

Group Regulation

Conflicts of Interest

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Table of Content

1	Introduction	3
1.1	Goal and scope	3
1.2	Definitions	3
1.3	Freedom to act	3
2	Content	3
2.1	General Rules	3
2.2	Categories of conflict of interest	3
2.3	Procedure to identify, declare and manage conflicts of interest	4
2.4	Procedure for appointment of directors and employees from public sector	4
2.5	Personal relations within RUAG	4
3	Legal basis	5
4	Implementation	5
4.1	Approval procedure	5
4.2	Publication	5
4.3	Validity and period of validity	5
5	Non-compliance	5
6	Signatures	5

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1.0	Initial version	1 February 2019	HAES, RHLC

1 Introduction

1.1 Goal and scope

Conflicts of interest are not only a threat to RUAG as a company, they also pose a significant corruption risk. Yet, all employees have their personal relationships and interests and in consideration of this, this Regulation sets the basic rules to handle any actual, potential or perceived conflicts of interest in order to avoid any negative consequences for both the individual employee concerned and RUAG as a company.

This Group Regulation 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 Regulation.

1.2 Definitions

Conflict of Interest: A conflict of interest is a situation in which a person is involved in multiple interests, financial or otherwise, and serving one interest could involve working against another. Typically, this relates to two types of situations: A conflict of interest may exist when the personal interests or when a secondary employment or voluntary activity of an employee of RUAG are in conflict with the interests of RUAG as company or those of a customer.

1.3 Freedom to act

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

2 Content

2.1 General Rules

An individual may not abuse their own position at RUAG for their own personal advantage or for the advantage of relatives or friends. RUAG employees must avoid situations in which their personal interests are in conflict with those of RUAG as a company or where such a risk exists. Employees who find themselves actually or potentially confronted with a conflict of interest must report this immediately to their direct manager. This also applies in the case of the mere appearance of the existence of a conflict of interest.

If there are personal interests in a business situation that may appear as conflict of interest but in fact do not, however, conflict with the interests of RUAG as a company, this must be documented in writing together with the direct manager and responsible compliance officer.

Voluntary activities that may impair the work for RUAG or any paid secondary employment outside of RUAG need to be disclosed to the responsible manager to ensure that where applicable the right measures can be taken to avoid a conflict of interest.

2.2 Categories of conflict of interest

The following categories of conflict of interest are particularly critical:

Employee relationships: interactions with immediate family members, relatives, or other individuals with whom employees have a close personal relationship in

the course of everyday company responsibilities; e.g. the sales person of a supplier is a close friend of the RUAG purchasing manager; the official of the government body granting a construction license is a cousin of the RUAG employee responsible for the construction project.

Government relationships: RUAG employees also acting as officers of any government or government department; e.g. a RUAG employee being a member of a municipal council where RUAG is located.

Other employment: RUAG employees acting as employees, partners, consultants, representatives, directors or board members of another company, competitor, supplier, partner, or subcontractor; e.g. a RUAG employee being a member of the board of directors of a direct competitor.

2.3 Procedure to identify, declare and manage conflicts of interest

Voluntary activities that may impair the work for RUAG or any paid secondary employment outside of RUAG need to be disclosed to the responsible manager. In addition, any conflicts of interest, whether actual, potential or perceived, that fall under any of the categories listed under 2.2 above need to be reported to the line manager and the responsible compliance officer. The compliance officer together with the line manager and where appropriate HR will decide on the necessary measures to be taken to mitigate the risk of such conflict of interest. Such measures may include the temporary assignment of other duties for as long as the conflict of interest exists, the implementation of additional checks and balances, or any other appropriate measures.

Any conflicts of interest must be documented in writing, such documentation to be stored centrally with Compliance. Compliance is responsible for the monitoring of such conflicts of interest.

2.4 Procedure for appointment of directors and employees from public sector

The offering of employment to current or recently departed public officials poses a particular corruption risk (e.g. by promising employment with RUAG in return for the reward of a contract to RUAG).

The initiation of any employment discussions with former or current public officials posing an actual, potential or perceived conflict of interest required approval by the responsible compliance officer. This applies in particular to employees of public procurement bodies, members of the armed forces responsible for the evaluation of new equipment.

If the employment has been approved by the responsible compliance officer and the individual is formally hired, a review must be performed to establish whether a conflict of interest still exists and if so, what measures need to be taken in order to mitigate this conflict of interest.

2.5 Personal relations within RUAG

RUAG encourages the referral of open positions to internal and external candidates by employees. To ensure that no conflict of interest exists through personal relationships at the work place (e.g. relatives, family members or other personal relationships), such personal relationships must be reported to the line manager, HR and the responsible compliance officer to ensure that the right measures can be taken to avoid a conflict of interest.

It is in particular not allowed that relatives, family members or other personal relationships exist between line managers and their employees or in any situations where one person controls the work results of another (e.g. in a controlling, quality or audit function). In such situations, the conflict must be resolved by adequate organisational measures (e.g. moving one of the affected per-

sons to another team) or by recusal (e.g. handing over responsibility for the relevant quality check to another person).

3 Legal basis

This Group Regulation is based on:

ID	Document	Date
1	Article 24.6 of the Organisational Regulations of RUAG Holding AG	30 October 2017

The Group Directive "Group Document Control" (DR001en) is always applicable.

4 Implementation

4.1 Approval procedure

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

4.2 Publication

This Group Regulation shall be 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 Regulation becomes effective on 1 February 2019 and applies to all legal entities of the RUAG Group. This Regulation shall be valid until revoked and shall be reviewed latest by 1 February 2021.

5 Non-compliance

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

6 Signatures

Signatures of responsible persons.



 Dr. Judith Bischof
 General Counsel



 Gernot Dresch
 VP Compliance & Risk Management