



Sustainability Report 2021

Creating value with passion for precision

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Introduction

At a glance

PASSION

1,327

highly qualified employees

GLOBAL LOCATIONS

10

as partner of major leading companies
industry segment and for project
cooperation with technical high schools

PRODUCTIVITY

3

business divisions

STAKEHOLDERS

CHF

237.1

million

value distributed

INNOVATION

3

awards won

42

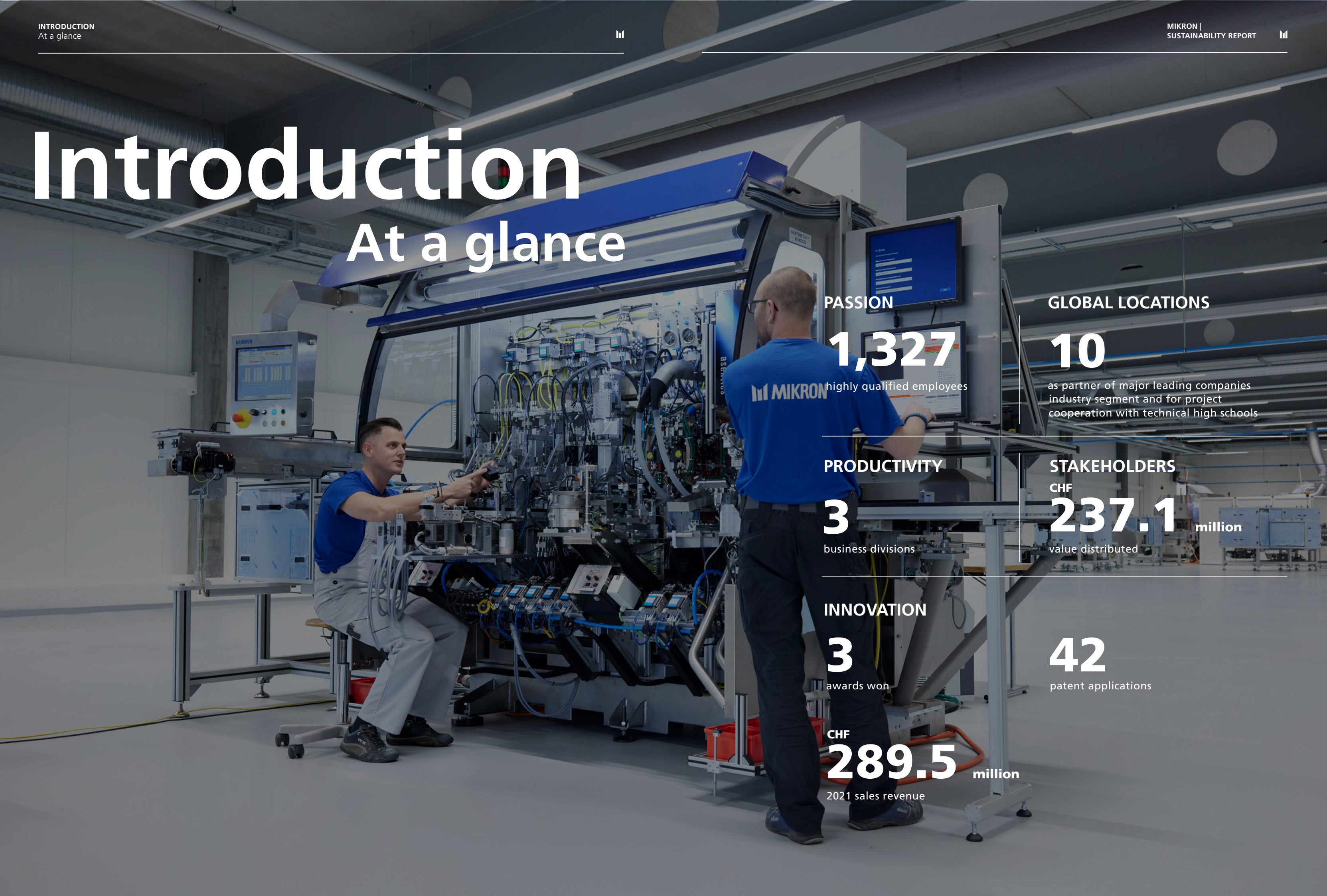
patent applications

CHF

289.5

million

2021 sales revenue





Letter to stakeholders

Dear stakeholders,

We continued to accelerate our sustainability efforts in 2021. The sustainability awareness of Mikron's employees and stakeholders has drastically increased, and there is a strong interest in moving forward. Ensuring sustainable growth by following a consistent, long-term strategy and applying a broad stakeholders approach is integral to Mikron's business model and vision. By setting ambitious, long-term sustainability goals, we want to continue improving our performance as an attractive employer and safeguard the environment. Our sustainability efforts are rooted in our values, culture, and products. We are committed to doing our part to achieve the United Nations Sustainable Development Goals (SDGs). This report serves as a reinforcement of our commitments and documentation of our activities in the area of sustainability and compliance.

We take great pride in our ability to attract and retain exceptional professionals who convert the principles of sustainability to action on behalf of our customers, our partners, our suppliers, our investors, and our planet. More than 1,300 highly qualified workers of Mikron are key to the Group's success. We attach great importance to the concerns and interests of our employees. Attractive, safe workplaces and conditions, as well as a high level of individual responsibility in performance-oriented teams, are important prerequisites for a motivated, loyal, experienced, and productive workforce. We promote diversity and tolerance with regard to gender, nationality, and age, as well as disability inclusion at work.

Mikron's commitment to supporting junior staff is above average. We meet our responsibility of preventing the shortage of skilled workers. At the end of 2021, Mikron employed 93 young apprentices and training teams.

Our commitment to further developing the efficiency and sustainability of our products remains the most powerful lever to lower our ecological footprint. The carbon emissions generated by the production of a Mikron system or tool make up less than 5% of its overall life-cycle emission. The largest fraction of the carbon footprint of a Mikron machine or tool occurs during the use phase on the customer's premises. With our skilled people and leading technologies, we can make a strong contribution to a low-carbon society by offering systems with reduced energy consumption or offering alternative production solutions — more efficient and with a longer lifetime. Our commitment is to help our customers reduce their annual CO₂ emissions.



Thanks to our long-term planning and solid financial performance, we were able to maintain our important strategic investments, all while contributing to reducing our CO₂ impact. Moreover, we continued launching new products to help our customers be more productive, conduct their work safely, lower costs, and reduce their ecological footprint.

Since publishing last year's sustainability report, we have made good progress in advancing our sustainability efforts. In this report, you will find some case studies and examples of how we are advancing in our sustainability journey by continually improving energy efficiency across our factories and sites. We are extremely proud of what our people have accomplished so far.

We are grateful for your collaboration and support as we at Mikron take on the challenge of building a sustainable future. We know that amazing things happen when we all work together. With our great people, leading technologies, and the support of our stakeholders, Mikron will continue to contribute to sustainable development. Thank you for your trust and support.

Marc Desrayaud
CEO Mikron Group

Javier Perez Freije
CFO Mikron Group

Rolf Rihs
COO Mikron Automation



Values & Integrity, Certifications

Mikron's values are embodied in the six principles that shape our organisation. They are fundamental to our company's long-term success and more than just a set of random corporate clichés.

Of course, words and declarations aren't magic; they need to be understood, lived by, and acted upon.

