

OUR HISTORY

## A **BOLD BEGINNING** THAT PAID OFF HANDSOMELY

In 1915, only the farmer's son Adolf Dätwyler believed in the potential of debt-ridden Schweizerische Draht- und Gummiwerke located in Altdorf in the Swiss mountains. The young manager enjoyed industry experience and was hardworking. With a dash of courage and pioneering spirit he restructured the ailing company and, in the midst of World War I, set the stage for its long-term success.

In 1917, Adolf Dätwyler decided to change sides from employee to entrepreneur and, with the help of a group of investors, acquired the company for 2.25 million Swiss francs. Only a few years later, in 1920, the Dätwyler family acquired majority shareholding, and the company was renamed to reflect Dätwyler ownership in 1946. Adolf Dätwyler's sons, Peter and Max, took on management responsibility in 1958 and with great skill spurred on international expansion.





OUR VALUES

## WE ARE **ENTREPRENEURS**

Dätwyler displayed a spirit of entrepreneurship in its cooperation with Nespresso. Not discouraged by initial setbacks, our innovative employees successfully developed a unique solution.

At Datwyler, entrepreneurial behavior is not limited to management alone. Quite in the contrary: all employees take on responsibility and constantly streamline procedures at their workplace. In this way, every member of our staff makes a significant contribution toward the company's success.



# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE

at 31 December 2015

As a company committed to creating long-term value, Datwyler has a clear framework of management and control policies in place to ensure compliance with the principles of good corporate governance. These policies are set out in the Articles of Association\* and the Rules of Organisation and Business Conduct of Dätwyler Holding Inc. They are presented below following the applicable Directive issued by the SIX Swiss Exchange. Where appropriate, reference is made to issues that are discussed in detail in the notes to the financial statements and in the Remuneration Report. Where information required under a section of the SIX Directive has been omitted, it is either not applicable to Datwyler or the corresponding situation does not exist at Datwyler or does not apply to Datwyler.

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\* [www.datwyler.com](http://www.datwyler.com) > Our Company > Organisation

## Group structure and shareholders

The Datwyler Group is a focused industrial supplier with leading positions in global and regional market segments. The Technical Components division is one of Europe's foremost high-service distributors of electronic, automation and IT components and accessories. The Sealing Solutions division is a leading supplier of bespoke sealing solutions to global market segments, such as the automotive, health care, civil engineering and consumer goods industries.

### Substantial shareholders and ownership structure

The ownership structure of the Datwyler Group (see chart, p. 29) is the result of the Dätwyler family succession arrangements of 1990. The family's primary objective was to ensure the long-term independence of the Company.

Following the 1986 IPO, Peter and Max Dätwyler's interest had been reduced to roughly 50% of capital and just below 80% of votes. They placed this ownership interest without compensation in a company they had founded, Pema Holding AG (PeMa = Peter and Max). Today, the Board of Directors of Dätwyler Holding Inc. controls these assets and the associated voting rights on a fiduciary basis and without beneficial ownership. It does so through Dätwyler Führungs AG, likewise founded by the Dätwyler brothers in 1990. The members of the Board of Directors of Dätwyler Holding Inc. (see p. 33, Members of the Board of Directors) are concurrently members of the Board of Directors of Pema Holding AG and hold equal interests of CHF 0.1 million in the share capital of Dätwyler Führungs AG. A shareholders' agreement requires departing Board members to pass their shares in Dätwyler Führungs AG on to their successors at par value and without financial gain. The Board mem-

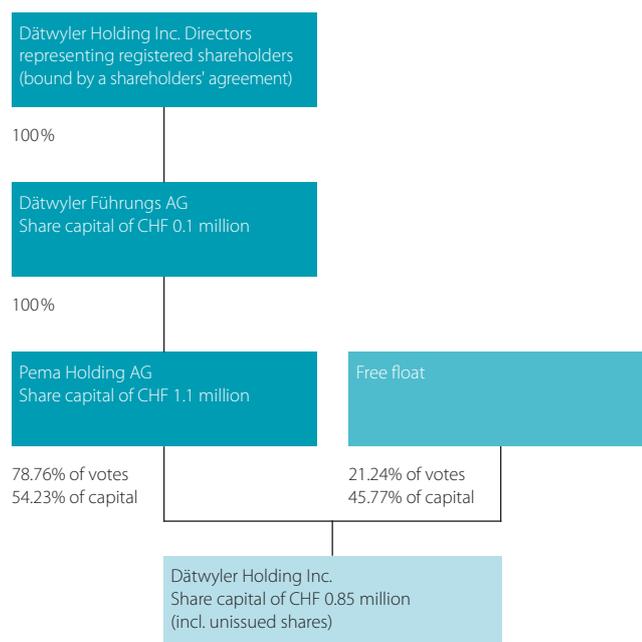
bers are likewise not entitled to receive dividend payments from Dätwyler Holding Inc. Dividends are retained by Pema Holding AG and can be reinvested in Dätwyler Holding Inc.

