
Group Directive

Anti-Corruption

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Version control

Rev	Description	Effective Date	Author, OE
1.0	Initial version	26 July 2018	RHLC, HAES
1.1	Minimal revisions to the compliance-internal process	1 February 2019	RHLC, HAES

1 Introduction

1.1 Goal and scope

This Directive establishes RUAG's basic anti-corruption rules, in particular with regard to benefits for third parties, in order to minimise RUAG's corruption and reputational risks.

In the RUAG Code of Conduct, the Board of Directors of RUAG Holding AG and the Group Executive Board of the Group have decreed that RUAG strictly adheres to national legislations and international agreements. RUAG expects its employees and business partners to behave with integrity and in accordance with the law. RUAG makes careful and economical use of its assets and objects their abuse for improper or dubious ends. RUAG applies a zero tolerance policy to corruption and rejects any form of bribery or any other corrupt behaviour without exception.

In further substantiating the RUAG Code of Conduct, this Directive is part of RUAG's business policy and as such specifies the binding rules on how RUAG deals with benefits to Private Persons and Public Officials.

This Group Directive applies to all legal entities of the RUAG Group, i.e. Board of Directors, the Group Executive Board and all employees, as well as associated companies in which RUAG holds a controlling influence. In other affiliated companies, RUAG strives to enact this or a comparable Group Directive.

1.2 Definitions

<i>Benefit(s):</i>	In particular gifts, entertainment, expenses, donations and sponsoring. Benefits may be of material or immaterial nature and therefore may be anything of value. A benefit must always be legal, neutral, appropriate, proportional and transparent.
<i>Improper Time:</i>	Where a connection between a benefit and a decision process seems plausible, the benefit is considered to have occurred at an Improper Time.
<i>Public Official:</i>	Members of government, armed forces, authorities and government service in general, judges, elected representatives, arbitrators and employees of corporations in majority state-ownership.
<i>Private Persons:</i>	Employees of all current or potential business partners, e.g. management and staff of suppliers and customers, in which no government holds a majority interest.
<i>RUAG-Employees:</i>	The Board of Directors, the Group Executive Board and all employees of RUAG Holding Ltd. and all its subsidiaries and associated companies in which RUAG holds a controlling influence, as well as persons acting on behalf of a RUAG company.
<i>Written:</i>	In this Group Directive, e-mails are considered sufficient to fulfil the Written requirement.

1.3 Abbreviations

cf. confer

CHF Swiss Francs (currency)

e.g. exempli gratia (for example)

i.e. id est (that means)

EUR Euro (currency)

USD United States Dollars (currency)

1.4 Freedom to act

This Group Directive sets a minimum standard for RUAG Group. In accordance with particular national requirements and with respect to compliance to local law, each legal entity of the RUAG Group may realise this Group Directive in a more restrictive manner.

2 Content

2.1 Zero tolerance for corruption

In accordance with local customs, traditions and moral values, in many situations a person is expected to offer, give or receive proportionate gifts, entertainment or other benefits in good faith. Such Benefits are often required to establish or sustain business relationships.

On the other hand, offering, giving or receiving a Benefit with the intention or effect of influencing the decision process of a business partner or Public Official is considered a bribe in the laws of most countries and is consequently prohibited within RUAG Group – regardless whether directly by a RUAG-Employee or through any sort of intermediary.

When concerning a Public Official, the offering, giving or receiving of Benefits is subject to particularly strict rules. No benefits should be provided to Public Officials, unless this is necessary under objective criteria.

No RUAG employee may demand a personal Benefit.

2.2 Five central criteria for Benefits

All RUAG-Employees must ensure that the offering, giving and receiving of Benefits does not create the appearance of being improper or in bad faith. Thus, the following five central criteria must always and without exception be adhered to:

Legality:	Any Benefit must always be allowed under local law and the rules applicable to the business partner. Furthermore, any Benefit in conflict with this Group Directive is prohibited, even if allowed under local laws.
Neutrality:	No benefit may be offered, given or received with the intention of influencing the decision process of the recipient. The permissible purpose of the Benefit must always be recognisable at first glance.
Appropriateness:	Context, frequency and time of the the benefit must always be appropriate for the event. Even a Benefit with a very low value can influence the decision process if it is provided often. Benefits that are offered or provided at an improper time may

be seen as intent to influence.