See our Mission & Values (mikron.com)



Skilled and motivated employees make the business successful



Each employee contributes to Mikron's success. Therefore, everyone must be a trusted and empowered expert in their area of activity. Everyone must relentlessly develop their skills and competencies and apply them responsibly. Constant development, learning, and teamwork excellence are integral to meeting current and future market needs. It's Mikron's social responsibility to invest in its employees' education, newcomers in particular. There are different apprenticeship programs at Mikron's sites.

Taking responsibility



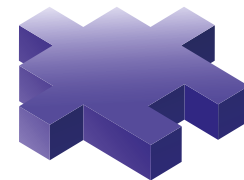
Taking responsibility to uphold its values, policies, and corporate objectives is important to Mikron. The company operates with professionalism and always respects legal and social frameworks. Mikron makes and executes decisions in its area of responsibility, liaises with managers and colleagues, and honors its agreements. Completing each task successfully and in a timely manner are key to achieving the company's corporate objectives.

Focusing on market and customer expectations



Mikron is a customer-centric company that always focuses on customer needs. It operates in global markets that are fiercely competitive and cyclical, so concentrating on client needs and cultivating long-term business relationships with them is vital. Respect, trust, and excellent technical competence are at the core of Mikron's actions. The company is also investing to increase individual and corporate agility and responsiveness, especially as the environment is becoming more and more of a priority issue. As such, Mikron is strengthening its ability to understand the market and respond to customer demands.

Delivering the highest quality



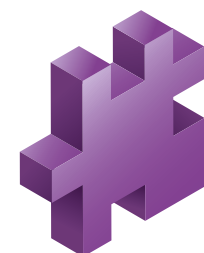
Quality is all-encompassing, which is why Mikron aims to bring customers the highest level of precision and performance – on time and on budget. Meeting the ever-changing safety and environmental needs of clients is a fundamental part of the quality Mikron provides. From making rapid adjustments and responding to new requests to constantly improving products, processes, and personnel competencies — quality is critical to securing market leadership and long-term competitiveness.

Respecting confidentiality



Mikron is always very careful and restrictive about the information it shares beyond the company walls. Confidential data is never shared without the approval of management or a written confidentiality agreement, and data is protected to ensure it is only available to duly authorised individuals. Mikron is particularly aware of new cyber risks and vulnerabilities, and all employees maintain discretion and use modern communication tools with the utmost care.

Striving to achieve targets and results



Mikron is driven by its mission to increase the industrial productivity of its customers. Profit is key to both the company's further development and its long-term stability. Therefore, it does everything in its power to meet financial targets, even if it means compromising on some of its other goals. Mikron sets demanding and clearly defined quantitative and qualitative targets that each employee is aware of, in addition to their personal targets and contribution.



Code of Conduct

- The Code of Conduct proves Mikron’s commitment to act with complete ethical integrity in all situations while respecting every person’s individual rights. It sets out the relevant principles of ethical behaviour in writing and applies them to all Mikron areas and sites. The aim of the Code of Conduct is to ensure that the Mikron Group acts as a good corporate citizen, complies with legislation, and creates a working environment characterised by mutual respect, openness, and personal integrity.
 - The Code of Conduct defines what Mikron as an employer expects from its employees. All employees are obliged to adhere to Mikron’s Code of Conduct. It sets out how all employees should behave – both in general and specific situations where an individual action has an impact on Mikron’s reputation. Compliance with these guidelines is essential to protecting Mikron’s good name.
 - Mikron stands for machining, automation, and tool solutions that deliver the highest productivity, precision, and quality. Mikron does business in a responsible and ethical manner and is committed to contributing to circular economies and long-term sustainable development, taking different needs into account.
 - Mikron’s good reputation is one of its most valuable assets. The company’s various stakeholder groups expect Mikron to behave properly. All employees have a responsibility to foster and protect Mikron’s good reputation. The six Mikron values provide guidance for everyday behaviour at work and form the basis of
- the Code of Conduct. Maintaining high standards in our business relations is key to enduring success.
- Mikron does not measure performance by achievements alone, but also by the way these achievements are accomplished. As such, we put particular emphasis on upholding ethical standards in all that we do.
 - The Mikron Group’s membership in various industrial associations and interest groups is a way to advocate the attitudes encouraged by the Code of Conduct.
 - Employees at all sites have completed an e-learning course in ethical behaviour and compliance and have practiced suitable conduct by working through concrete example situations. Four sites have also held specific compliance awareness workshops on the topics of professional conduct in difficult situations and preventing cyber attacks, phishing, and data loss.
 - Mikron does not tolerate violations of applicable legal requirements and company policies, such as the Code of Conduct. All employees are required to ensure that violations are identified, investigated, and rectified. They are also responsible for reporting on these matters to direct line managers, HR managers, local management or the division head (COO), and the compliance manager. Managers and the Executive Board monitor overall compliance with the Code of Conduct.

See the Code of Conduct
(mikron.com)



Certifications

Thanks to its highly efficient machining and automation solutions, the Mikron Group helps its customers to produce in an environmentally friendly and healthy way.

The increasing scarcity of energy and raw materials is a major challenge the Mikron Group is resolutely facing up to. The company thus takes responsibility for the environment at every link in the value chain very seriously.

The Mikron Group’s certifications

- ISO 9001 (Quality Management)
- ISO 14001 (Environmental Management)
- ISO 45001 (Occupational health and safety management systems for the Swiss entity in Agno)
- ISO 13485 for medical pre-production at the USA entity in Denver plant

