



Code of Conduct

Version 2015

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Why proper business conduct is important

Dear Colleagues,

Mikron stands for machining and automation solutions that deliver the highest productivity, precision and quality. We do business in a responsible and ethical manner. We are committed to long-term sustainable development which takes different needs into account.

Our good name is one of our most valuable assets. The various stakeholder groups expect us to conduct ourselves in a proper manner. We all have a responsibility to foster and protect Mikron's good reputation. The six Mikron values provide guidance for our everyday behavior at work and form the basis of this Code of Conduct. Maintaining high standards in our business relations is the foundation for enduring success.

We do not measure performance by achievements alone, but also by the way these achievements are accomplished. This Code of Conduct defines what Mikron as employer expects of you. It sets out how you should behave – not only in general, but also above all in situations in which your actions can have an impact on Mikron's reputation. Compliance with these guidelines is essential to our reputation.

The Code of Conduct underpins our commitment to act with complete ethical integrity in all situations, while respecting every person's individual rights.

I ask you to read the Code of Conduct carefully, and be constantly guided by it in the course of your day-to-day work. If you are in any doubt as to how you should behave in a specific situation, talk openly about it and seek advice from your line manager, the HR department or the Compliance Officer (CFO Mikron Group).

Thank you for playing your part in ensuring that we are a company which complies with the laws and regulations and whose employees act with integrity.

A handwritten signature in black ink, appearing to read 'B. Cathomen'.

Bruno Cathomen
CEO Mikron Group

1. We are reliable and act with integrity

Mikron is a reliable and credible partner with integrity. We do not allow ourselves to be guided by personal interests. We avoid conflicts of interest. We stand for fair competition. We do not engage in corruption.

1.1 We avoid conflicts of interest

Conflicts of interest can arise when personal interests or family and other ties are at odds with the interests of the company. We can avoid conflicts of interest by being aware of the risk and taking appropriate measures. Generally, we should avoid situations in which personal interests, activities outside Mikron, financial interests or personal relationships conflict or could appear to conflict with Mikron's interests. We must also ensure that business activities carried out in the company's name are not influenced by personal considerations or relationships.

The following in particular are subject to the line manager's explicit approval:

- Employment relationships outside Mikron which are similar to the position held at Mikron and could conflict with the work at Mikron
- The exercise or acceptance of mandates on boards of directors or similar bodies
- The conclusion of contracts or agreements with a company which is managed by or under the ownership of a family member, life partner or any other related party

It is prohibited to hold significant participations – as a rule more than 5% – in companies with which Mikron has a business relationship or is in direct competition.

It is important to Mikron that employees avoid conflicts of interest or loyalty in the performance of their business duties. Should the potential for such conflicts become apparent, the employee must notify his/her line manager in a timely and transparent manner. The line manager will decide on the necessary steps to ensure that Mikron does not suffer any disadvantages.

In order to prevent personal conflicts of interest, in their professional dealings with customers, suppliers, consultants and other business partners, as well as with competitors, all Mikron employees must avoid creating even the slightest impression of favoritism based on personal proximity to said parties.

1.2 We stand for fair competition

We believe in a competition-driven free market economy because it ensures that our hard work and our innovations are rewarded.

There are national and international regulations in place which define how market players may sell products and technologies or exchange information with competitors. These regulations are binding on Mikron.

When it comes to competing for market share and customers, Mikron subscribes to the principle of integrity and the lawful procurement and exploitation of information. Every employee

is required to respect and comply with the rules of fair competition. In particular, employees may not collude on prices, terms or capacity with competitors. Agreements with competitors on not competing, on submitting sham offers in response to invitations to tender, or on dividing up customers, territories or production programs are not permissible. These include informal discussions, gentlemen's agreements and concerted actions aimed at or causing restraint of competition.

1.3 We do not pay bribes and we do not engage in corruption

Mikron does not tolerate bribery or any other form of corrupt business practice.

Mikron employees may not abuse their position or role to request, solicit a promise of or accept personal incentives. It is also prohibited to offer, promise or give inducements to officials or other companies' employees, managers or directors.

Mikron employees may not offer to, or request or accept from, existing or potential business partners, officials, or other companies' managers, directors or employees any gifts, payments, invitations or services if the following conditions are not satisfied: Such gifts etc. must be permitted under the respective national legislation, they must be in keeping with local customs, appropriate and accurately and completely booked in the accounting system.