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

The representatives of bearer shares on the Board of Directors of Dätwyler Holding Inc. are not members of the Boards of Directors of Pema Holding AG or of Dätwyler Führungs AG. Concluded in 1990, these Dätwyler family succession arrangements entailed a waiver of claims to substantial assets and are unique.

Pema Holding AG currently owns all 22 million registered shares and 4.8185 million of the total of 12.6 million bearer shares of Dätwyler Holding Inc. This represents 78.76% of the voting rights and 54.23% of the share capital. Treasury shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The reason is that unissued shares carry no votes.

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



### Group structure and companies

The required disclosures relating to the Group structure are presented on the following pages of the Annual Report:

- Page 69: segment reporting.
- Page 89: detailed list of subsidiaries and investments.
- Page 105: details of Dätwyler Holding Inc., the listed company, in the Share Information and General Information sections on page 107.
- Page 108: directory of Group operations.

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

### Capital structure

Composition of share capital in CHF millions at 31 December 2015:

22'000'000 registered shares of CHF 0.01 each	0.22
12'600'000 bearer shares of CHF 0.05 each (including 550'042 treasury shares)	0.63
Total ordinary share capital	0.85
Authorised additional share capital	none
Authorised contingent share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting-out and opting-up provisions	none

All shares are fully paid-up. With the exception of treasury shares (550'042 bearer shares, see page 97, note 2.5 Reserve for treasury shares/Employee share ownership plan), all shares irrespective of their value are entitled to vote and rank for dividend. Information about changes in equity for 2015 and 2014 is presented in the statement of changes in equity on page 61. Changes in equity for 2014 and 2013 are shown in the statement of changes in equity on page 62 of the Annual Report 2014 ([www.datwyler.com](http://www.datwyler.com) > Media > Publications).

### Convertible bonds and share options

As at 31 December 2015, Datwyler did not have any outstanding convertible bonds or options. In 2012 a fixed-rate bond was issued in the amount of CHF 150 million (see page 80, Note 18, Bond).

## Internal organisation

### Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of the Datwyler Group. The Board consists of no fewer than five and no more than eleven members. At 31 December 2015, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors or companies and organisations which they influence have no executive functions in the Group, do not have any business relationship with the Datwyler Group and are all independent. No Director holds cross-directorships with other Directors through involvement in other listed companies.

Since the annual general meeting 2014, Directors are elected for one-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 64 and their average tenure is nine years.

### Main responsibilities and operation of the Board

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

In accordance with the Rules of Organisation, the Board holds at least five regular meetings a year, each lasting between half a day and one full day. A two-day annual strategy workshop is held to review and develop the strategy. The strategy workshop is usually combined with a visit to one of the divisions. Special Board meetings are held when necessary. Agendas for Board meetings are set by the Chairman in consultation with the CEO and CFO. Any Director may request that an item be placed on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board.

Directors receive papers and information at least five days in advance of meetings to allow them to prepare for discussion of each item. Depending on the nature of the business to be transacted, the Chairman may invite members of the Executive Management to provide information at Board meetings and participate in an advisory capacity. The Board operates as a team and strives to reach decisions unanimously, wherever possible. If a unanimous decision cannot be reached, the minutes of the meeting must give the names of who voted and how they voted. The Board has a quorum when at least a majority of its members is present. Its resolutions are passed by a majority of the members present. The

Chairman is also a voting member and has the casting vote in the event of a tie. Resolutions may also be adopted by telephone conference or by circular letter.

During 2015, the Board held seven meetings. One member of the Board of Directors was excused from a meeting. The CEO and CFO and the other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2015, no external specialists were called in.