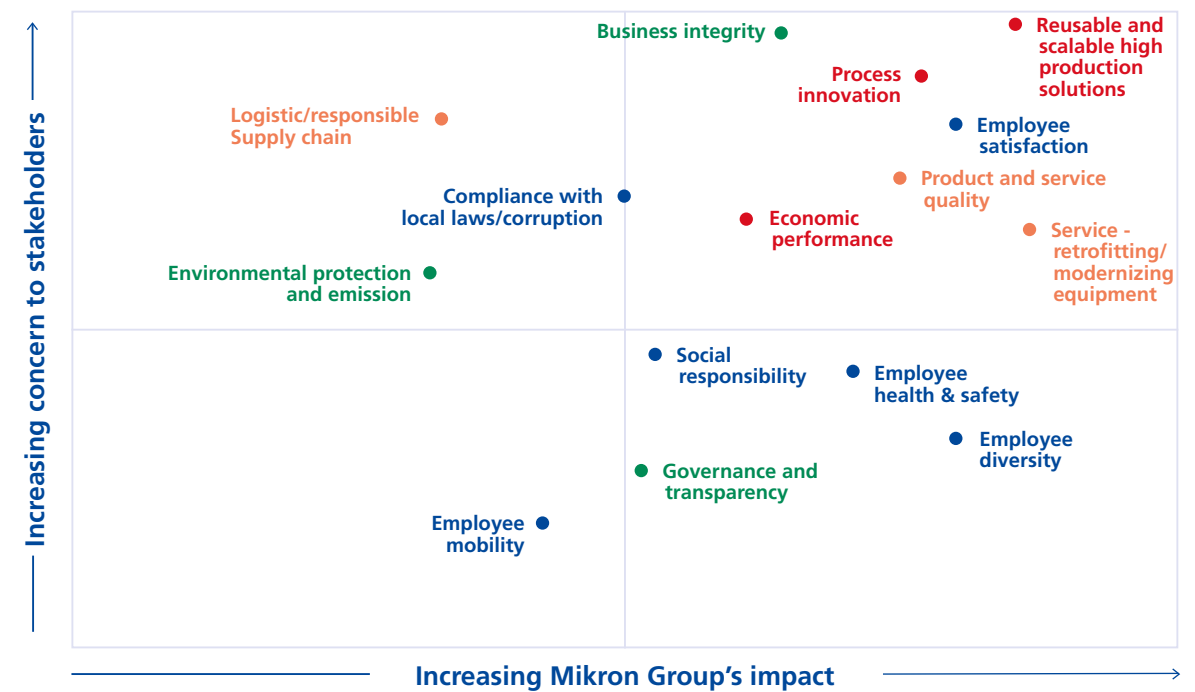


Materiality Map

The Mikron Group conducts a regular qualitative survey to determine which indicators are most relevant to sustainability reporting. Customers, suppliers, employees, and other business partners along the group’s value chain take part in this survey, together with authorities, new and potential employees. The company also facilitates internal focus groups to identify and prioritize other indicators relevant to sustainability reporting and to act on environmental, social, and governance issues. The accumulated findings are presented in the following matrix.

The Mikron Group views its commitment to sustainability through the following 4 indicators:

- Workplace
- Environment
- Marketplace
- Innovation



Partnership with EcoVadis

Mikron submits its data to an assessment by EcoVadis, one of the world’s leading sustainability rating providers. The assessment process involves a detailed analysis by a team of experts on environmental performance, ethics and work-related issues, and human rights.



Stakeholders Map



Workplace

Skilled and motivated employees

1,327
employees

93
apprentices and training teams

135
different job profiles

10
locations around the world

1,8%
absenteeism

512
employees (headcount) with flexible time

91
part-time employees

19
total annual hours of trainings per employee

226
days of parental leaves even over statutory-law days

117,305
total annual hours of homework

SUSTAINABLE DEVELOPMENT GOALS





	2019	2020	2021
Number of employees (full-time equivalent)			
Number of employees (FTE)	1,486	1,331	1,327
Apprentices and trainees	110	94	93
Number of male and female employees			
Number of male employees	1,341	1,199	1,193
Number of female employees	145	132	134

Headcount

The number of employees is the total of the full-time equivalent of all employees. The total headcount is higher than the Group's full-time equivalent as not all employees are working full-time.

As of the end of the 2021 financial year, the overall Mikron Group headcount numbered 1,327 employees (FTEs), demonstrating a decrease of 0,3% (previous year: 1,331 employees). The reduction was caused by the discontinued activities of the Berlin site. However, it was compensated by the hiring of new staff at other Mikron locations during 2021.

The number of apprentices at the end of 2021 was 93.

	2019	2020	2021
Absenteeism			
Total hours of absence	50,470	47,000	47,824
Total annual hours of work	2,828,300	2,312,877	2,659,798
Rate of absenteeism	2.0%	2.0%	1.8%

Absenteeism

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. As in prior years, there were no significant occupational accidents in 2021.

The figures in the table above include illness/disease, accidents, and accidents that occurred out of work in Swiss locations. The rate of absenteeism (the ratio of absent working hours to annual working hours) is reduced to 1.8% in respect of the prior-year figure of 2%, thus remaining at an encouragingly low level.

	2019	2020	2021
Training			
Total annual hours of internal training	35,540	24,757	22,887
Total annual hours of external training	2,590	449	1,953
Total annual hours of training on security and health	465	333	353
Total annual hours of training	38,594	25,539	25,193
Total annual hours of training per employee (FTE)	29	19	19

Employee satisfaction

Mikron operates in a demanding, highly cyclical, and global market, and is exposed to globally active and locally specialised competitors. The key to success is skilled and motivated employees who are willing to assume responsibility and work together constructively. This allows the Group to respond to the rapid changes, diverse customer requests, and complexity inherent in the business.

Recruiting, retaining, developing employees, and inspiring them to embrace the shared goals and practices remain priorities at all our locations.

Mikron regularly assesses employee satisfaction levels through a dedicated survey.

In the year under review, more than half of the employees (FTEs) received feedback from their supervisors through appraisal and development forms.

Mikron aims to attract and retain employees with the right level of technical qualifications who are able to work in dynamic interdisciplinary teams, have a broad set of language skills, and are willing to travel and work abroad.

Education and apprentices

Mikron continues to invest in training and education and has conducted numerous on-site and virtual seminars. An external supervisor audited Mikron's results and verified overall compliance and an equal approach to salaries between genders. A total of 25,193 hours of training were completed in 2021, which amounts to 19 hours per employee.

New apprentices and trainees were taken on in 2021, and further steps have been made to foster the apprentices' culture on our sites in Switzerland and the USA during the pandemic.

Mikron didn't hold up the management and leadership training programs, as well as the training of specific project managers.

All employees are regularly invited to online training on the Code of Conduct, and managers are asked to track their participation. The participation rate of ethics, compliance, and security e-trainings reached 93%.

Phishing email and related awareness online training was conducted regularly during the year under review to achieve resiliency to cyber risks and threats.

Diversity

The Mikron Group's management team is keen on promoting diversity within the workforce. The management looks for balanced diversity, with a specific focus on competence and experience at the same time. Still, those responsible for recruiting staff are dependent on what the labor market has to offer. For example, in Switzerland, considerably more men than women have the technical qualifications necessary for Mikron. The proportion of women pursuing initial training in engineering and technology amounts to 6.9%, with 12.7% studying technical subjects at universities of applied sciences and 31% at regular universities (source: Swiss Federal Statistical Office). Employee remuneration is based on the role in question, performance, specific knowledge or value to Mikron (languages, special technological expertise), and experience.

Men and women are paid equally for performing the same work. Women account for around 10% of Mikron's staff, and most of them are responsible for tasks related to internal service functions. The economic performance and regional differences of the individual companies are also taken into account. It is Mikron's aim to compensate employees fairly and in a way that is comparable to similar internationally active companies. Mikron also takes the differences that may arise at individual sites into account.

For instance, an equal pay approach is applied when a site employs local residents as well as commuters coming from a neighboring county, as is the case in Agno.

In addition, in 2021, a specific tool was implemented for the Swiss entities to evaluate the application of the equal pay approach in accordance with the statutory law requirements in Switzerland. An external supervisor audited Mikron's results and verified overall compliance and an equal approach to salaries between genders.

The Mikron Group has employees of 32 different nationalities at its sites in Switzerland, Germany, the USA, and Asia: the Swiss (37%), Italians (21%), Americans (18%), Germans (8%), and Asians (9%) are most widely represented.

The relatively high proportion of different nationalities is caused by the geographic location of the Agno site — Agno is situated on the border between Switzerland and Italy.

	2019	2020	2021
Nationalities			
Number of different nationalities	-	56	32
Swiss	-	39%	37%
French	-	-	3%
Italians	-	24%	21%
Germans	-	13%	8%
Americans	-	15%	18%
Asians	-	9%	9%
Share of other nationalities	-	-	4%

Smart working initiatives

Mikron already developed an open approach to smart working in 2018 in order to grant employees the opportunity to work from home and achieve a better work/life balance. Of course, the pandemic that occurred in 2020 and continued in 2021 further promoted remote work, which accounted for a total of 117,306 hours in the year under review. This means that more than 50% of Mikron's employees worked remotely during the pandemic while providing ongoing and efficient services to customers. This was also possible in Mikron's development of IT solutions that allowed most of the employees to work remotely.