In numerous countries, the bribery of public officials is a punishable offense. Violations of anti-bribery regulations and legislation may result in criminal or civil proceedings against Mikron and/or the employees responsible.

Legitimate and justifiable commissions, premiums, discounts, reimbursements etc. must be documented in full and settled openly to rule out any involvement in money laundering and other illicit business transactions.

Donations and sponsorships from the individual Mikron companies require the approval of duly authorized managers via a centralized procedure. The gifting of donations and sponsorship funds must, without exception, be transparent. Details of recipients and their concrete use of the funds received must be verifiably documented in order to ensure public accountability at all times.

1.4 We comply with laws, regulations and rules

Employees are expected to comply with all applicable laws, rules and regulations as well as internal rules and directives.

National and international export control regulations, arms export legislation and anti-money-laundering laws are of particular significance for us as a global company. Preliminary checks must be made to clarify whether exports require official authorizations. Money laundering – funneling funds from illegal sources through legitimate financial channels – in any conceivable form is prohibited.

2. We protect Mikron's assets

Mikron makes every effort to provide employees with the equipment and information they need to perform their tasks effectively. All employees are required to treat Mikron property with care and to protect it from damage, loss, theft, misuse and unauthorized utilization, sale or access. Meticulous and complete documentation of business transactions helps us in this regard. Particular caution is required when working with devices which store critical and confidential data or provide access to such data. Mikron respects the ownership rights of third parties.

2.1 We use the company's assets with care

The available equipment (e.g. vehicles, computers, telephones, work clothes) is for work use only. Limited private use is permitted provided it does not contravene Mikron's interests, the Code of Conduct or other company guidelines and principles. The private use of equipment must not be detrimental to normal work output.

Intellectual property (e.g. brands, patents, inventions, CAD drawings, business data) is a valuable asset and of particular significance for the success and future of Mikron. All employees are therefore urged to protect Mikron's intellectual property. Employees may not pass on new findings or business secrets in any form to unauthorized third parties or, without prejudice to their statutory rights, lay claim to said findings or secrets.

Any kind of gathering, processing, storing and forwarding data (including in particular personnel data) must be in compliance with data protection legislation and regulations.

2.2 We use information systems professionally

A well-functioning IT infrastructure is crucial for Mikron. Accordingly, each employee is jointly responsible for the careful and diligent use and safeguarding of equipment, applications and the Mikron networks. Only Mikron-approved software may be installed and used. The Group IT Service Desk (service.desk@mikron.com) will provide assistance if questions arise.

Bear in mind that any e-mail communication can be regarded as a statement by Mikron. Employees should not e-mail information that is commercially sensitive or contentious or which could have undesired contractual or other legal implications for Mikron.

Our information systems may not be used to impair the integrity of Mikron's or third parties' networks or data. This includes the originating or forwarding of chain letters or unsolicited e-mail advertising (spam).

Data originated and stored on Mikron's information systems are the property of Mikron, unless otherwise provided in a confidentiality agreement with a third party. Mikron reserves the right to access this data, except where such access is restricted by law or agreement. All employees are responsible for the proper administration of their files and archives.

E-mail is acknowledged as the common method of communication today and, if used responsibly, is also efficient and fast. However, too many e-mails can be the cause of inefficiency and annoyance, especially when someone receives a lot of non-essential or irrelevant messages. Do not send e-mails with large attachments, long lists of recipients or vague sub-

ject lines. E-mails which are addressed to multiple recipients and then continually go back and forth between just two of them are especially inefficient and can disrupt the work of numerous colleagues. Ideally, e-mails should be addressed to one person (the person in the To: line is expected to take action) and cc'd to a deliberately select number of people (for information purposes, others involved in the activity). This makes it clear who is being addressed and who is expected to react. If subassignments are being allocated, the text should state who is responsible for what (@xxxx: Action 1, @YYYY: Action 2). Anyone who regularly receives annoying or unsolicited e-mail should report this to the sender, his/her line manager or the Group IT Service Desk (service.desk@mikron.com). The latter in particular should be informed in instances of mail received from outside Mikron.