### Operation of the Committees

The Committees have written terms of reference specifying their responsibilities. In addition to these written terms, the Audit Committee has defined its tasks and responsibilities in a detailed checklist. The Committees generally prepare the groundwork for decision-making by the full Board. They meet at the call of their chairmen as often as necessary to discharge their duties, but at least once a year. Their meetings usually last half a day. All Directors, Executive Management members and the external auditors may request a meeting of the Committees. Depending on the nature of the business to be transacted, meetings are attended by the CEO, CFO or, if required, a representative of the external auditors or a specialist in an advisory capacity. The agendas for Committee meetings are set by the respective chairmen in agreement with the CEO and CFO. Committee members receive papers and information in advance of meetings to allow them to prepare for discussion of each item. At least two members must be present to constitute a quorum. The Committees pass their resolutions by an absolute majority of the votes cast. In the event of a tie, the chairman has the casting vote. The Committees keep a record of their decisions and recommendations in minutes submitted to the Board and report the results of their activities at the next Board meeting.

### Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Hans R. Rüegg (Chairman), Jürg Fedier, Ulrich Graf and Ernst Odermatt. In 2015, the Audit Committee held three meetings, each of which was attended by the CEO and CFO. The internal auditor as well as representatives of the external auditors attended all the meetings for the discussion of selected items. In 2015, other external specialists were not called in.

### Responsibilities of the Audit Committee

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

### Remuneration Committee

The responsibilities of the Remuneration Committee are recorded in the Remuneration Report on page 40.

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

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

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

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

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

### Information and control systems for monitoring the Executive Management

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

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

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

### **Internal Audit**

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

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

### **Risk Management**

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

As part of a standard process, the division managements hold an annual workshop to evaluate significant risks. A record of the results is kept in a risk-management system. To ensure uniform valuation methods, the CFO of the Datwyler Group and the head of Internal Audit conduct annual reviews with the division managements and the risk officers. These reviews guarantee the same treatment of similar risks across all divisions. The head of Internal Audit is responsible for the consolidation of risks and the presentation of the annual risk management report to the Board of Directors. In addition to this standardised risk management process, ongoing risk assessment is an integral part of all operational planning and management processes. Division managements and Executive Management regularly assess risks in particular in their joint business review meetings.

Datwyler distinguishes in principle between two categories of risk: risks arising from the business environment and risks arising from business processes. The business environment category includes risks associated with the industry and the market, the external stakeholder groups, laws and regulations and catastrophic events. The business process category in turn includes risks along the value-added chain, in IT, the planning and reporting process, finances and human resources. Risks are assessed on the basis of probability of occurrence and the potential loss on occurrence. After identifying and assessing the individual risks, it is the task of the division managements to draw up for each risk a number of measures to reduce the danger of occurrence and the potential damage. The implementation of these measures is monitored as part of the systematic risk management process and taken into consideration at the next risk assessment.

## Board of Directors

The Directors of Dätwyler Holding Inc. are all – with the exception of Ernst Lienhard – also Directors of Pema Holding AG and Dätwyler Führungs AG. Pema Holding AG is the majority owner of Dätwyler Holding Inc. (see p. 28, Substantial shareholders and ownership).

Pursuant to Article 14 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Board of Directors may hold on management and supervisory boards of legal entities outside the Group is restricted as follows:

- Four mandates in exchange-listed enterprises.
- Ten mandates in unlisted enterprises.
- Fifteen mandates in other legal entities such as foundations and associations

Ulrich Graf (1945, Swiss)

Chairman (term expires in 2016)

Ulrich Graf has served on the Board of Dätwyler Holding Inc. since 2004. He was appointed Chairman in 2005 and is a member of the Audit and the Remuneration Committees. Between 1989 and 2006, he was CEO of the Kaba Group, where he had held a number of management positions since 1976. In addition to his appointment in Datwyler, Ulrich Graf is Chairman of dorma+kaba Holding Ltd. and Griesser Ltd. He is also Chairman of the Board of Trustees of REGA Swiss Air Ambulance. Further, Ulrich Graf is a Director of Georg Fischer Ltd. and Feller Ltd. and a Supervisory Board member of DEKRA e.V. Stuttgart. He has a degree in electrical engineering from the Swiss Federal Institute of Technology.