The recall of governmental emergency decisions on the pandemic may have an indirect impact on the home office practice in the future, specifically for the staff that commute. In fact, according to some local fiscal statutory laws, the number of home working hours is capped for the company to remain subject to the tax regime of the country that governs the employment agreement.

According to the table below, other smart working initiatives, such as flexible time, part-time, and parental leave (even longer than the statutory limit), have been increasingly used at Mikron over the years.

	2019	2020	2021
Smart working initiatives			
Total annual hours of remote work	3.078	73.244	117.306
Number of employees (headcount) with flexible working time	389	356	512
Number of employees (headcount) with a part-time schedule	24	70	91
Number of days of parental leave exceeding the statutory limit	92	206	226

Experience at a glance

Mikron Boudry Site and the Canopy Concept of Its NEW Smart Office!

The new building in Boudry consists of two floors. The ground floor is dedicated to the final assembly of our customer projects called "Fine Tune Hall." On the first floor, the Smart Office welcomes 260 employees working on assembly line design and technical development, as well as the Mikron Boudry administrative staff. Below are some of the details of the concept of Smart Office, as well as the impact and value it has brought to Mikron.

The construction of the new building began in June 2020, and the idea to turn it into a Smart Office appeared very soon. As the project advanced, the ambassadors, a group of employees representing different departments, started to tell their colleagues about the Smart Office concept and map the behaviours and work-flows the new office needed to accommodate to.

No less than 260 employees moved into the new office at the end of November 2021. It took about 2.5 months: every three days, 12 people moved from the existing building to the new one.

External partners (architects, interior designers) and the Smart Office ambassadors drew inspiration for the interior from the forest canopy. It is a layer of the ecosystem located in the upper parts of the forests and exposed to the sun. The new space of 3,900 m² offers a great environment for the employees to work and collaborate efficiently while allowing them to enjoy the following benefits:

- Cross-communication between the different functions and departments that are under one roof;
 - Enhancement of knowledge transfer;
 - Reduction of the commute time between the different offices and departments;
 - Scrum area for quick meetings;
 - Collaboration spaces equipped with large touch screens and carts with whiteboards;
 - Pods and silent rooms for better efficiency and respect for privacy;
 - Individual and spontaneous contribution to continuous innovation;
 - Taking pride in working at Mikron;
- also, getting inspiration from other people's work;
- A well-thought-out, innovative, and ecological environment;
 - The new Smart Office has been built with sustainability in mind, specifically in considering the following:
 - Collaboration between employees and external advisors in the realisation of the Canopy concept in the Smart Office
 - Use of recycled material for the carpet and some of the furniture;
 - Big windows around the office and skylights in the roof bring plenty of natural light;
 - Paperless strategy;
 - Waste sorting.

The Smart Office is a place where everyone works with agility. The original idea to be more flexible in the working environment, be present and active, and finally, be all together, became a reality.

Smart Office in Numbers

- ➔ 260 employees moved in 2.5 months to the Smart Office;
- 🖥️ IT set up 200 desks for a nomad way of work (2 screens, 1 docking, a wireless keyboard, and a mouse);
- 📱 260 phones transferred to Teams;
- ☀️ 1300 m² of solar panels are installed on the roof;
- ♻️ The Smart Office carpets are made of 100% recycled material.



Ambassadors of the Smart Office.



There are plenty of spaces for collaboration in the Smart Office.

Mikron Machining and Continuous Engagement for Attracting Young Talents

Mikron Switzerland AG, Agno — 27 young people started their professional careers with Mikron Machining. We are proud to prepare a new generation of practitioners with on-the-job training and accompanying studies (classroom work and reading).

The Mikron Machining division is the leading supplier of customised, highly productive machining systems for the manufacturing of complex, high-precision components made of metal. We rely heavily on highly skilled and motivated employees, and our apprentices build on the skills needed for our business' future.

The war for talent is going on. However, our goal is to seek, attract, and retain the best possible young specialists that will help us uncover new opportunities.

During the pandemic, most trade fairs were canceled, and we have been shifting marketing recourses to create video material for communicating with young people on the opportunities at Mikron. Our apprentices — multi-skilled technical product designers, mechatronics, and IT specialists — showed a lot of enthusiasm for this task. Our apprentice trainer, and our exhibition manager, used the insights of Mikron trainees to successfully develop this material.

After demonstrating this video material at the local schools and featuring it on our YouTube channel (link '[MIKRON – Come and Join Us! – Apprenticeship – Thinking about your future](#)'), the number of young people seeking an apprenticeship with Mikron has increased significantly.

Young people bring the talent — we have the means to make them succeed.



Environment

Taking responsibility



CONSUMPTION

10,670

Electricity (MWh)

2,493

Natural gas (MWh)

128,121 314

Heating oil (litres)

Waste (t)

904,500 9,540

Fleet (km)

Water (m3)

EMISSIONS

3,049 tCO₂eq

OTHER FACTS

80%

of machines and lines are still in service, ten years after their installation

60%

of waste is recycled (42% in 2020)

30%

of resources are renewable

SUSTAINABLE DEVELOPMENT GOALS



Environmental key performance indicators	Unit	Absolute figures					Intensity figures (consumption per CHF million revenue)				
		2019	2020	2021	difference to 2019	difference to 2020	2019	2020	2021	difference to 2019	difference to 2020
Consumptions											
Energy											
Electricity	MWh	11,813	11,351	10,670	-9.7%	-6.0%	36.06	44.03	36.86	2.2%	-16.3%
Natural gas	MWh	2,065.66	2,257	2,493.06	20.7%	10.4%	6.31	8.76	8.61	36.6%	-1.7%
Heating oil (fuel oil)	l	161,860	139,399	128,121	-20.8%	-8.1%	494.08	540.73	442.56	-10.4%	-18.2%
Waste											
Municipal garbage	t	70.18	145.76	136.09	93.9%	-6.6%	0.21	0.57	0.47	119.4%	-16.9%
Used oil	t	66.36	40.84	68.43	3.1%	67.6%	0.20	0.16	0.24	16.7%	49.2%
Other waste	t	68.78	6.12	109.04	58.5%	1,681.7%	0.21	0.02	0.38	79.4%	1,486.6%
Fleet											
km diesel with particle filter	km	1,087,000	794,749	904,500	-16.8%	-13.8%	3,318.07	3,082.81	3,124.35	-5.8%	-1.3%
Water											
Yearly consumption	m ³	11,521	10,662	9,540	-17.2%	-10.5%	35.17	41.36	32.95	-6.3%	-20.3%

**Fleet: errata corrige prior report 2020: Km 5,794,749 are replaced with Km 794,749

Greenhouse gas emissions

The internal greenhouse gas emissions resulted from Mikron production activities can be classified as direct and indirect.

Direct emissions (Scope I, according to the GHG Protocol) are those produced by the machinery owned or controlled by the company (boilers, burners, and means of transport, such as company cars). Indirect emissions (Scope II) are those that occur from the production of electricity imported and consumed by the company. They are calculated in tons of CO₂ equivalent – tCO₂ eq.

Following this definition, Mikron's direct emissions are calculated taking into consideration the tools of the GHG Protocol. An estimate of indirect emissions was carried out using the market-based method and the latest available data on the energy mix from the service provider. With regard to the intensity figures, the CO₂ footprint in 2021 is reduced by 2.1% compared to the prior year's report in 2020.

