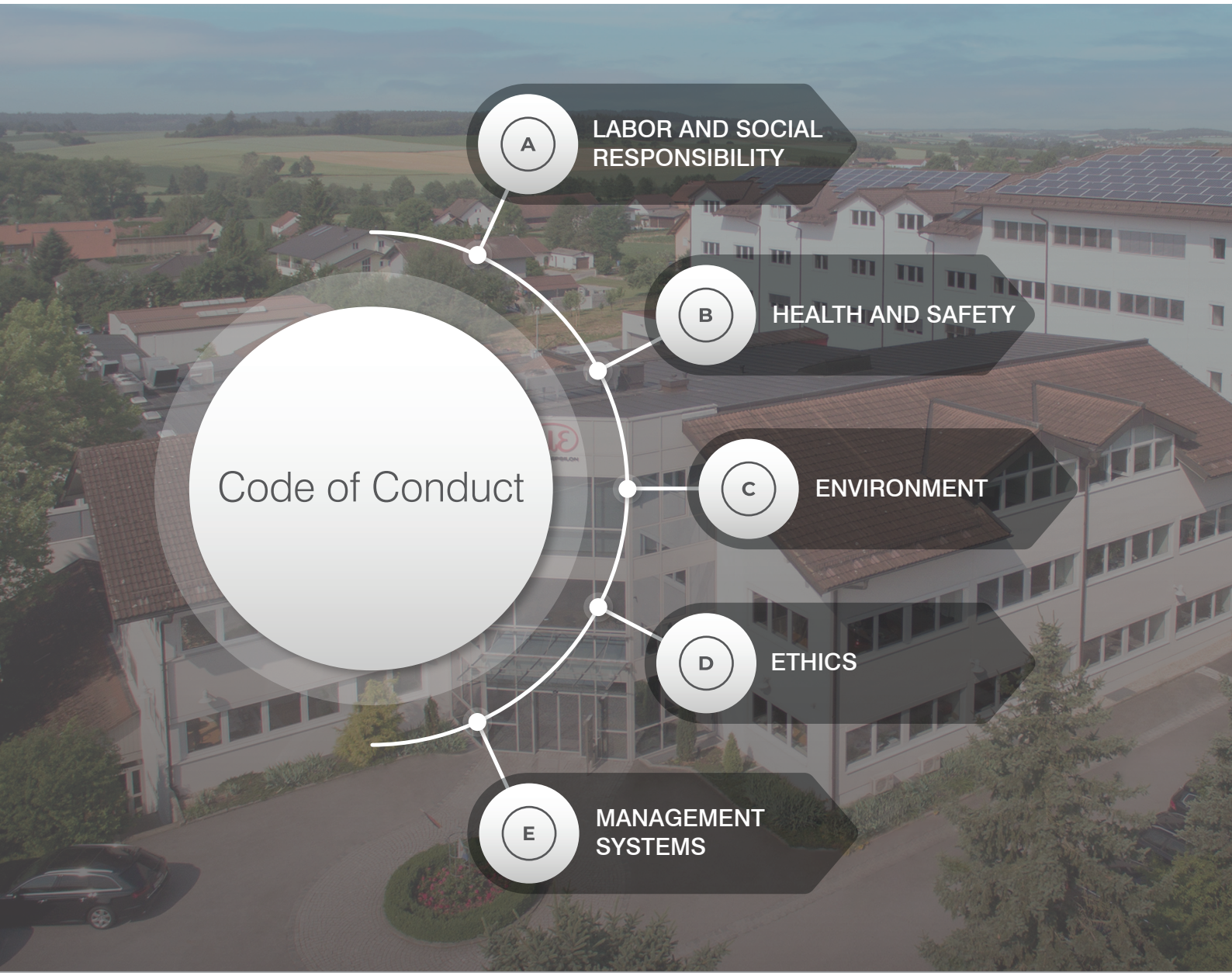
MICRO-EPSILON

Code of Conduct



Code of Conduct

Micro-Epsilon is among the worldwide leading manufacturers of precise sensors and measuring systems. The Micro-Epsilon group develops products that increase quality and efficiency, save resources and thus offer added value to our customers as well as to the society. Our sensors are intelligent, miniaturized and precise and are used in trendsetting industries - so that our planet remains worth living in the future. Our overall portfolio ranges from sensors for displacement and distance measurement, temperature and color measurement to 3D sensors and systems for dimensional measurement.