Hans R. Rüeegg (1946, Swiss)

Deputy Chairman (term expires in 2016)

Hans R. Rüeegg has served Dätwyler Holding Inc. as a Director since 1991. He took office as Deputy Chairman in 2002. He is Chairman of the Remuneration Committee. Hans R. Rüeegg was Chief Operating Officer of Baumann Springs Ltd. from 1983 to 2011. He has been Chairman of Baumann Springs Ltd. since 1993. He is also Chairman of Vetropack Holding AG. Hans R. Rüeegg holds a degree in electrical engineering from the Swiss Federal Institute of Technology and an MBA from the University of Florida, Gainesville (USA).

Hanspeter Fässler (1956, Swiss)

Director (term expires in 2016)

Hanspeter Fässler has been a Director of Datwyler Holding Inc. since 2004 and is Chairman of the Remuneration Committee, and Chairman of the Board of Directors of Datwyler Cabling Solutions AG, a sister company of the publicly listed Dätwyler Holding Inc. He is also a member of the board of Hatebur Metalforming Equipment Ltd. Until end of 2014 he was heading the worldwide business unit

Grid Systems of the ABB Group. From 2010 until 2011 he was CEO of the Implen Construction Services Group. Before that Hanspeter Fässler held various national and international management positions within the ABB Group, including the position of Country Manager Switzerland. From 2006 to 2010 he was responsible for ABB's Mediterranean Region and Country Manager of ABB Italy. He earned a doctorate specialising in mechatronics/robotics from the Swiss Federal Institute of Technology Zurich and also holds an Engineer's degree from Stanford University (USA).

Jürg Fedier (1955, Swiss)

Director (term expires in 2016)

Jürg Fedier was appointed to the Board of Dätwyler Holding Inc. at the 2015 Annual General Meeting. He is a member of the Audit Committee. Since 2009, he serves as Chief Financial Officer of the world wide operating and stock quoted Oerlikon Group. From 2007 to 2008 he acted as CFO of Ciba Group. Between 2006 and 2007, he was Head of Finance of Dow Europe and a Member of the Executive Board. From 2002 to 2006, Jürg Fedier served as Vice President Finance for Dow Chemical, Performance Chemicals, USA, between 2000 and 2002 as Global Business Finance Director for Dow Chemical, Thermosets. From 1978 to 2000, he filled several management positions with Dow Chemical in the USA and in Asia. Jürg Fedier holds a Commercial Diploma from the College of Commerce in Zurich, Switzerland, and completed international executive management programs at the IMD, Switzerland, and the University of Michigan, USA.

Gabi Huber (1956, Swiss)

Director (term expires in 2016)

Gabi Huber was appointed to the Board of Dätwyler Holding Inc. in 2013 and is a member of the Remuneration Committee. Co-owner of the law firm of Bachmann & Huber in Altdorf, she has practised as an independent lawyer and notary public since 1982 and was certified as a mediator in 2006. She represented the Canton of Uri in the National Council from 2003 to 2015 and was the "FDP. The Liberals" parliamentary group leader from 2008 to 2015. Prior to her election to the National Council, Gabi Huber served as a member of the cantonal government and head of the Finance Department of the Canton of Uri from 1996 to 2004. From 2002 to 2004, she was president of the Uri cantonal executive. She is Vice Chairwoman of the Board of Directors of UBS Switzerland AG and a delegate of Swiss Mobiliar Cooperative Company. Gabi Huber graduated 1980 from the University of Fribourg, completed a course of study at Columbia University, New York and did a doctorate in law 1990.

Ernst Lienhard (1946, Swiss)Director (term expires in 2016),Bearer Shareholders' Representative

Ernst Lienhard was appointed a Director of Dätwyler Holding Inc. at the 2006 Annual General Meeting to serve as the Bearer Shareholders' Representative. He was with the Credit Suisse Group for more than 30 years, several of which were spent abroad in Paris, Peru, New York and the Bahamas. After his return and until his retirement in 2004, he was responsible for Swiss wholesale commercial banking. Ernst Lienhard is a Director of publicly listed Hügli Holding AG and several family-owned Swiss companies. He studied banking at the University of St. Gallen, where he also earned a doctorate in economics. In addition, he studied at IMD in Lausanne and Wharton University in Philadelphia.

