

Mikron  
Sustainability Report

# Sustainability Report

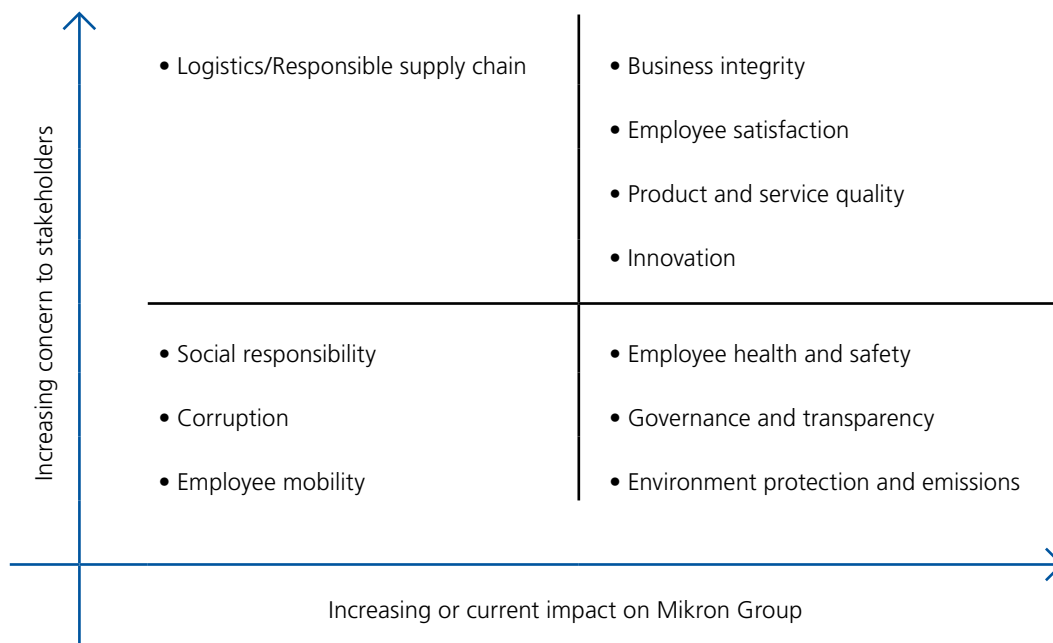
The annual sustainability report of the Mikron Group is guided by the globally recognized principles of the Global Reporting Initiative (GRI). The Group’s aim in this respect is to ensure transparent, standardized, and comparable reporting.

## 2015 Sustainability Report

The 2015 Sustainability Report has been prepared in compliance with the core provisions of the G4 GRI Guidelines without an external audit. In contrast to the last issue, this report also contains information on the two Mikron sites in Germany. The figures in the present report – including the prior-year figures – therefore relate to the management company, the Swiss locations of Agno and Boudry and the German locations of Berlin and Rottweil. The sites in Germany and Switzerland account for around 71% of Group sales. Mikron will progressively expand its reporting to cover additional locations. Information

on sustainability and all published reports on the subject are also available online on the Mikron Group's website: [www.mikron.com/sustainability](http://www.mikron.com/sustainability).

The Mikron Group conducts a regular qualitative survey to determine the indicators that are relevant to sustainability reporting. Customers, suppliers and other business partners along the Group's value chain take part in this survey, together with authorities and new and potential employees. At the same time, internal focus groups are conducted to identify and prioritize other indicators relevant to sustainability reporting. The accumulated findings are presented in the following matrix.



The areas of innovation, product and service quality, and governance and transparency shown in the graphic on page 46 are dealt with on pages 34 and 40.

## People

The Mikron Group builds its commercial success on qualified and motivated staff. In interpersonal relationships – be it with colleagues, customers, or business partners – Group management promotes and demands respectful and loyal conduct at all times. The Mikron values provide essential guidance in this respect (see page 29).

All employees are obliged to adhere to Mikron's Code of Business Conduct. This sets out the relevant principles of ethical behaviour in writing and applies to all of Mikron's areas and sites. The aim of the Code is to ensure that the Mikron Group comes across as a good corporate citizen, complies with legislation, and creates a working environment characterized by mutual respect, openness and personal integrity. The Mikron Group's membership of various industrial associations and interest groups is one way in which it advocates the attitudes encouraged by the Code.

## Health and safety

The health and safety of staff are extremely important to the management of the Mikron Group. Internal processes are regularly reviewed for potential negative effects on health and safety. One of Mikron's most important objectives is to minimize the risk of industrial accidents. There were no reportable industrial accidents during the year under review.

## Employment conditions

Mikron staff benefit from attractive working conditions. All employees at the Mikron sites in Switzerland are covered by the collective employment contract of the Swiss mechanical and electrical engineering industries.