2.3 We safeguard confidential information

Information is a valuable asset and crucial for our business. Some information is shared in press releases, product information sheets, annual reports or other public documents. All other information which employees receive in the course of their work, whatever the source, must be treated confidentially. Examples:

- Technical information on current or planned products and/or projects
- Procedural instructions, drawings, quotations and calculations, technical documentation, process descriptions and (including undocumented) procedures and methods
- The names and addresses of customers, information about applications sold, performance data, sales prices and margins
- Procurement plans, supplier lists and purchase prices
- Product and process costs
- Unpublished financial figures and key performance indicators (KPIs)
- Marketing, after-sale service, strategy and investment plans
- Organizational and personnel data not intended for the public domain

Mark information appropriately, keep confidential material securely stored and make sure that access to information is restricted to those people who need it for their work. Do not discuss confidential matters in places where you can be overheard, such as in airports, on public transport, in restaurants, bars, elevators or recreation rooms.

When meeting with or talking to suppliers, customers, partners or former co-workers, all employees are required to exercise caution in passing on written or verbal information. Unknowingly passing on information can also be damaging to Mikron and must be avoided.

Given the high value of information, it may be advisable to require that external parties with access to confidential information sign a confidentiality agreement. On Mikron's side, the agreement must be approved by the General Manager or the Head of Finance & Controlling of the respective company. If personnel information is divulged, the relevant HR Manager must also approve the document.

Mikron respects the intellectual property of third parties. In particular, the business secrets of Mikron's business partners (above all customers) must be safeguarded. Confidentiality obligations continue after termination of the employment relationship.

Any employee who learns, or can reasonably assume, that a co-worker has, without authorization, knowingly or unknowingly passed on confidential information to customers, competitors or other third parties must notify local management immediately.

2.4 We prevent the passing on and exploitation of insider information

Insider information is knowledge which is not readily accessible to the general public, but which an investor would rate as significant if he/she were about to decide on whether to buy or sell shares in Mikron. Typically, insider information relates to financial data, planned business developments and changes involving key employees.

The passing on and exploitation of insider information is both unethical and illegal and vigorous steps are taken to stamp out such practices. Employees who are unsure of whether they are in possession of insider information should contact their line manager or the Compliance Officer (CFO Mikron Group) to clarify the situation.

2.5 We maintain meticulous and complete records of account

For business and legal reasons, Mikron is required to meticulously, accurately and fully document all business transactions and to store the relevant documents in a secure and orderly fashion for the prescribed period. Regardless of the storage medium, these documents are of considerable value to Mikron and can also serve to underpin our integrity in business dealings.

3. We select business partners carefully

The manner in which Mikron does business is crucial to the company's reputation and success; business partners should be selected carefully and seen as allies.

3.1 We are fair in our relations with suppliers

We expect fair competition in our markets and apply the same standards in dealings with our suppliers. When you select and/or do business with suppliers, you should always act in Mikron's interests. You should not show favor or preference to any person or business based on any other reasons. You must not let business that you conduct in Mikron's name be influenced by personal or family interests.

3.2 We work with representatives, agents and consultants

Commissions and fees paid by us to representatives, agents and consultants must be reasonable in relation to the services provided. Employees must not agree or pay commissions or fees that could not stand up to an arm's length comparison.

Remunerations paid to representatives, agents, consultants or other brokers may not be used to deliberately bribe any person or persons, especially public officials.

We build ties with subcontractors who act like us. We rely on subcontractors to help us execute projects and we value highly the contribution they make to Mikron's customer relationships and to the company's reputation. To protect and enhance Mikron's reputation, we choose subcontractors who will act in a manner consistent with this Code of Conduct.

3.3 We undertake to make disclosures to lenders and export financiers

Mikron will disclose all relevant material facts for obtaining financing from an export credit agency or other governmental lender. It is also our policy to disclose all material facts which prospective lenders require for their analysis.

3.4 We aspire to transparency in our business relationships

We inform line management of any unusual business practices on the part of business partners.

4. We acknowledge our social responsibility and corporate citizenship

The people who work at Mikron come from many different countries and cultural backgrounds. We observe the generally accepted standards of courtesy and respect when interacting with one another. Outsiders will also judge Mikron according to the way they are treated by us in our business dealings with them. Clear and regular communications, equal opportunities and the upholding of health and safety standards are essential to creating a pleasant and productive working environment for everyone concerned.

4.1 We foster regular and open communication

Regular communication between managers and their teams is the key to business success. This contact, which usually takes the form of meetings, e-mails and telephone conversations, should cover matters such as business strategy, long-term objectives and short-term priorities and serve to promote mutual agreement, target attainment and order fulfillment.

Open, constructive criticism is desired, even if it reveals weaknesses and defects and is not always pleasant. Anonymous, destructive and/or hurtful criticism is harmful and must be avoided. If conflicts arise, the line manager or HR manager must be called in.