Ernst Odermatt (1948, Swiss)Director (term expires in 2016)

Ernst Odermatt was appointed to the Board of Dätwyler Holding Inc. in 2004 and is a member of the Audit Committee. Until the end of 2005, he was CEO of the Oerlikon Contraves Group, in which capacity he served on the Executive Board of Rheinmetall DeTec AG, Düsseldorf, having held a number of management positions with Oerlikon Contraves since 1978. He is Chairman of Hofstetter PCB AG. Ernst Odermatt is also a member of the Advisory Board of CGS Private Equity Partnership. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich and a degree in business administration from the University of Zurich

Hanno Ulmer (1957, AT)Director (term expires in 2016)

Hanno Ulmer was appointed to the Board of Dätwyler Holding Inc. at the 2015 Annual General Meeting. He has served on the Executive Board of Doppelmayr Holding AG, the parent company of the world's leading ropeway manufacturer based in Austria, since 1994 and, additionally, as Managing Director of Doppelmayr Seilbahnen GmbH since 2009. Hanno Ulmer has held various finance and management positions within the Doppelmayr Group since 1976. He is also a Director of Ropetrans AG and Garaventa AG and a Supervisory Board member of Bank für Tirol und Vorarlberg AG. Hanno Ulmer holds an accounting diploma from WIFI Vorarlberg and completed university studies in export and international management.

**Honorary Directors**Roland Zimmerli (1934, Swiss)Honorary Chairman (since 2005)

During his 35 years of committed service in a variety of management positions, Roland Zimmerli helped to shape Datwyler into a Group of international dimensions. After the IPO, he circumspectly transformed Datwyler from a family-owned business into a public company. In appreciation of his services to the Datwyler Group, the Board appointed him Honorary Chairman in 2005, following his term as Chairman from 1999 to 2005. Before joining the Board, Roland Zimmerli served as CEO of Dätwyler Holding Inc. from 1991 to 1999. His expertise was also much sought after on the Boards of renowned Swiss companies. He graduated with a degree in business administration from the University of Zurich.

Max Dätwyler (1929, Swiss)Honorary Director (since 1999)

Max Dätwyler was Chairman of Dätwyler Holding Inc. from its inception in 1958 until 1965. After handing over the Chairmanship to outside Directors, he continued to serve as Deputy Chairman and Executive Director until the end of 1999. Together with his late brother, Peter Dätwyler, Max Dätwyler was instrumental in building Dätwyler Holding Inc. into a diversified international corporation and, in 1990, ensured the Group's long-term independence through the shareholders' agreement of Dätwyler Führungs AG. He holds a doctorate in chemistry from the Swiss Federal Institute of Technology Zurich and a degree in economics from the University of Zurich.

**Executive Management**

Pursuant to Article 19 of the Dätwyler Holding Inc. Articles of Association, the number of mandates members of the Executive Management may hold on management and supervisory boards of legal entities outside the Group is restricted as follows:

- Two mandates in exchange-listed enterprises.
- Five mandates in unlisted enterprises.
- Ten mandates in other legal entities such as foundations and associations.

**Board of Directors**



Ulrich Graf, Chairman



Hans R. Rüegg, Vice-Chairman



Hanspeter Fässler



Jürg Fedier



Gabi Huber



Ernst Lienhard



Ernst Odermatt



Hanno Ulmer

**Executive Management**



Paul J. Hälg, CEO



Reto Welte, CFO



Dirk Lambrecht, Head of Sealing Solutions division



Neil Harrison, Head of Technical Components division

Paul J. Hälgi (1954, Swiss)Chief Executive Officer (CEO)

Paul J. Hälgi was appointed CEO of the Datwyler Group from August 2004. Before joining Datwyler, he served on Forbo Group's Executive Board as Executive Vice President of Forbo Adhesives. From 1986 to 2001, he held a number of management positions with Gurit-Essex (Gurit-Heberlein Group), ultimately as CEO. In the five years prior to that, he worked for the Swiss Aluminium Group. Paul J. Hälgi is Chairman of publicly listed Sika Ltd and a member of the Board of Swissmem (Swiss mechanical and electrical engineering association). He also is a Director of Dätwyler Cabling Solutions AG, a sister company of publicly listed Dätwyler Holding Inc. He studied chemistry at the Swiss Federal Institute of Technology Zurich, graduating with a doctorate (DSc).