Occupational pensions are governed by legislation in Switzerland. Survivors' and old-age insurance (AHV) is the compulsory pension insurance that applies throughout Switzerland. This secures a basic standard of living following an employee's retirement from work due to old age or death. Workers in Switzerland with a total annual income of more than CHF 21,060 are additionally insured in the pension fund of their employer. This insurance is

Number of staff	Total CH/DE	
	2015	2014
Employees (FTEs) <30 years	184.7	176.9
Employees (FTEs) 30–50 years	515.1	507.2
Employees (FTEs) >50 years	271.8	274.7
<b>Total employees (FTEs)</b>	<b>971.6</b>	<b>958.8</b>
Male employees (FTEs)	884.9	873.7
Female employees (FTEs)	86.7	85.1
<b>Total employees (FTEs)</b>	<b>971.6</b>	<b>958.8</b>
Male senior managers (FTEs)	111.9	111.6
Female senior managers (FTEs)	4.9	5.0
<b>Total senior managers (FTEs)</b>	<b>116.8</b>	<b>116.6</b>
of which currently living within 25 km of company	66.3	66.0
as % of total	57	57

New employee hires	Total CH/DE	
	2015	2014
New employees (FTEs) < 30 years	51.4	66.5
New employees (FTEs) 30–50 years	50.6	47.7
New employees (FTEs) >50 years	6.2	10.4
<b>Total new employees (FTEs)</b>	<b>108.2</b>	<b>124.6</b>
Male new employees (FTEs)	100.1	114.8
Female new employees (FTEs)	8.1	9.8
<b>Total new employees (FTEs)</b>	<b>108.2</b>	<b>124.6</b>

also mandatory, and supplements the basic AHV pension benefits. Pension fund contributions are divided 50/50 between employer and employee.

In Germany, the statutory pension insurance scheme (gesetzliche Rentenversicherung, GRV) is an important pillar of retirement provision. Contributions are based on earnings and split equally between employer and employee. They are deducted from gross salary and transferred to the pension insurance fund by the employer. The qualifying age for a standard retirement pension is currently 65. The statutory pension insurance scheme is run by Deutsche Rentenversicherung. Occupational pension schemes (betriebliche Altersvorsorge, bAV) represent another important pillar of retirement provision in Germany. They allow employer and employee contributions to be paid into a private pension insurance plan – up to a statutory ceiling, tax-free and exempt from social security contributions. The employees' entitlement to a pension is guaranteed by the state. In Germany, Mikron staff can take out occupational pension provision offering attractive additional benefits at special conditions through "Mikron Vorsorge+".

Employee satisfaction is very important to the Mikron Group, and regular extensive surveys are conducted to establish its level, most recently in summer 2014. 65% of Mikron employees participated in the last survey, with all locations involved except those in Asia. Overall job satisfaction had risen by 5% since the previous survey. The next employee survey will be held in summer 2016.

### Advanced training

In the year under review, the Mikron Group again succeeded in filling all open positions at every site with employees possessing technical qualifications and language skills. As in previous years, though, this entailed considerable effort. Several sites plan to make even greater use of the opportunities offered by dual-track vocational education and training (VET) by taking on additional apprentices. The Denver site intends to initiate a US government-sponsored VET project in 2016.

Recruiting, keeping and developing employees and inspiring them to embrace shared goals and practices remain principal challenges at all our locations. Employees in Switzerland and Germany took part in more than 25,000 hours of advanced training during the reporting year, totaling over 1,000 hours more than in the previous year.

Employee turnover	Total CH/DE	
	2015	2014
Employees (FTEs) <30 years leaving Mikron	27.0	25.0
Employees (FTEs) 30–50 years leaving Mikron	27.9	55.8
Employees (FTEs) >50 years leaving Mikron	33.7	25.8
<b>Total number of employees (FTEs) leaving Mikron</b>	<b>88.6</b>	<b>106.6</b>
Male employees (FTEs) leaving Mikron	83.9	100.6
Female employees (FTEs) leaving Mikron	4.7	6.0
<b>Total number of employees (FTEs) leaving Mikron</b>	<b>88.6</b>	<b>106.6</b>
<b>Turnover rate</b>	<b>9%</b>	<b>11%</b>

Training hours	Total CH/DE	
	2015	2014
By employees (FTE) <30 years	12,281.0	174.0
By employees (FTE) 30–50 years	12,596.2	23,325.0
By employees (FTE) >50 years	337.0	285.0
<b>Total training hours</b>	<b>25,214.2</b>	<b>23,784.0</b>

This is equivalent to an average of 26 hours per staff member in the year under review.

In 2015, 86% of employees received individual feedback from their line managers on their performance over the past twelve months. Mikron thus achieved its objective of clearly surpassing the previous year's low feedback rate (72%). Individual feedback is important in helping the Group to identify possible advanced training needs.