For us, continuous striving for high performance means consistent investment in research and development. The results are numerous patents and innovations that support our customers' unique technological position.

Our actions follow ethical and moral principles and are geared towards long-term and sustainable partnerships with our customers. We stand for quality and innovative technology and are also aware of our social responsibility.

This includes, in particular, ecological, social and ethical aspects, as well as integrity and compliance. As a responsible industrial company, we operate sustainably, in an environmentally compatible manner, with low use of resources and communicate transparently.

These principles are reflected in our Code of Conduct, which is based on the Code of Conduct of the Responsible Business Alliance - RBA (formerly Electronic Industry Citizenship Coalition - EICC). This sets standards to create working conditions in the electronics supply chain or industries where electronics is a core component, ensuring that the supply chain is safe, that workers are treated with respect and dignity, and that business is conducted in an environmentally and ethically responsible manner.

The Code of Conduct consists of five sections. Sections A, B and C describe standards relating to labor, health and safety and the environment respectively. Section D adds standards relating to business ethics. Section E outlines the elements of an appropriate system to ensure compliance with this Code of Conduct.

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A LABOR AND SOCIAL RESPONSIBILITY

Micro-Epsilon is committed to uphold the human rights of its workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, student, contract, direct employees, and any other type of worker.

The labor standards are:

1. Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company- provided facilities. As part of the hiring process, all workers must be provided with a written employment agreement that contains a description of terms and conditions of employment. All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment without penalty if reasonable notice is given as per worker's contract. Employers, agents, and sub-agents may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Micro-Epsilon may only hold documentation if such holdings are required by law. In this case, at no time should workers be denied access to their documents. Workers shall not be required to pay Micro-Epsilons' agents or sub-agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

2. Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Micro-Epsilon undertakes to verify the age of workers. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts, weekend work and overtime. Micro-Epsilon undertakes to ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations. Micro-Epsilon will provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks. If child labor is identified, assistance/remediation is provided.

3. Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days.

4. Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

5. Humane Treatment

There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

6. Non-Discrimination/Non-Harassment

Micro-Epsilon does not tolerate harassment and unlawful discrimination in its workplaces. In particular, workers must not be discriminated against or harassed on the basis of the following characteristics in their recruitment and employment practices, such as wages, promotions, rewards, and access to training opportunities: race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status. In addition, workers or potential workers should not be subjected to medical tests, including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way.

7. Freedom of Association

In conformance with local law, Micro-Epsilon undertakes to respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful

assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

B HEALTH AND SAFETY

Micro-Epsilon recognizes that, in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Micro-Epsilon also recognizes that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

The health and safety standards are:

1. Occupational Safety

Worker potential for exposure to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, mitigated using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women and nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers.

2. Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment, and property.

3. Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes, and facilitate the return of workers to work.

4. Industrial Hygiene

Worker exposure to chemical, biological, and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls. If any potential hazards were identified, Micro-Epsilon undertakes to look for opportunities to eliminate and/or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

5. Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks is to be identified, evaluated, and controlled.

6. Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7. Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by Micro-Epsilon or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8. Health and Safety Communication

Micro-Epsilon undertakes to provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers

prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise any health and safety concerns without retaliation.

C ENVIRONMENT

Micro-Epsilon recognizes that environmental responsibility is integral to producing world-class products. Micro-Epsilon undertakes to identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within its manufacturing operations, while safeguarding the health and safety of the public.

The environmental standards are:

1. Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed.

2. Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.

3. Hazardous Substances

Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

4. Solid Waste

Micro-Epsilon undertakes to implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5. Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting substances, and combustion byproducts generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge. Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Micro-Epsilon undertakes to conduct routine monitoring of the performance of its air emission control systems.

6. Materials Restrictions

Micro-Epsilon adheres to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

7. Water Management

Micro-Epsilon documents, and monitors sources, use and discharge of water; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated according to legal or official requirements prior to discharge or disposal. Micro-Epsilon undertakes to conduct routine monitoring of the performance of its wastewater treatment.