Energy

Mikron energy's consumption is mainly attributed to the operation of the machinery in testing and the production plants. To date, the electricity required for these operations has been purchased entirely from external suppliers.

The consumption of electricity and gas in 2021 amounted in absolute figures to 13,163 MWh (2020: 13,608 MWh), which represents a decrease of 3.3%. The intensity figures, which take into consideration the consumption of electricity and gas per CHF million of revenue, show an 18% reduction in the consumption in 2021 compared to the prior year.

Renewable resources represent about 30% of the purchased mix, remaining at the same level as in the previous year's report (2020: 30%).

In addition to the electricity purchased, we also consider gas-methane and automotive fuels (diesel and gasoline) for company vehicles among the energy sources necessary for company activities.

Environmental key performance indicators	Absolute figures					Intensity figures (tCO ₂ eq per CHF million revenue)				
	2019 tCO ₂ eq	2020 tCO ₂ eq	2021 tCO ₂ eq	difference to 2019	difference to 2020	2019	2020	2021	difference to 2019	difference to 2020
Green gas emissions - Scope I and II tCO₂eq										
Energy										
Electricity	1,689.26	1,623.19	1,525.81	-9.7%	-6.0%	5.16	6.30	5.27	2.2%	-16.3%
Natural gas	382.15	417.67	461.22	20.7%	10.4%	1.17	1.62	1.59	36.6%	-1.7%
Heating oil (fuel oil)	427.31	368.01	299.54	-29.9%	-18.6%	1.30	1.43	1.03	-20.7%	-27.5%
Waste										
Municipal garbage	86.32	179.28	167.39	93.9%	-6.6%	0.26	0.70	0.58	119.4%	-16.9%
Used oil	244.67	150.58	252.29	3.1%	67.5%	0.75	0.58	0.87	16.7%	49.2%
Other waste	204.96	18.24	324.94	58.5%	1,681.7%	0.63	0.07	1.12	79.4%	1,486.6%
Fleet										
km diesel with particle filter	21.73	15.89	18.08	16.8%	-13.8%	0.07	0.06	0.06	5.8%	-1.3%
Total tCO₂eq										
	3,056.40	2,772.86	3,049.26	-0.2%	10%	9.33	10.76	10.53	12.9%	-2.1%

**Fleet errata corrige prior report 2020: 115.84 are replaced with 15.89.

***Total tCO₂eq errata corrige prior report 2020: 2,872.82 are replaced with 2,772.86.

Thanks to the new buildings in Agno, Switzerland, the consumption of heating oil amounting in absolute figures to 128,121 litres (2020: 139,399 litres) was significantly reduced by 8.1% (by 18.2% in intensity figures).

Waste

Mikron makes every effort to ensure that it disposes of waste in an environmentally friendly way. In 2021, the Group produced 314 tonnes of waste in Switzerland, Germany, and the US (2019: 205 tonnes, 2020: 192 tonnes), which signifies an increase of 63% in absolute figures and an increase of 45% in intensity figures. As we described in the last year's report, thanks to the decreased operations during the pandemic, waste consumption in 2020 was reduced. The increase of waste in 2021 is attributed to renewed operations as well as the machines that have been reviewed by the service department and deemed subject to disposal. Specifically, material, both mechanical and electric, of special projects related to burned and retrofit machines have been scraped out and disposed of as waste.

Despite these statistics, in 2021, Mikron was able to increase the share of recycled waste to 60% (2020: 42% of recycled waste). However, the other waste, such as electrical components, is not recyclable.

Water

Due to the nature of our processes and the fact that water is not used in our production, Mikron's water consumption is not very significant in terms of impact.

Our consumption of water is mainly related to kitchen and hygiene facilities, and, to a smaller extent, the operation of air conditioning systems. The sites included in the report consumed 9,540 m³ of water in the year under review (2019: 11,521 m³, 2020: 10,662 m³), which shows a decrease of 11% in absolute figures and a decrease of 20% in intensity figures.



Experience at a glance

The Success Story of Mikron Boudry “The Next Factory”

Mikron Boudry site in Switzerland has made big changes!

“The Next Factory” is the result of an industrial vision elaborated by the management of Mikron Boudry. In March 2020, the Board of Mikron Group approved an investment that included the construction of a new building of 7,800 m² aligned with the zero-carbon initiative, the digitalisation of the factory, a complete reform of the work methodology, and the logistic flow development for Mikron Boudry future. In addition to the implementation of the Smart Office as explained above in the Workplace indicator, several other strategic projects were included in the Next Factory Concept: for example, the installation of the solar panels, new heating and cooling systems.

Thanks to the installation of 1,381 m² of solar panels since September 2021, Mikron Boudry has been able to self-procure a significant portion of the needed energy. About 85% of the produced energy is used by Mikron Boudry. The new heating and cooling system has allowed us to reduce the CO₂ emissions significantly compared to the previous system.



Mikron Tool Sustainability Progress

The ecological footprint of Mikron Tool is getting smaller.

Switzerland has made an international commitment to reduce its greenhouse gas emissions by at least 50% by 2030 compared to 1990 levels and to achieve climate neutrality by 2050. The long-term strategy is to reduce emissions significantly from transport, buildings, and the industrial sector. This is a challenge that concerns us all and that we can only face together as a society. How can companies like Mikron Tool contribute? We didn't think twice.

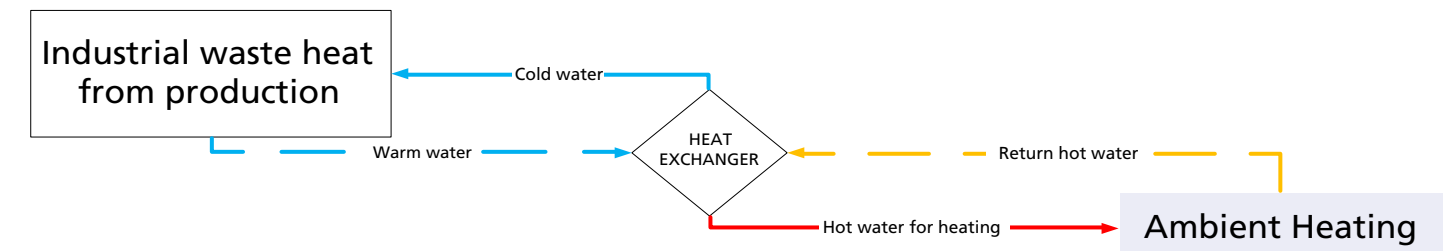
In 2021, as part of the expansion of the production plant in Agno, the old heating oil system was completely renovated. Mikron Tool replaced it with a state-of-the-art mixing system to recover heat from production. Through heat exchangers, the waste heat from the grinding processes and the compressors that

generate the compressed air for CNC machines is used to heat water for the entire building complex in Agno. Starting from December 2021, Mikron Tool no longer consumes fossil fuel.