Reto Welte (1959, Swiss)Chief Financial Officer (CFO)

Reto Welte was appointed Chief Financial Officer and Member of the Datwyler Executive Management from June 2009. Before joining Datwyler, he for two years held the same function with the Kardex Remstar Group, also a SIX Swiss Exchange-listed Group of companies. Between 2003 and 2006, he was CFO and member of Group Management of the Feintool Group. Previously Reto Welte was CFO of the Gretag Imaging Group and of co.don AG in Berlin. From 1991 to 2000, he held various management positions in finance with the Alstom group and was head of the Medium-Voltage Technology unit. Reto Welte is a Director of Pfister Arco Holding AG. He also is a Director of Dätwyler Cabling Solutions AG, a sister company of publicly listed Dätwyler Holding Inc. He holds a degree in business administration from the University of St. Gallen.

Neil Harrison (1967, GB)Head of Technical Components division

Neil Harrison, as a member of the Executive Management, is heading the Technical Components division. Before joining the Datwyler Group, he was, since 2009, the President of Premier Farnell Europe, a UK-based company, where he was responsible for the European business. In addition, as the global head of eCommerce, he was responsible for the continuous upgrading and expansion of the worldwide e-business offering. Neil Harrison has held several international management functions for Premier Farnell since 1995. He has completed various international management programmes at the universities of Harvard (USA) and Cranfield (GB).

Dirk Lambrecht (1960, German)Head of Sealing Solutions division

Dirk Lambrecht, as a member of the Executive Management, is heading the Sealing Solutions division, in which the former Sealing Technologies and Pharma Packaging Division have been combined. From 2005 until the end of October 2012, he was head of the Sealing Technologies division. Before joining the Datwyler Group, he managed Phoenix Traffic Technology GmbH, a subsidiary of Phoenix AG. Prior to that, from 1987 to 2003, he held a number of international management positions with Phoenix AG in Hamburg. Dirk Lambrecht earned a degree in mechanical engineering, specialising in apparatus engineering, from Hamburg University of Applied Sciences and completed further studies, including a programme at the Management School St. Gallen.

**Significant events after balance sheet date**

See Letter to the Shareholders page 5.

**Management contracts**

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

**Remuneration, shareholdings and loans**

The information on remuneration, shareholdings and loans is recorded in the Remuneration Report on page 39 ff.

**Shareholders' participation rights**

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

**Voting restrictions and proxy voting**

There are no restrictions on registration or voting. Under the Articles of Association of Dätwyler Holding Inc., each share carries one vote at general meetings regardless of its par value. Persons representing shareholders must present a written proxy. Legal representatives of shareholders do not need a proxy appointment. Shareholders who are unable to attend a general meeting may also appoint and instruct an independent proxy to represent them. To do so, an electronic solution has been provided since 2014. The independent proxy is elected annually by the Annual General Meeting for the next ordinary Annual General Meeting.

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

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

### Share registration

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

### Change of control and defensive measures

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

## Statutory auditors

PricewaterhouseCoopers AG has audited the financial statements of Dätwyler Holding Inc. since its inception in 1958. It was first engaged to audit the consolidated financial statements in 1986. The auditors are appointed by the Annual General Meeting of Shareholders for a period of one year. In accordance with the Swiss Code of Obligations, the normal rate of rotation for the auditor in charge is seven years. There was a change in the lead audit partner in 2014. Some of the Group companies are audited by other firms of accountants.

Fees paid in 2015 to the statutory and other auditors:

in CHF	Statutory auditors	Other auditors
Auditing services, total	1'114'000	563'000
Additional services, total	297'000	727'000
Tax consulting	209'000	292'000
Legal consulting	5'000	269'000
Transaction services	12'000	126'000
Other advisory services	71'000	40'000

Representatives of the statutory auditors attend all meetings of the Audit Committee for the discussion of certain items. Three meetings were held in 2015. At each meeting, the statutory auditors present a written report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

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

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

The members of the Board of Directors rely on the competencies and experience they have gained in similar roles with other companies, on the statutory auditors' reports as well as on the comments made by the Audit Committee. The responsibilities of the Audit Committee are defined on page 31.

## Information policy

The Datwyler Group maintains an open dialogue with all stakeholders. In the interests of shareholders, Datwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report, Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website ([www.datwyler.com](http://www.datwyler.com)), Datwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of SIX Swiss Exchange. The archive of ad hoc press releases can be found at [www.datwyler.com](http://www.datwyler.com) > Media > Press Releases. A facility for signing up to receive ad hoc press releases is provided at [www.datwyler.com](http://www.datwyler.com) > Media > Email Alerts. Contact details and important dates are given in the "General Information" section on page 107. Official notices concerning Datwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.