8. Energy Consumption and Greenhouse Gas Emissions

Micro-Epsilon undertakes to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be tracked, documented, and publicly reported against the greenhouse gas reduction goal. Micro-Epsilon undertakes to look for methods to improve energy efficiency and to minimize its energy consumption and greenhouse gas emissions.

D ETHICS

To meet social responsibilities and to achieve success in the marketplace, Micro-Epsilon and its agents undertake to uphold the highest standards of ethics including:

1. Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Micro-Epsilon pursues a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

2. No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring, record keeping, and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3. Disclosure of Information

All business dealings should be transparently performed and accurately reflected on the business books and records. Information regarding labor, health and safety, environmental practices, business activities, structure, financial situation, and performance is to be disclosed in accordance with applicable

regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

4. Intellectual Property

Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

5. Fair Business, Advertising and Competition

Standards of fair business, advertising, and competition are to be upheld.

6. Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers [1] are to be maintained, unless prohibited by law. If employees suspect a violation of laws, guidelines or this Code of Conduct, they should contact their line manager or report it - also in anonymous form - to the legal department or one of the confidential counsellors that are bound to secrecy. For this purpose, an internal reporting system is established in the Intranet. In addition, employees and external persons (such as customers, suppliers, cooperation partners or others) are able to raise any concerns without fear of retaliation using the public e-mail address compliance@micro-epsilon.de, which is also directed to the legal department.

7. Responsible Sourcing of Minerals

Micro-Epsilon undertakes to adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.

8. Privacy

Micro-Epsilon undertakes to commit to protecting the reasonable privacy expectations of personal information of everyone Micro-Epsilon is doing business with, including suppliers, customers, consumers, and employees. Micro-Epsilon undertakes to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

9. Export control and embargo

Micro-Epsilon undertakes to review and comply with the respective customs regulations for import and export transactions, in particular with regard to country-related and personal embargo measures.

E MANAGEMENT SYSTEMS

Micro-Epsilon undertakes to adopt or establish a management system with a scope that is related to the content of this Code of Conduct. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to its operations and products; (b) conformance with this Code of Conduct; and (c) identification and mitigation of operational risks related to this Code of Conduct. It should also facilitate continual improvement.

The management system should contain the following elements:

1. Company Commitment

Corporate social and environmental responsibility policy statements affirming Micro-Epsilon's commitment to compliance and continual improvement, endorsed by executive management, and posted in the facility in the local language.

2. Management Accountability and Responsibility

Micro-Epsilon clearly identifies senior executive and company representative(s) responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management systems on a regular basis.

3. Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Code of Conduct.

4. Risk Assessment and Risk Management

A process to identify the legal compliance, environmental, health and safety [2] and labor practice and ethics risks associated with Micro-Epsilon's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

[1] **Whistleblower definition**:
Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body.

[2] Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories.

5. Improvement Objectives
Written performance objectives, targets and implementation plans to improve Micro-Epsilon's social, environmental, and health and safety performance, including a periodic assessment of Micro-Epsilon's performance in achieving those objectives.

6. Training
Programs for training managers and workers to implement Micro-Epsilon's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements.

7. Communication
A process for communicating clear and accurate information about Micro-Epsilon's policies, practices, expectations, and performance to workers, suppliers, and customers.

8. Worker Feedback, Participation and Grievance
Ongoing processes, including an effective grievance mechanism, to assess workers' understanding of and obtain feedback on or violations against practices and conditions covered by this Code of Conduct and to foster continuous improvement. Workers must be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation.

9. Audits and Assessments
Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code of Conduct, and customer contractual requirements related to social and environmental responsibility.

10. Corrective Action Process
A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

11. Documentation and Records
Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

12. Supplier Responsibility
A process to communicate Code of Conduct requirements to suppliers and to monitor supplier compliance to the Code of Conduct.

This Code of Conduct is based on the 2021 Responsible Business Alliance - RBA Code of Conduct v7.0, which can be found at http://www.responsiblebusiness.org/code-of-conduct/

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