



The decentralised management style at Datwyler encourages employees to show entrepreneurial initiative.

ATTRACTIVE EMPLOYER AND EMPLOYEE ENGAGEMENT

For the Datwyler Group to enjoy future success in international industrial markets, it is particularly important to have a staff of qualified and committed employees. This is why the business places special emphasis on fair and secure working conditions, on in-depth training and development, and on a corporate culture that people can really identify with. All of this is based on the corporate values of 'We are entrepreneurs' and 'We have respect for others'.

The companies within the Datwyler Group are keen to promote equal opportunities, equality of 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 335.1 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 does not tolerate any 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 2017, 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.

335 million

CHF were spent on personnel costs in 2017, including social security benefits.

Promoting entrepreneurial initiative

Management at the Datwyler Group takes the form of objectives, which are broken down and assigned to the various levels within the hierarchy. This ensures responsibility for achieving objectives is delegated down to the lowest possible level, as well as allowing Datwyler to promote entrepreneurial initiative and customer focus right across

the business. This delegation of responsibility for management includes a feedback circuit to measure whether and to what extent objectives are being met. Important tools for this purpose are regular surveys of both customers and employees. 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. This involves assessing past performance and setting objectives for the future working relationship. A software solution ensures discussions with employees are prepared, conducted and documented with a degree of structure. Around 50% of employees receive part of their salary as a variable amount that depends on defined personal and corporate objectives being met. Line functions are supported, in terms of staff management, by a personnel function based on a local team for each site. Coordination at Group level is ensured by the Corporate HR function. In order to support the growth strategy, Datwyler is looking to introduce a Group-wide standard software for uniform execution of all personnel functions. Among other things, this includes recruitment, onboarding, development, talent management, succession planning, objective setting, performance appraisal, and personnel administration using standard data.

Competence driven by development

The markets in which the Datwyler Group 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 80 plus apprenticeships offered by Datwyler Group companies are just one example of the efforts made to train young professionals. The top rankings regularly achieved by apprentices in national competitions are testament to the high level of technical training provided. With a view to bringing on tomorrow's managers, the Datwyler Group adopts a systematic approach to talent management and runs a Group-wide development programme. Depending on the target group, the content ranges from development of self-competence and competence

KEY POINTS IN BRIEF

- **Datwyler** does not tolerate any form of discrimination, and this is laid out and made binding in the Code of Conduct.
- **With** a view to bringing on tomorrow's managers, Datwyler adopts a systematic approach to talent management and runs an internal development programme.
- **Datwyler** conducts a standard Group-wide employee survey every other year.
- **Objectives:** 80% response rate to the employee survey; 80% of employees with a high level of commitment; 70% of employees who would act as an ambassador for Datwyler and recommend it as an employer.

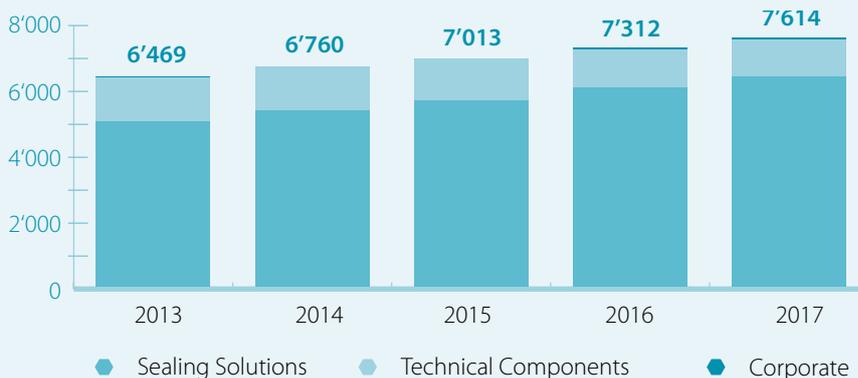
as an employee to the teaching of management skills and raising awareness of strategic decision-making processes at the highest level of an organisation.

Employee survey to increase engagement

The Datwyler Group conducts a standard Group-wide employee survey every other year. This takes the form of a questionnaire in 19 languages and is rolled out in collaboration with an external specialist, which ensures the identity of employees remains anonymous. For the last survey in autumn 2016, the response rate was 89% for the Sealing Solutions division and 79% for the Technical Components division. The target is 80%. In addition to the 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 2016, 78% of employees in the Sealing Solutions division (2014: 72%) and 79% of those in the Technical Components division (2014: 79%) were found to have a high level of commitment. These values are close to the target of 80%, which is also considered 'good' when benchmarked against other international industrial concerns. The score for whether staff would recommend Datwyler as an employer to others – at 68% (2014: 70%) for the Sealing Solutions division and 62% (2014: 70%) for the Technical Components division – remains below the target of 70%. The sharp

78%
of employees have a high level of commitment.

HEADCOUNT



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



By holding regular events at its sites worldwide, Datwyler is promoting a sense of belonging among employees.

drop for the Technical Components division must be seen against the background of two national warehouses being relocated to a central distribution centre for the European market towards the end of 2014 and the end of 2015. The survey results 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. The employee commitment figure, surveyed every two years, helps determine the bonus paid to senior management.

Composition of the workforce

The workforce at the Datwyler Group continued to grow in the 2017 reporting year. As a result of organic growth within the Sealing Solutions division, the headcount at sites located abroad has increased. Overall, the Datwyler Group employed 7'614 employees (previous year: 7'312 employees) in 28 countries at the end of the year – including those on fixed-term employment contracts – with 35% in Asia, 9% in North and South America, and 56% in Europe. This equates to 7'469 full-time equivalents (previous year: 7'068 full-time equivalents) at the end of the year. Expressed as an annual average, 384 employees or 5.1% were employed on a part-time basis. The number of employees on fixed-term employment contracts was 770 or 10.3% of the workforce. The proportion of women in the overall workforce was 39.4%, while the proportion of women in senior positions was 15.4%. Based on 7'357 people, the average number of full-time equivalents for the year, revenue per full-time equivalent was CHF 175'523 in 2017. This figure is influenced by the fact that the

Sealing Solutions division continues to step up its use of production plants in Asia, where revenue per employee is lower than in Western countries. The staff turnover rate for the Datwyler Group was 13.5% in the reporting year, without significant gender differences.

The staff turnover rate too 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 as a matter of course.

39.4 %

is the proportion of women in the Datwyler workforce.

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A responsible employer
 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. In Korea, Datwyler is offering students from low-income families the chance of a placement. This practical experience will improve the students' prospects in the employment market. 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.