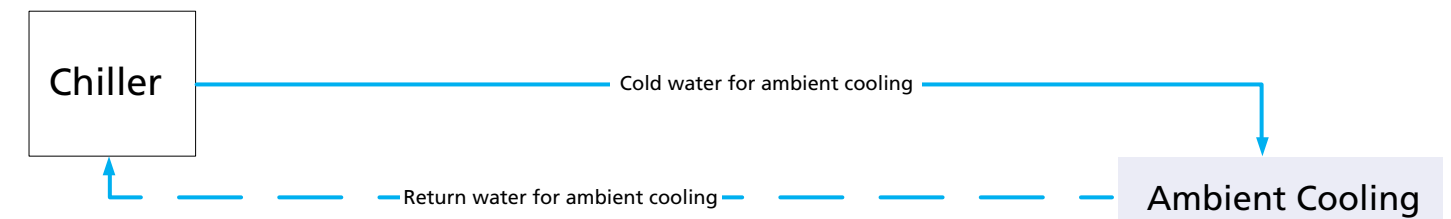
But it doesn't stop there. The old refrigeration system was also completely replaced during the expansion of the production site. Thanks to this renovation, a significant amount of electricity is saved every year.

With such careful and efficient use of resources, Mikron Tool proves that ecology and economy can go hand in hand. This is great news for all our partners, our region, and our employees who can be sure that they are working with a company that is truly committed to environmental sustainability.

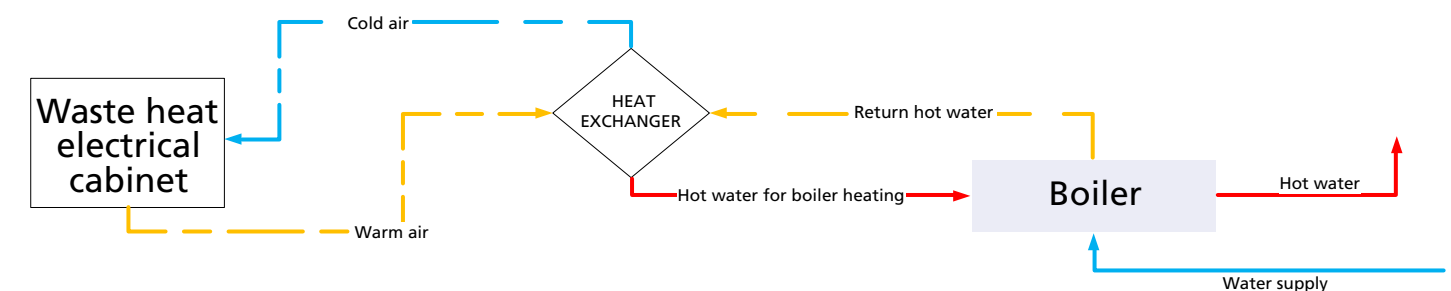
Heating



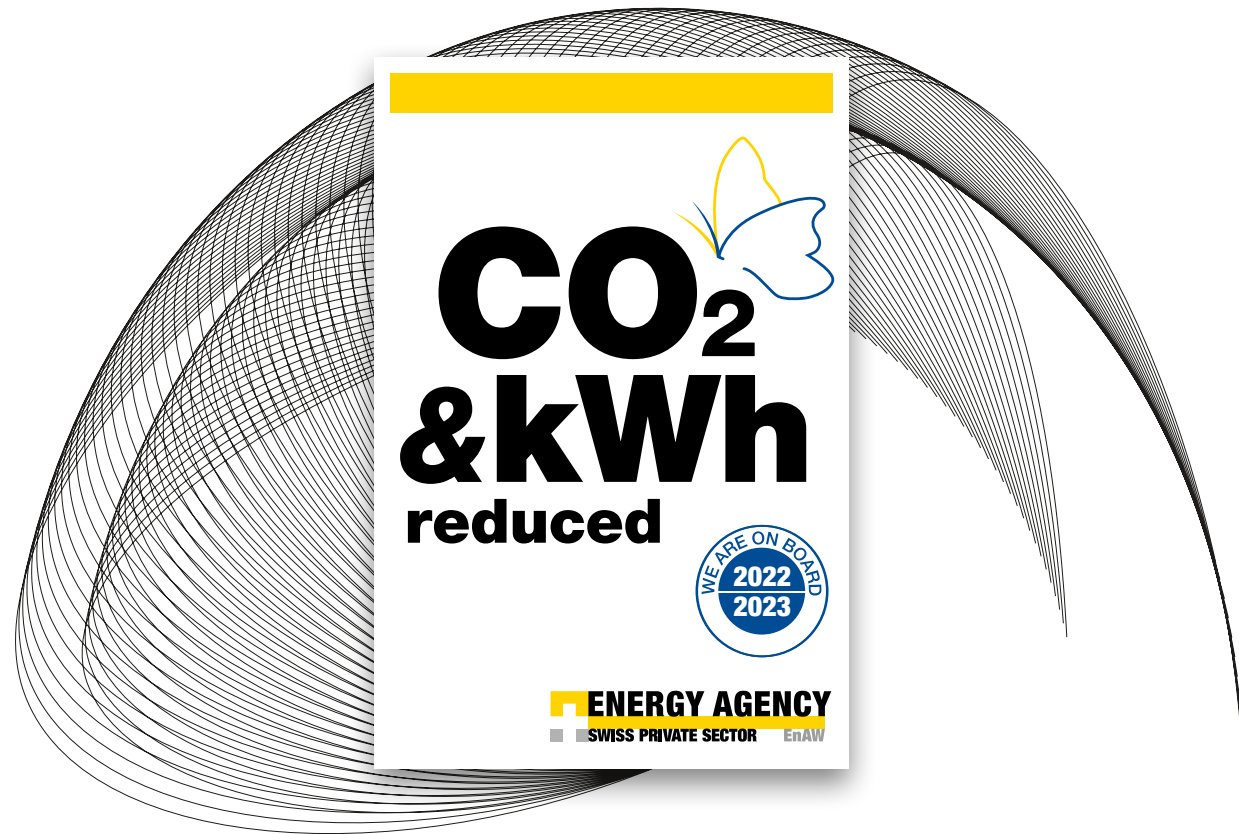
Cooling



Tap water heating



Certificate of the Swiss Private Sector Energy Agency
Voluntary Climate Protection and Energy Efficiency



Mikron Switzerland AG, Agno

Mikron Switzerland AG, Agno is convinced of the need to stand up for sustainable climate protection. By voluntarily declaring its adherence to the Swiss Private Sector Energy Agency programme, Mikron Switzerland AG, Agno commits to actively reducing CO₂ emissions and optimizing energy efficiency. The Swiss Federal Government, cantons and private sector partners honor the target agreement.

Rochus Bürtscher
Rochus Bürtscher

Swiss Private Sector Energy Agency

1st January 2022

Thomas Weisskopf
Thomas Weisskopf

Swiss Private Sector Energy Agency



The Mikron Formal Commitment to Sustainability

The Swiss entities (as per the Agno's site certificate evidenced on the prior page 26), declared their adherence to the Swiss Private Sector Energy Agency programme. With this, the Mikron Swiss sites commit themselves to actively reduce CO₂ emission and optimise energy efficiency.

How Circular Are Mikron's Machines and Systems

Mikron machines and systems are products with a long lifespan that enable a circular economy. Many products are used for more than 20 years and then completely refurbished.

This focus on reusing machinery is continuous, which is ensured by setting targets on application and market — exactly what the Machining Division is doing. In all the markets where Mikron products are offered, the company looks for applications and offers solutions to allow the reduction of CO₂ emissions, while machines and systems maintain high efficiency and productivity.

Our Mikron Machining Division significantly contributes to a circular economy. Specifically:

- In the last ten years, about 750 revisions were performed per year. This represents 12% of net sales.
- Retrofit, machine upgrades, and change-overs make up 10% of net sales.