All employees have the right to an annual performance review with their line manager to receive personal feedback on how they conduct themselves in their daily work. The purpose of the performance review is to lock in the progress achieved, to reflect on exemplary or improvable behaviour toward co-workers, line managers, direct subordinates or business partners and, where it seems appropriate, to define corrective measures and map out personal development going forward.

The Mikron Group CFO and the employees authorized by him/her are responsible for media relations. Where marketing activities are concerned, the marketing department heads are authorized to handle media relations. In case of doubt, media inquiries are referred to the Mikron Group CFO. Unless explicitly authorized to do so, employees may not release information in Mikron's name.

4.2 We value mutual respect and privacy

The confidentiality of personal information – whether on employees, customers, suppliers, representatives, agents or consultants – is to be respected at all times. Employees may gather, use, store and disclose individual personal information solely in accordance with Mikron's principles to protect privacy and the laws in force.

However, when using Mikron equipment for communication purposes, employees may not claim any privacy privileges beyond those provided by the laws in force.

Subject to the laws in force, Mikron is authorized to monitor Internet use and e-mail traffic. All e-mail and Internet communications made via Mikron equipment are treated as proprietary business information belonging to Mikron and so may be retrieved, used, monitored and disclosed by Mikron.

4.3 We appreciate diversity and promote social competence

Mikron views diversity as an asset. It is part of Mikron's corporate culture to welcome everybody and treat them equally, regardless of gender, nationality, religion, age or physical ability. Employees must interact with co-workers, customers and business partners respectfully and without regard to differences or similarities.

Mikron hires and promotes people based on their abilities and skills. In order to drive forward the productive and constructive development of the entire organization, Mikron attaches great importance not only to technical competencies but also to social competence. With regard to hiring, compensation, access to training, promotion, termination or retirement, employees should not engage in or support discrimination based on gender, age, national or ethnic origin, religion, disability, sexual orientation, union membership or political affiliation.

Mikron does not tolerate child labor or forced labor.

4.4 We work to create a pleasant working environment

Harassment is an individual and subjective experience and as such is difficult to quantify. It qualifies as harassment or even bullying when a person experiences negative feelings or low self-worth as a result of the statements or behavior of another person or group of persons.

Harassment – whether face-to-face, written, electronic (including via social media channels) or verbal – will not be tolerated and calls for the intervention of the line manager or HR manager.

Harassment can take many forms. People may feel harassed by slurs, intimidating or aggressive acts or words, by derogatory jokes, generalized destructive criticism or inappropriate gestures and comments.

Harassment (especially when subliminal and covert) affecting a person's sense of self-worth must be distinguished from constructive, pertinent, candid and fair criticism not intended to injure personal feelings. Fair criticism is desirable, but must always be given in a spirit of respect and esteem for the recipient as an equal and valuable fellow human being. Put simply, everyone should treat others as he/she would expect to be treated.

4.5 We managers act in accordance with Mikron's values

We managers have an obligation in the course of our daily management duties and in our conduct to maintain and develop the knowledge and skills of the people in our teams and translate them into sustainable results. Irrespective of individual management style, which should be exemplary at all times, the following principles of management apply: management

by objectives, employee development, adherence to the Mikron values and requiring others to do the same.

Every management task is founded on mutual respect and on confidence in oneself and in one's co-workers, line managers and teams.

In this sense, managers build the basis of our shared success by the way they perform their daily management duties and how they are perceived as line managers. They therefore also have a particular impact on the Mikron corporate culture.

Mikron is aware that managers' duties can be very varied, largely technical, highly complex and frequently dominated by an uncertain economic environment. Furthermore, the people that they are in charge of are frequently highly educated, experienced specialists working across different disciplines, in multiple languages and under extreme constraints of costs and time on novel solutions. For this reason, management selection should not only include an appraisal of technical competencies, it should also focus on an assessment of personality and the promotion and development of leadership competencies.

4.6 We set the highest health and safety standards

Mikron is responsible for employees' well-being. Mikron respects local health and safety at work standards and operates its facilities in compliance with these requirements. We comply with employment regulations, in particular in respect of safety at work and working hours.

Managers are required to ensure a safe, clean and healthy working environment. Employees must adhere to the relevant regulations. Managers are responsible for monitoring compliance. Any shortcomings must be rectified immediately.

The fundamental Mikron principles for employees worldwide are: work safely and protect yourself, your co-workers, the community and the environment.