### Headcount

The Mikron Group has around 1,200 employees throughout the world. There were 971.6 full-time equivalents (FTEs) in Switzerland and Germany at the end of the reporting year – 12.8 FTEs more than in 2014. The fluctuation rate was reduced from 11% in the previous year to 9%. The rate of absenteeism (working hours absent as a proportion of annual working hours) matched the prior-year figure of 3%, thus remaining at an encouragingly low level. At the end of 2015, the Mikron Group had 44 FTEs in Switzerland and Germany on temporary contracts.

### Diversity

As in other industrial companies, most of the employees of the Mikron Group in Switzerland and Germany are men, who account for 91% of the workforce. At Senior Management level, the top management level of the respective Group companies, 96% are men (111.9 FTEs). The management of the Mikron Group is keen to promote diversity within the workforce. At the same time, however, those responsible for recruiting staff are dependent on the labor and training market. In Switzerland, it is still the case, for example, that considerably more men than women gain technical qualifications: the proportion of women pursuing initial training in engineering and technology amounts to 5.4%, with 10.1% studying technical subjects at universities of applied sciences and 29.3% at university (source: Swiss Federal Statistical Office).

There was virtually no change to the average age of employees at the Mikron Group's Swiss and German locations during the reporting year: when broken down by age group, it is still the 30 to 50-year-olds that are most strongly represented, making up 53% of the workforce. While the proportion of under-30s increased by one percentage point in 2015, to 19%, the proportion of over-50s fell by one percentage point compared with 2014, to 28%. The Mikron Group has employees of a number of different na-

Other data	Total CH/DE	
	2015	2014
Total hours of staff absent	59,149.8	49,354.0
Total hours worked ytd (standard)	1,969,253.5	1,888,229.4
Rate of absenteeism	3%	3%
Number of employees (FTE) insured at work	0.8	1.0
Number of workrelated fatalities (FTE)	0.0	0.0
Number of employees (FTEs) receiving individual feedback	834.9	686.2

tionalities at its sites in Switzerland and Germany: alongside Swiss (41%) and Germans (21%), Italians (29%) and French (4%) are most widely represented. This is due to geography: Agno is on the border between Switzerland and Italy, while Boudry is relatively close to France. Mikron employees in Switzerland and Germany come from a total of 43 different nations.

In the year under review, 57% of employees at Senior Management level lived no further than 25 kilometers from where they worked. This figure is the same as in the previous year.

## Environment

Thanks to its highly efficient machining and automation solutions, the Mikron Group helps to ensure that its customers can produce in an environmentally friendly way. The increasing scarcity of energy and raw materials is a major challenge, to which the Mikron Group is resolutely facing up: we take our responsibility for the environment very seriously, at every link in the value chain. All Swiss sites have ISO 14001:2004 (environment) certification; Agno additionally has OHSAS 18001:2007 (occupational health and safety management) certification. In both Agno and Boudry, quality managers ensure that these certification requirements are complied with and that the Mikron Group continually develops in the environmental field. The German sites in Rottweil and Berlin meet the strict legal requirements in Germany, but do not have ISO 14001 certification.

In 2015, Mikron Boudry signed an agreement with the Canton of Neuchâtel to increase energy efficiency. By doing so, the site undertakes to use water, oil and electricity more efficiently in the coming years. In addition, Mikron Boudry produced a risk analysis regarding the environmental impact of all its activities.

Mikron Agno signed a target agreement for reducing CO<sub>2</sub> emissions and increasing energy efficiency under the energy model run by the Swiss Private Sector Energy Agency, which has awarded the site "CO<sub>2</sub> reduced" certification (valid until 2016).

Mikron's locations in Germany are subject to the Act on Energy Services. They are required to conduct an energy audit every four years to verify what measures the company has taken to reduce CO<sub>2</sub> emissions and whether these are having the desired effect.

Fuel consumption	Total CH/DE	
	2015	2014
From renewable sources (TJ)	0.0	0.0
From non-renewable sources (TJ)	16.5	18.9
<b>Total fuel consumption (TJ)</b>	<b>16.5</b>	<b>18.9</b>

From renewable sources (TCHF)	0.0	0.0
From non-renewable sources (TCHF)	388.5	548.7
<b>Total fuel consumption (TCHF)</b>	<b>388.5</b>	<b>548.7</b>

Electricity consumption	Total CH/DE	
	2015	2014
Electricity consumption (TJ)	27.9	27.8
For cooling system (TJ)	3.8	4.2
<b>Total electricity consumption (TJ)</b>	<b>31.7</b>	<b>32.0</b>