In addition, our after-sales Global Service is engaged in further development of the circular economy with projects such as:

- miMaintenance, which allows to foresee the replacement time of worn-out components instead of waiting until something goes wrong.
- miEnergy, which has the following benefits:
 - hardware update or retrofit
 - state-of-the-art components (high-efficiency consumption)
 - optimised power consumption via software
 - sale of second-hand spare parts that are collected from old and discontinued machines.

Market Place

 **Focusing on market and customer expectations**

60%
of local suppliers

31%
of suppliers within 25km

58%
of key suppliers from certified business (ISO 9001)

35
terms of payment to supplier (average in days)

50%
of suppliers that have committed to Mikron's ethics and the Code of Conduct

SUSTAINABLE
DEVELOPMENT
GOALS

17 PARTNERSHIPS
FOR THE GOALS



Economic Performance

In 2021, the Mikron Group was able to significantly increase its earnings. All key financial figures were considerably better than in the previous year.

One of the key drivers of this encouraging development was the successfully completed restructuring in 2020. Another contribution was made by the significant sales increase reported by the Mikron Tool division of Mikron Machining Solutions and Mikron Automation. Net sales of the Group rose from CHF 257.8 million to CHF 289.5 million (+12.3%).

	2020		2021
By segment	37%	Machining Solutions	39%
	63%	Automation	61%
By region	40%	Europe	44%
	6%	Switzerland	6%
	12%	Asia/Pacific	15%
	37%	North America	33%
	5%	Others	2%
By industry	14%	Automotive	11%
	56%	Pharma/Meditech	56%
	4%	Writting	4%
	5%	Consumer Goods	7%
	22%	Others	22%
	CHF 257.8 million		CHF 289.5 million

Although the impact of the coronavirus pandemic was more moderate than in 2020, the virus still kept us on our toes in 2021. During the months of uncertainty, we were once again able to count on the great commitment of our employees. Motivation, resilience, and performance culture emerged as important values. Everywhere Mikron took regulatory requirements in its stride, adopted the necessary precautionary measures, and responded flexibly to the limited availability of raw materials and supplier parts.

The Mikron Automation business segment, which is well-positioned in its main sales market of pharmaceutical and medical technology, performed very well in the year under review. Demand and capacity utilisation remained at high levels during the whole year. Locations in Asia still benefited from orders related to coronavirus test devices.

In the Mikron Machining Solutions business segment, demand for cutting solutions from the Mikron Tool division recovered significantly compared to the beginning of 2021, and the division was able to markedly increase sales volumes. Mikron Machining also made progress. After the first half of the year, which remained difficult, the division succeeded in winning some strategically important orders for new applications in the second half of the year. These came, for example, from the watch industry, the connector industry, and the automotive industry, outside the combustion engine sector.

Overall, EBIT improved to CHF 17.6 Mio., or 6.1% of net sales, representing an important milestone for sustainable profitability.

Economic value generated and distributed

Worldwide Presence

With its ten locations, Mikron continues to be a globally networked Swiss-based company with a worldwide presence. The most important foreign markets include Europe, North America, and Asia Pacific.

However, Mikron generates about 70% of its immediate value in Switzerland, where it makes the majority of its payment to suppliers.

As of the end of the 2021 financial year, the Mikron Group overall numbered 1,327 employees (FTEs), which represented a decrease by 0.3% (prior year: 1,331 employees). The completion of restructuring measures in the Mikron Machining Division in Agno (Switzerland) and Rottweil (Germany), as well as the closure of the Berlin site, led to a reduction in headcount, while high-capacity utilisation at Mikron Automation's main sites produced an increase. The payments to employees were mainly unchanged compared to the prior year. 67% of payments went to staff in Switzerland, 20% to employees in North American locations, 8% to employees in Asia, and 7% to employees in Europe.

CHF million 2021

Economic value generated	289,5
Economic value distributed	
Operating costs (material and external services)	-119,0
Employees wages and benefits	-122,7
Payments to providers of capital	-0,4
Payments to government	4,1
Community investments	-0,3
Subsidies and governmental aids	1,0
Economic value retained	52,1

Distribution to shareholders

Payment to providers of capital (shareholders): at the Annual General Meeting of Mikron Holding AG on April 27, 2022, the shareholders approved all the Board of Directors' proposals and the dividend of CHF 0.24 per share (in the previous year, there was no distribution to the shareholders).


Merger of Swiss entities

To optimise the work of the organisation, the Board of Directors of Mikron Holding AG furthermore decided to merge the four Swiss subsidiaries – Mikron SA Boudry, Mikron SA Agno, Mikron Tool SA Agno, and Mikron Management AG, Langenthal – into Mikron Switzerland AG, retroactively effective as of January 1, 2021. Mikron Holding AG, Biel, remained a separate entity. The merger of the four Swiss subsidiaries had a one-time positive tax effect for the financial year 2021 of approximately CHF 5 million by utilising and capitalising tax loss carryforward. The merger had no impact on the operating activities of the Group or on the management of the locations.

Community

Mikron entities individually contribute to the communities where they are located by participating in associations of the segment (such as Swissmem, Prodnet and AITI in Switzerland, Cecimo in Europe), collaborating with local universities in technical and innovation fields, developing new talent and apprenticeship programs, and executing donations to associations in social service and health segments.

Innovation

 Striving to
achieve targets
and results

CHF
6.6 million

in R&D investments in 2021 (CHF 10.4 million
in 2019, CHF 6.5 million in 2020)

42

patent applications

23

registered trademarks

5

R&D locations

SUSTAINABLE
DEVELOPMENT
GOALS



Innovation and key investments

Several development projects were executed in 2021. In the year under review, a total of CHF 6.6 million (CHF 6.5 million in the previous year) was invested in the development or enhancement of new products or product platforms. These figures include capitalised research and development expenses, personnel expenses, material costs, and other operating expenses, and represent 2.3% of net sales (2.5% of net sales in the previous year). However, daily innovation activities triggered by customer projects and required for developing new specific assembly or machining processes are excluded from the statistics.

