

Media release

Attorney General investigating RUAG employee: information update

Bern, 27 March 2018. In the case of a RUAG employee who is the subject of investigations by the Swiss Attorney General and whom RUAG dismissed last week on the grounds of major violations of internal guidelines, RUAG wishes to provide the following explanation and additional information in response to the numerous queries received, erroneous statements made in various publications, and misunderstandings:

- A few weeks ago, RUAG received information through its own whistleblower system that one of RUAG's sales executives had a second job of which RUAG knew nothing, which was not authorized by RUAG, and which is allegedly open to criminal charges. RUAG took the initiative and immediately initiated an internal investigation, notified the Swiss Attorney General and pressed criminal charges. RUAG is cooperating fully with the authority.
- Pursuing secondary employment without having it investigated and approved by RUAG beforehand is in itself a serious violation of internal guidelines and RUAG's compliance regulations.
- However, according to the best of our knowledge at present, we can expressly state that the employee concerned is not suspected of having sold RUAG products outside RUAG's distribution channels (e.g. by theft or misappropriation).
- Like other international companies, RUAG naturally has an Internal Control System (segregation of duties principle, segregation of sales, logistics, dispatch, and invoicing) and a functioning Compliance Management System (cf. RUAG Business Report 2017, pages 24-27). RUAG's accounts are rendered in compliance with Swiss GAAP FER. These systems are also regularly audited by internal and external bodies.
- While the person concerned was employed at RUAG, he was subjected to two personal security checks (PSC) by the information and property security organization IOS.
- The Swiss Attorney General has confirmed that the subject of the criminal investigation is the RUAG employee concerned and not the company RUAG.
- In response to the criminal charges brought by RUAG itself, a search and seizure procedure was performed at RUAG premises in Thun, Switzerland. Only the office of the employee involved was searched. No other RUAG offices or locations were searched, neither in Switzerland nor in any other country.
- RUAG immediately dismissed the employee concerned. These proceedings are ongoing and the presumption of innocence applies.

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- RUAG has not supplied Russia with products subject to the Act on War Material and/or embargo since the embargo was enforced in July 2014. This includes all types of ammunition.
- All of RUAG's business transactions with Russia subject to the Act on War Material took place before the embargo was imposed and were assessed and approved by the competent Swiss authority (SECO).
- RUAG's compliance processes took hold, with the result that an internal investigation was launched, the Swiss Attorney General informed, and criminal charges pressed as soon as RUAG's own whistleblower system received information of the violations.

release available for download at: <https://www.ruag.com/en/news>

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RUAG develops and markets internationally sought-after technology applications in the fields of aerospace and defence for use on land, in the air and in space. 56% of RUAG's products and services are destined for the civil market and 44% for the military market. The Group is headquartered in Bern (Switzerland). It has production sites in Switzerland and in 15 other countries in Europe, the USA and Asia-Pacific. RUAG generates sales of approximately CHF 1.96 billion and has over 9,200 employees – 400 of whom are trainees.