Hazardous conditions and unacceptable circumstances detrimental to health and the environment must be reported immediately to minimize occupational accidents and be able to take remedial action.

The consumption of alcohol and drugs at the workplace is forbidden. Alcohol consumption is permitted in moderation during business lunches and dinners.

Firearms are strictly forbidden at all Mikron sites. Possible exceptions (security services) require the approval of management.

4.7 We are committed to quality, safety and the environment

Mikron's policy is to market safe products worldwide. In the development, production and delivery of these products, Mikron gives top priority to safety and environmental protection, as well as the use of sustainable materials and eco-compatible production processes.

We develop our products in compliance with statutory, regulatory and industrial standards of safety and health.

Mikron is committed to environmental protection, in the interest of current and future generations. Mikron supports environmentally responsible behavior by its employees and ensures compliance with the regulations that have been passed to protect the environment.

4.8 We observe the highest ethical standards in our interaction with government

Mikron does business globally and values good relations with governments and local authorities. Employees must be truthful and accurate in interactions with officials and observe our ethical standards when conducting business with government representatives.

Mikron funds, property or services must not be used to support candidates for political office, political parties, officials or committees anywhere in the world. Any exceptions to this rule must be cleared in advance with the Compliance Officer (CFO Mikron Group).

4.9 We promote sustainable development and corporate responsibility

Sustainability means that Mikron treats all stakeholder groups in a socially responsible manner. Mikron exercises corporate responsibility by promoting specific projects, charitable donations and practical support for worthy initiatives.

Compliance with the Code of Conduct

Mikron is a decentralized company. However, the standards addressed in this Code of Conduct represent core components of the corporate culture and commitment of the entire Mikron Group. Global and uniform compliance is essential and every employee is responsible for upholding these principles.

Even supposedly minor violations of this Code of Conduct by individual employees can severely harm Mikron's reputation and cause substantial – including financial – damage. Neither requests from customers and other business partners nor time constraints justify non-compliance with the Code of Conduct.

The individual standards are binding on all employees: Each employee is personally responsible for complying. Leading by example, each Mikron manager must ensure that the employees assigned to him/her follow this Code of Conduct.

Since the Code of Conduct cannot cover every conceivable situation, all employees are expected to act responsibly, use their sound judgment as a basis for their actions and, if necessary, seek guidance. Line managers and HR officers will help clarify any questions for employees in case of doubt.

Not only is each employee under obligation to follow the Code of Conduct in his/her own sphere of activity, he/she must also openly and constructively encourage co-workers to their duty to comply.

Duty to report violations

All employees are required to report any suspected or observed violations of the law or this Code of Conduct in a timely manner. However, this should not be understood as an invitation to observe co-workers. Employees are also required to report any instances of requests to act in violation of the principles of the Code of Conduct.

Reports are to be addressed to direct line managers, HR managers, local management or the division head (COO). They will be treated with strict confidentiality, which also extends to the names of the employees involved. Anyone making a report in good faith does not need to fear negative repercussions, even if the report is later found to be unconfirmed.

If, exceptionally, you do not wish to report a problem to your direct line manager, HR manager, local management or division head (COO), or if you feel that he/she has not reacted appropriately to your report, contact the below-named people, safe in the knowledge that your report and name will be treated confidentially:

- Martin Blom, CFO Mikron Group (Chief Compliance Officer)
E-mail: martin.blom@mikron.com, tel.: +41 (0)62 916 69 33
- Andreas Casutt, Chairman of the Audit Committee
E-mail: andreas.casutt@nfk.ch, tel.: +41 (0)58 800 8000

While anonymous reports will be followed up, they are inconsistent with a culture of open communication based on trust and should be avoided.

Employees using an incognito e-mailbox (e.g. from free providers such as Yahoo, Gmail, Hotmail) to report possible violations must be aware that anonymous reports may be more difficult to investigate.

Confidentiality will be maintained to the fullest extent possible. Retaliation against any employee who in good faith reports illegal or unethical conduct by the company is not tolerated and will be subject to disciplinary action. The same applies to any intentional abuse of these reporting processes.

Violations of this Code of Conduct will be rigorously punished. They will have repercussions for the employment relationship (possibly resulting in extraordinary termination in the case of severe violations) and may lead to criminal proceedings and claims for damages against the persons who committed/caused the violations. When conducting performance reviews, managers will take into account employees' compliance with this Code of Conduct.

The present Code of Conduct was approved by the Board of Directors on June 26, 2015.