Proportionality:	The value and nature of a benefit must be proportionate to the event at which they are offered. They must also be proportionate to the social status and the overall social and financial situation of the recipient.
Transparency:	A Benefit must be documented accurately, correctly and in adequate detail. The business and financial documentation (e.g. delivery note, invoice, etc.) fully document the Benefit and it must be entered into the respective books and data archives of RUAG. Exceptions apply where the applicable accounting regulations do not require a detailed documentation due to the small value (e.g. giveaways).

2.3 Gifts, entertainment and expenses

2.3.1 Gifts

Any thing (e.g. chocolate, phone, pen) or right (e.g. free use of a vehicle for personal use, receiving a rebate for personal benefit) with economical or personal value for the recipient is considered a gift in this Directive.

Restraint is always required in connection with gifts. Always considering the five central criteria (cf. 2.2 above), the offering, giving or receiving of gifts up to a total value of CHF 120 / USD 120 / EUR 100 (or the buying power equivalent as indicated in Appendix A) per person and event is uncritical, in particular if the gift is a giveaway with company logo.

The following are generally not allowed:

- Offering, giving or receiving cash or cash equivalent (e.g. gift certificates), regardless of their value;
- Gifts of an inappropriate value (e.g. luxury watch);
- Any form of personal kick-backs, reimbursement or provision (except as explicitly approved, e.g. miles in frequent flyer programs of airlines);
- Intransparent or under-the-counter gifts.

2.3.2 Entertainment

Any benefit in the form of drinks and/or food is considered entertainment in this Group Directive.

Entertainment without the attendance of RUAG-Employees (or the third party offering the entertainment to RUAG-Employees) is considered a gift and is subject to the rules set forth in 2.3.1 above.

Always considering the five central criteria (cf. 2.2 above), the offering, giving or receiving of entertainment up to a total value of CHF 120 (or the buying power equivalent as indicated in Appendix A) per person and event is uncritical.

Also, entertainment in the frame of events for which the recipient has paid and that include the cost of the entertainment is uncritical (e.g. customer training that includes lunch).

An event is an activity or several activities that are connected by time and topic (e.g. a one day contract negotiation with lunch, a factory acceptance test or training that spans several days).

The following are generally not allowed:

- Entertainment without any clear business connection;
- Entertainment of inappropriate value (e.g. luxury restaurant).

2.3.3 Expenses

It is generally not allowed for RUAG to pay for personal travel expenses of Private Persons or Public Officials or for third parties to pay for such expenses of RUAG-Employees. Always considering the five central criteria (cf. 2.2 above), the payment of expenses for accommodation may be allowed on an exceptional basis, where it is in connection with an event organized by RUAG and the employer of the person invited is paying for the travel expenses, thus making evident, that the employer considers it a valuable business event. Daily allowances in cash are prohibited without exception.

Always considering the five central criteria (cf. 2.2 above), contractually clearly specified costs that are included in the contract price and in direct connection with the execution of the contract are uncritical. Such cost should not be higher than what RUAG would pay for its own employees in a comparable situation and in applying the RUAG travel regulations. RUAG always pays for the travel and lodging of its own employees.

2.3.4 Approval Process for Gifts, Entertainment and Expenses

Any benefits will require the approval from the line manager, regardless of their value.

A benefit worth more than the national threshold value as per Annex A in addition requires the Written approval from the Compliance Officer of the Division.

Regardless of the value, benefits for Public Officials always require Written approval from the Compliance Officer of the Division, unless they are common giveaways with RUAG logo or invitations to the company canteen up to a value of CHF 30.00 per person. However, in accordance with local laws or the internal compliance rules of the respective government entities, there may often be more strict rules. In each individual case it must therefore be ensured that no benefits are offered, that are contrary to such rules.

2.4 Events

Always considering the five central criteria as per Clause 2.2 above, events – in particular factory tours, product presentations, knowledge exchange, open days, etc. – must always have a business context and must take place with the presence of at least one RUAG-Employee.

Inviting people without a (potential) business relationship with RUAG (e.g. friends and family) to an event is generally not allowed.

The choice of event locations must be effected exclusively considering practical and logistical, not touristic criteria.

Events always require Written approval of the manager and the Compliance Officer of the Division.

2.5 Donations and Sponsoring

A donation is a contribution for charitable purposes. Sponsoring is supporting a certain organisation, person or event to influence the public perception of RUAG.

RUAG does not make donations to political parties or sponsor any political party's events.

No donations or sponsorships may be used as a substitute for bribery and corruption by influencing the decision making process of the recipient.

Sponsorships must have a clear business oriented purpose and must aim at a specific marketing effect. The amount of the sponsorship may not be in disproportion to the projected business related benefit.

