201-1	Direct economic value generated and distributed	AR cover	
201-3	Defined benefit plan obligations and other retirement plans	AR p. 67-68	
<b>Indirect Economic Impacts</b>			
103	Management Approach	p. 9	n/a
203-2	Significant indirect economic impacts	p. 9	
<b>Anti-Corruption</b>			
103	Management Approach	p. 24-25	n/a
205-2	Communication and training about anti-corruption policies and procedures	p. 24-25	
205-3	Confirmed incidents of corruption and actions taken No incidents in the reporting year	p. 24-25	
<b>Anti-Competitive Behaviour</b>			
103	Management Approach	p. 24-25	n/a
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	p. 24-25	

Disclosure	Content/Reference	Page*	Reasons for omission
<b>Environmental Topics</b>			
<b>Energy</b>			
103	<b>Management Approach</b>	p. 15	n/a
302-1	<b>Energy consumption within the organisation</b>	p. 17	
302-3	<b>Energy intensity</b>	p. 17	
302-4	<b>Reduction of energy consumption</b>	p. 15	
<b>Water</b>			
103	<b>Management Approach</b>	p. 16	n/a
303-1	<b>Water withdrawal by source</b>	p. 16-17	
<b>Emissions</b>			
103	<b>Management Approach</b>	p. 15-16	n/a
305-1	<b>Direct (Scope 1) GHG emissions</b>	p. 17	
305-2	<b>Indirect energy-related (Scope 2) GHG emissions</b>	p. 17	
305-4	<b>GHG emissions intensity</b>	p. 17	
305-5	<b>Reduction of GHG emissions</b>	p. 16	
<b>Effluents and Waste</b>			
103	<b>Management Approach</b>	p. 16	n/a
306-2	<b>Waste by type and disposal method</b>	p. 16-17	
<b>Environmental Compliance</b>			
103	<b>Management Approach</b>	p. 25	n/a
307-1	<b>Non-compliance with environmental laws and regulations</b> No significant fines or non-monetary penalties for infringements of legal provisions were imposed on Datwyler in the reporting year.	p. 26	

Disclosure	Content/Reference	Page*	Reasons for omission
<b>Social Topics</b>			
<b>Employment</b>			
103	<b>Management Approach</b>	p. 21	n/a
401-1	<b>New employee hires and employee turnover</b>	p. 21	Subdivision by gender, age group and employee category not currently possible
<b>Occupational Health and Safety</b>			
103	<b>Management Approach</b>	p. 18	n/a
403-2	<b>Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities</b>	p. 18	
<b>Training and Education</b>			
103	<b>Management Approach</b>	p. 19-20	n/a
404-2	<b>Programmes for upgrading employee skills and transition assistance programmes</b>	p. 19-20	
404-3	<b>Percentage of employees receiving regular performance and career development reviews</b>	p. 19-20	
<b>Diversity and Equal Opportunity</b>			
103	<b>Management Approach</b>	p. 21	n/a
405-1	<b>Diversity of governance bodies and employees</b>	p. 21	Subdivision by age group not currently possible
<b>Non-Discrimination</b>			
103	<b>Management Approach</b>	p. 19	n/a
406-1	<b>Incidents of discrimination and corrective actions taken</b> No incidents in the reporting year	p. 19	
<b>Child Labour</b>			
103	<b>Management Approach</b>	p. 24-25	n/a
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.		

Disclosure	Content/Reference	Page*	Reasons for omission
<b>Forced or Compulsory Labour</b>			
103	<b>Management Approach</b>	p. 24-25	n/a
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>Human Rights Assessment</b>			
103	<b>Management Approach</b>	p. 24-25	n/a
412-3	<b>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</b>	p. 24-25	
<b>Supplier Social Assessment</b>			
103	<b>Management Approach</b>	p. 22-23	n/a
414-1	<b>New suppliers that were screened using social criteria</b>	p. 22-23	
<b>Customer Health and Safety</b>			
103	<b>Management Approach</b>	p. 12-13	n/a
416-2	<b>Incidents of non-compliance concerning the health and safety impacts of products and services</b>	p. 12-13	
<b>Marketing and Labelling</b>			
103	<b>Management Approach</b>	p. 12-13	n/a
417-1	<b>Requirements for product and service information and labelling</b>	p. 12-13	
<b>Compliance</b>			
103	<b>Management Approach</b>	p. 24-25	n/a
419-1	<b>Non-compliance with laws and regulations</b> No significant fines or non-monetary penalties for infringements of legal provisions were imposed on Datwyler in the reporting year.	p. 25	
<b>Company-Specific Topics</b>			
103	<b>Management Approach</b>	p. 10-11	n/a
	<b>Strong customer satisfaction</b>	p. 10-11	n/a

\* Page(s) in the Sustainability Report or in the Annual Report (AR = Datwyler Annual Report 2016)