
Group Regulation

Internal Compliance Investigations

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1.0	Initial version	1 February 2019	HAES, RHLC

1 Introduction

1.1 Goal and scope

For RUAG, business relations with customers and business partners are based on integrity and partnership, trust and mutual respect. Neglecting or disregarding these basic rules in the interest of securing business success is against the corporate culture.

Deliberately ignoring any infringements/violations of the code of conduct by others or obstructing any investigation of violations is also considered a violation of the code.

RUAG takes infringements of the code of conduct very seriously and does hence investigate any concrete suspicions of relevant infringements in a prompt, objective, consequent and unconditional manner.

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 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

The Vice President Compliance & Risk Management conducts internal investigations together with the responsible Compliance Officer and completely independent from management decisions, but in close alignment with line management and the General Counsel.

Internal investigations are only conducted on the basis of concrete and substantiated suspicions of infringements of the code of conduct.

The compliance cases and the results of internal investigations are reported to the Board of Directors, the Audit Committee and the Group Executive Board. All compliance cases are reported at least quarterly in case statistics comprising: number of reports, reporting channel, reports per division, categories of allegations, categories of sanctions taken and in a table-overview describing the details of all cases. Particularly relevant cases and results of internal investigations are reported on an ad-hoc basis.

All compliance cases are published on the RUAG website at least bi-annually in case statistics comprising: number of reports, reporting channel, categories of allegations, categories of sanctions taken.

2.2 Compliant investigations

Investigations are always conducted in a minimal invasive approach. Most importantly, IT-forensic investigations have to ensure data protection and the personality rights of the RUAG employees concerned. Any data access in course of an internal investigation must be approved by the Group Data Protection Officer.

As a general principle, data of RUAG employees is without exception only accessed and analyzed on basis of concrete and substantiated suspicions requiring the exact data access and analysis in question and in adherence to applicable data protection legislation.

Throughout an investigation, the Vice President Compliance & Risk Management will - to the extent legally possible - safeguard the anonymity of RUAG employees who reported the violation. The anonymity of RUAG employees being subject to suspicions of violations will equally be safeguarded until the investigation provides objectively sufficient evidence for the violation. The group of RUAG employees informed about an investigation must be strictly limited to the employees absolutely required for the investigation (information only on need-to-know basis).

Interviews with employees as potential witnesses or alleged perpetrators will only be conducted in a manner that fully safeguards the rights of the employees concerned.

2.3 Standard process

All steps of the investigation process must be properly documented in an auditable manner.

2.3.1. Reports

Employees can report any known or suspected violations of the code of conduct to the following contact persons:

1. Managers
2. HR managers
3. Compliance officers
4. General Counsel

In addition, RUAG employees may also use the external Integrity Line. Contact information can be found on the Intranet and the RUAG website.

The external Integrity Line, the compliance officers and General Counsel can ensure that the identity of the employees reporting known or suspected violations of this code of conduct is treated strictly confidential.

1st step: upon receipt of a report it will be decided on a case-by-case basis whether the Vice President Compliance & Risk Management or another Compliance Officer will be the investigator of the case. The investigator will then immediately establish contact with the reporter and ask for the additional information required to assess whether the report refers to violations of the code of conduct and whether it is substantiated.

Reports that do not refer to violations of the code of conduct but need further actions will be transferred to the responsible functions and the investigator will ensure that the report will be followed-up properly.

2.3.2 Concrete and substantiated initial suspicion

2nd step: the investigator will investigate the substantiated report in order to assess whether there is a concrete and substantiated initial suspicion of a violation of the code of conduct.

The responsible HR manager will be informed about the case in an anonymized manner and must ensure the involvement of employees' representations (e.g. workers council, Betriebsrat, ANV) as required under the applicable legislation.

2.3.3 Investigation

3rd step: after establishment of a concrete and substantiated initial suspicion, the investigator will launch the investigation and align its set-up with the responsible HR manager and - if objectively possible without jeopardizing the investigation - the responsible line-manager.

The Vice President Compliance & Risk Management will always keep oversight of the investigation to ensure - if required also by means of escalation to the Board of Directors - that it will be conducted in a prompt, objective, consequent and unconditional manner.

2.3.4 Decision

4th step: after establishment of a violation of the code of conduct, line-management decides on the sanction to be applied. The Vice President Compliance & Risk Management advises line management with their professional assessment on the severity of the violation and safeguards adherence to the principle of anti-discrimination to ensure - if required also by means of escalation to the Board of Directors - that sanctions are applied strictly according to the severity of the violation.

The person who reported a specific case will - if objectively possible under the applicable legislation - be informed about the outcome of the investigation and the decisions taken.

The Vice President Compliance & Risk Management and the General Counsel will decide together whether it is required to disclose violations to the relevant authorities (e.g. prosecutors, export-control authorities, anti-trust authorities, data-protection authorities).

2.3.5 Remediation and improvements of compliance management system

5th step: after any established violation of the code of conduct, the Vice President Compliance & Risk Management will analyse the root-causes for the violation and implement the required remediation plans and improvements of the compliance management system.

2.4 Interfaces with other functions

Internal Audit supports internal investigations, in particular by conducting the first analysis of transactions in enterprise resource planning-systems (for example SAP) required to assess whether there is a concrete and substantiated initial suspicion of a violation of the code of conduct (see 2.3.2 above).

IT supports internal investigations, in particular by extracting and providing the data required by external audit and/or IT-forensic service providers.

2.5 External support

In order to ensure professional and objective investigations,

- specialized external lawyers will be involved in the investigation of any concrete suspicions of severe violations, in particular of any criminal acts or antitrust-violations and
- specialized external audit and/or IT-forensic service providers will be involved in any complex investigations.

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

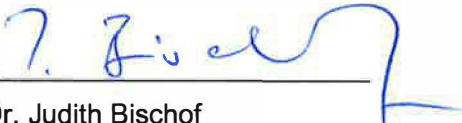
This Group Regulation becomes effective on 1 February 2019 and applies to all legal entities of the RUAG Group. This Regulation shall be valid until revoked and shall be reviewed latest by 1 February 2021.

5 Non-compliance

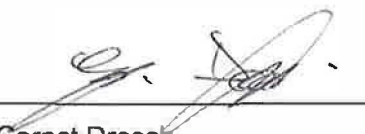
Non-compliance with the present Group Regulation may have disciplinary consequences in accordance with local labour laws.

6 Signatures

Signatures of responsible persons.



Dr. Judith Bischof
General Counsel



Gernot Dresch
VP Compliance & Risk Management