Donations may never be provided to individuals, must be of a charitable (e.g. social, educational, ecological, cultural) nature and be in keeping with RUAG's fundamental values. They require the approval of Compliance & Risk Management and the CEO of RUAG Group or the respective Division or their deputies. Such approval may also be given in the frame of a yearly budget with clearly defined guidelines.

RUAG does not accept donations and sponsoring for its own benefit.

2.6 Facilitation Payments

Facilitation payments are generally prohibited. Facilitation payments are usually small amounts paid to mid or low level public officials for routine governmental action in order to initiate or expedite performance of duties of non-discretionary nature, to which the provider has a legal or other claim (e.g. the payment of a small amount to a customs officer in order for him to treat a shipment with preference).

Exceptions are only permissible in case of danger to personal health and safety. They need to be documented and reported to the compliance officer of the Division as soon as possible.

In case of doubt the Compliance & Risk Management may be contacted at any time.

2.7 Archiving and Audit

All requests and approvals as per this directive are archived centrally with Corporate Compliance in auditable form. Upon reasonable request the information may be disclosed to competent government organizations in the jurisdictions RUAG operates, always in strict compliance with data protection laws.

3 Legal basis

This Group Directive is based on:

ID	Document	Date
1	Article 16 of the Organisational Regulations of RUAG Holding Ltd	30 October 2017

The Group Directive "Group Document Control" (DR001en) always applies.

4 Implementation

4.1 Approval procedure

Based on the application of the COMPLIANCE, the present Group Directive has been approved by the GEB on 18 December 2018.

4.2 Publication

This Group Directive is published on the RUAG Intranet <<http://my.ruag.com/ruag-topics/directives-and-regulations/>> prior to the effective date.

4.3 Validity and period of validity

This Group Directive becomes effective on 1 February 2019 and applies to all legal entities of RUAG Group. This Group Directive is valid until revoked and will be reviewed latest by 1 January 2020.

5 Non-compliance

Non-compliance with the present Group Directive may have disciplinary consequences in accordance with the local labour laws.

6 Appendices

The following Appendices form an integral part of the present Group Directive:

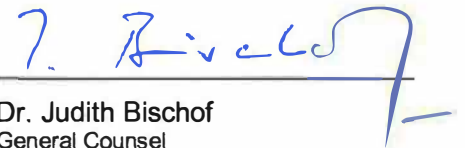
- Appendix A, Country Thresholds.

7 Signatures

Signatures of responsible persons.



Urs Breitmeier
CEO RUAG Group



Dr. Judith Bischof
General Counsel

Appendix A Country Thresholds

RUAG-Thresholds for Entertainment Expenses

Country	CHF
Switzerland	120
Argentina	70
Albania	70
Algeria	90
Australia	100
Austria	120
Bahrain	120
Bangladesh	50
Belgium	120
Bosnia and Herzegovina	70
Brazil	70
Bulgaria	70
Canada	100
Chile	70
China	70
Columbia	70
Croatia	70
Cuba	70
Cyprus	90
Czech Republic	80
Denmark	120
Ecuador	70
Egypt	90
El Salvador	70
Estonia	90
Finland	120
France	100
Germany	100
Ghana	70
Greece	90
Guatemala	70
Hong Kong	80
Hungary	70
Iceland	120
India	70
Indonesia	50
Ireland	120
Israel	120
Italy	100
Japan	120
Jordan	120
Kenia	60
Korea, Republic	80
Kosovo	70
Kuwait	120
Latvia	90
Liechtenstein	120
Lithuania	90

RUAG-Thresholds for Entertainment Expenses

Luxemburg	120
Macao	80
Macedonia	70
Madagascar	50
Malaysia	60
Maldives	60
Malta	100
Mexico	70
Monaco	120
Montenegro	70
Morocco	90
Myanmar	50
Nepal	50
Netherlands	120
New Zealand	100
Norway	120
Oman	120
Panama	70
Paraguay	70
Peru	70
Philippines	50
Poland	70
Portugal	100
Qatar	120
Romania	70
Russia	70
San Marino	100
Saudi Arabien	120
Serbia	70
Singapore	80
Slovakia	80
Slovenia	80
South Africa	70
Spain	100
Sweden	120
Thailand	60
Tunesia	90
Turkey	70
Ukraine	50
United Arab Emirates	120
United Kingdom	120
United States of America	100
Uruguay	70
Venezuela	70
Vietnam	50
Zambia	50

In case any countries are not listed, contact your Compliance Officer.