Electricity consumption (TCHF)	1,251.7	1,302.7
For cooling system (TCHF)	178.0	187.0
<b>Total electricity consumption (TCHF)</b>	<b>1,429.7</b>	<b>1,489.7</b>

## Energy

Energy consumption at all the sites included in the report fell in the 2015 reporting year by a total of 5.3% to 48.2 terajoules (previous year: 50.9 terajoules). 66% of this amount related to electricity, the remainder to gasoline and diesel for vehicle transport and to gas and oil for heating – the consumption of which was down owing to the mild winter. At the Agno site, the renovation of the roof of the Mikron Tool production facility and refurbishment of the Mikron Machining administration building had a positive impact on energy consumption. The Agno site has started to renew its heating system: connection to the local gas network in 2015 enabled the old oil boiler to be removed. Agno also modernized its electrical supply system in 2015. Efficiency enhancements can be expected over the next few years thanks to the new equipment that has been installed. After replacing the lighting in the first workshop at Agno with energy-efficient lights and motion sensors in 2013, the lighting in the second workshop and in numerous offices was upgraded in 2015. Furthermore, defective lamps are being replaced by even more efficient ones wherever possible. Improvements to electrical motors and the optimization of pumps enabled the site to further reduce its power consumption.

## CO<sub>2</sub> emissions

The Mikron Group is continuously striving to reduce the emission of greenhouse gases. Its consumption of energy in the reporting year resulted in CO<sub>2</sub> emissions of 2,023 tonnes (calculated according to the Greenhouse Gas Protocol). The previous year's figure was 2,208 tonnes. The decline of 8.4% is primarily due to lower heating oil consumption.

## Water

Mikron's Swiss and German locations consumed 144,700 m<sup>3</sup> of water in the reporting year, 8.4% less than in the previous year (2014: 157,900 m<sup>3</sup>). This decline is mainly due to the lower level of activity at the Agno site, where Mikron uses water for cooling. 91.2% of the water consumed was groundwater, similar to the previous year (91.8%). Virtually all the water Mikron used was fed back into the water cycle as usable water, either directly or via state-run waste-water treatment plants. Effective water consumption is thus low.

Water withdrawal and discharge	Total CH/DE	
	2015	2014
From groundwater (1000 m <sup>3</sup> )	132.0	144.9
From water utilities (1000 m <sup>3</sup> )	12.7	13.0
<b>Total volume of water withdrawal (1000 m<sup>3</sup>)</b>	<b>144.7</b>	<b>157.9</b>
<b>Total volume of water discharge (1000 m<sup>3</sup>)</b>	<b>142.1</b>	<b>155.0</b>

Waste	Total CH/DE	
	2015	2014
Recycled (t)	271.1	244.6
Burned (t)	184.0	173.0
Hazardous waste disposed (t)	67.7	61.9
Disposed otherwise (t)	7.0	8.7
<b>Total weight of waste disposed (t)</b>	<b>529.8</b>	<b>488.2</b>

## Waste

Mikron makes every effort to ensure that waste is dealt with in an environmentally compatible way. In 2015, the Group produced 529.8 tonnes of waste in Switzerland and Germany (2014: 488.2 tonnes). The increase of 8.5% is attributable to relocations within the Agno site and the clean-up work involved, to additional special waste in Agno (change of oil for the milling machines, change of powder for the cleaning station, removal of old lighting fixtures) and to a more precise measurement of waste by the new disposal company in Agno.

## Suppliers

As a globally active company, the Mikron Group has a highly heterogeneous procurement chain. Depending on location and business area, the Group uses both international and local suppliers. Mikron Automation and Mikron Machining organize their own procurement. The Swiss sites generate most of their sales in euros. This affects the choice of suppliers: in order to minimize currency translation losses, Mikron deliberately places orders with suppliers in eurozone countries. But Mikron's Swiss and German locations also use local providers: in the year under review they placed 20% of their order volume with suppliers based no more than 25 kilometers away from them (2014: 21%).

## Compliance

The Mikron Group makes every effort to strictly abide by all laws, and conducts ongoing checks – both internal and external – to ensure that this is the case. No substantiated complaints were received in this respect at the Swiss or German locations in 2015.

## State support

The Mikron Group received financial support totaling CHF 380,000 from state organizations in the reporting year (2014: CHF 260,000). Around CHF 160,000 of this amount came from the Canton of Neuchâtel for research and development at the Boudry site, and approx. CHF 210,000 was awarded to the Group for investments in apprentice training in Boudry and Agno. All contributions came from Swiss federal organizations, none of which are Mikron Group shareholders.

Proportion of local suppliers	Total CH/DE	
	2015	2014
Total amount of purchases (CHF million)	61.1	61.3
of which spent on suppliers within 25 km of company (CHF million)	12.3	12.9
<b>as % of Total</b>	<b>20%</b>	<b>21%</b>