Experience at a glance

miTool — Next Level of Tool Monitoring

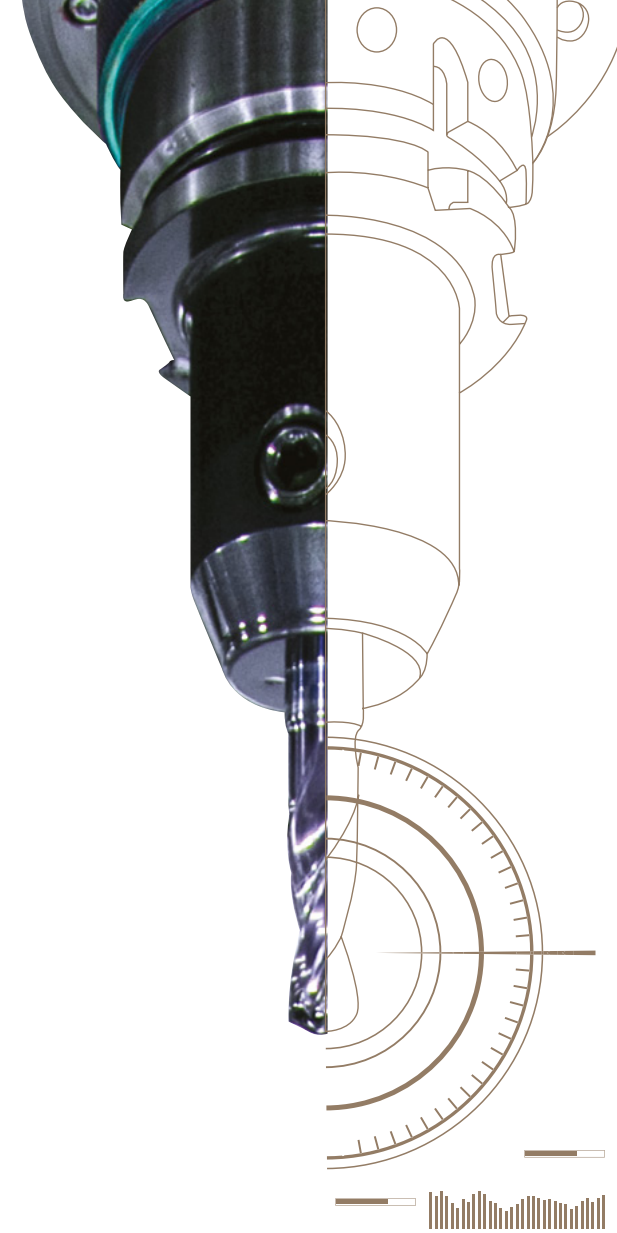
High-precision mass part production on Mikron high-performance systems involve sophisticated machining processes. Advanced tool monitoring becomes crucial to avoid unexpected machine downtime, machine breakage, tool damage, material scrap, and the like. Surface finish, tolerances, and machine efficiency can be improved.

Mikron has been committing to better, more efficient machining for more than 100 years.

With the introduction of Mikron miTool — the next level in tool monitoring — we can finally offer our customers an easier and more powerful way of tool monitoring with innovative features. This allows the machine user to get the most out of Mikron's high-performance system.

What makes Mikron miTool so special for the user:

- Highest sensibility and quality of data points deliver exact monitoring curves
- Intuitive icon-driven graphical interface for easy use and monitoring by operators
- Intelligent algorithm for advanced process optimisation and cutting tool wear identification
- Ability to store data and history for each tool configuration and monitoring curve
- Dashboard with a statistical overview for each tool ensures the optimisation of the entire production process
- Ability to make modifications (setup, regulations, etc.) without stopping the machine
- Automatic actions programmable for each channel, e.g. saving data in the database, sending notifications, preventively stopping the machine
- Perfect integration into Mikron high-performance systems
- Intelligent algorithm for defined and optimal intervals for changing several cutting tools
- Attractive pricing and fast return on investment (ROI).



The Latest Polyfeed Innovation from Mikron Automation Supports the Born of the Robotic Cell

The flexible feeding system called Polyfeed adds value to numerous assembly projects coming out of the Mikron Automation factories. It was developed 20 years ago in collaboration with the Swiss University EPFL and is based on patented vibration and visual recognition systems coupled with AI. Since that time, it has evolved into a competitive solution for minimising the number of traditional mechanical feeding systems, increasing flexibility when feeding multiple component variants, and speeding up time-to-market.

Two major improvements have contributed to this achievement:

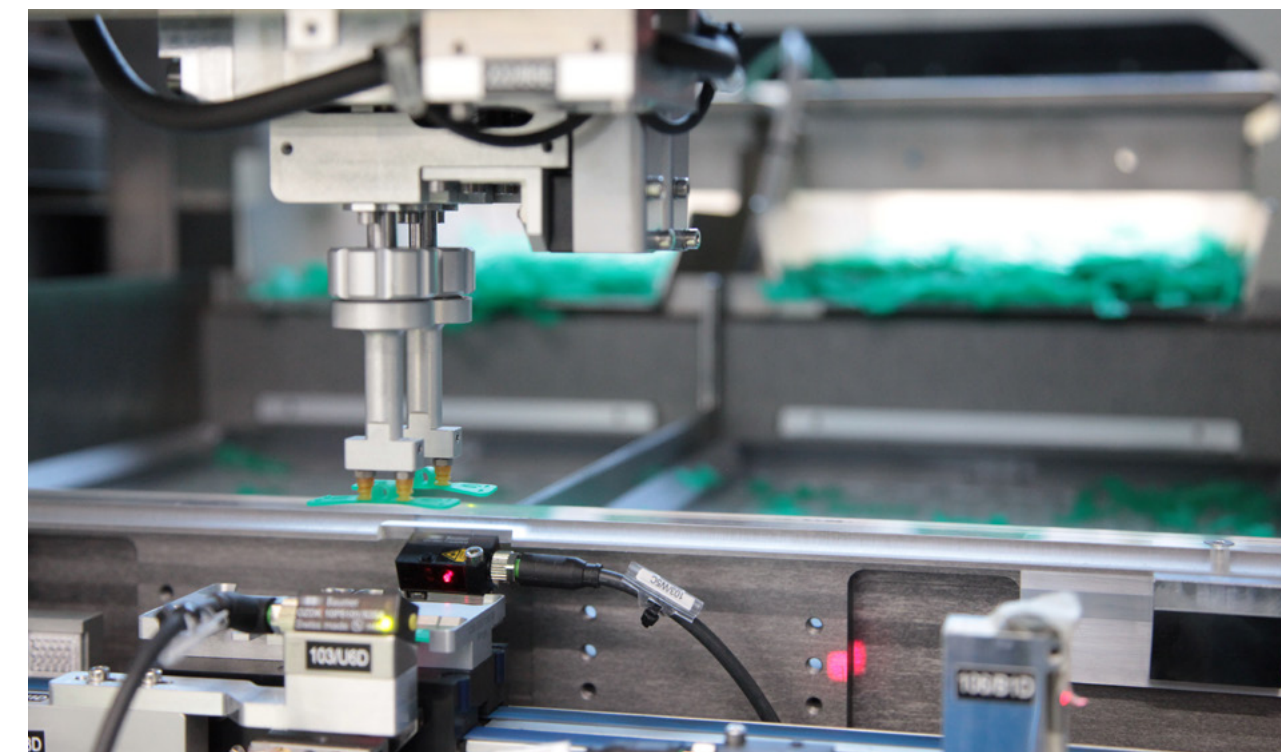
1. Mechanical

The development of a miniature, lightweight Z0 head has made it possible to install up to four heads on the same gantry. This development opened new possibilities: an increase in picking speed of up to 120 parts/min, in addition to many other process combinations.

2. Software

Great efforts have been made to incorporate the Polyfeed and gantry functions into our MOOS (Mikron Object-Oriented Software) platform used for several years in the classic G05 assembly cells. This has revolutionised production as it inherits the whole array of processes, part tracking, and batch management capabilities of the G05 cell.

This combination has allowed for the mutation of a dignified bowl feeder (the Polyfeed) into a full-fledged production entity – the robotic cell.



Mikron Tool Goes One Step Further and Offers Holistic Solutions for the MedTech Industry

In 2021, Mikron Tool presented the global launch of its “crazy” services. Now, it is going one step further. What once seemed unthinkable is now being realised by Mikron Tool, a crazy Swiss tool specialist. It offers holistic solutions to healthcare technology with its complex requirements. The solutions consist of economical manufacturing concepts for high-precision components of premium quality. This new service is the result of the partnership with DMG MORI (the largest machine tool manufacturer in the world) and close cooperation with our customers.

Development of industrial prototypes

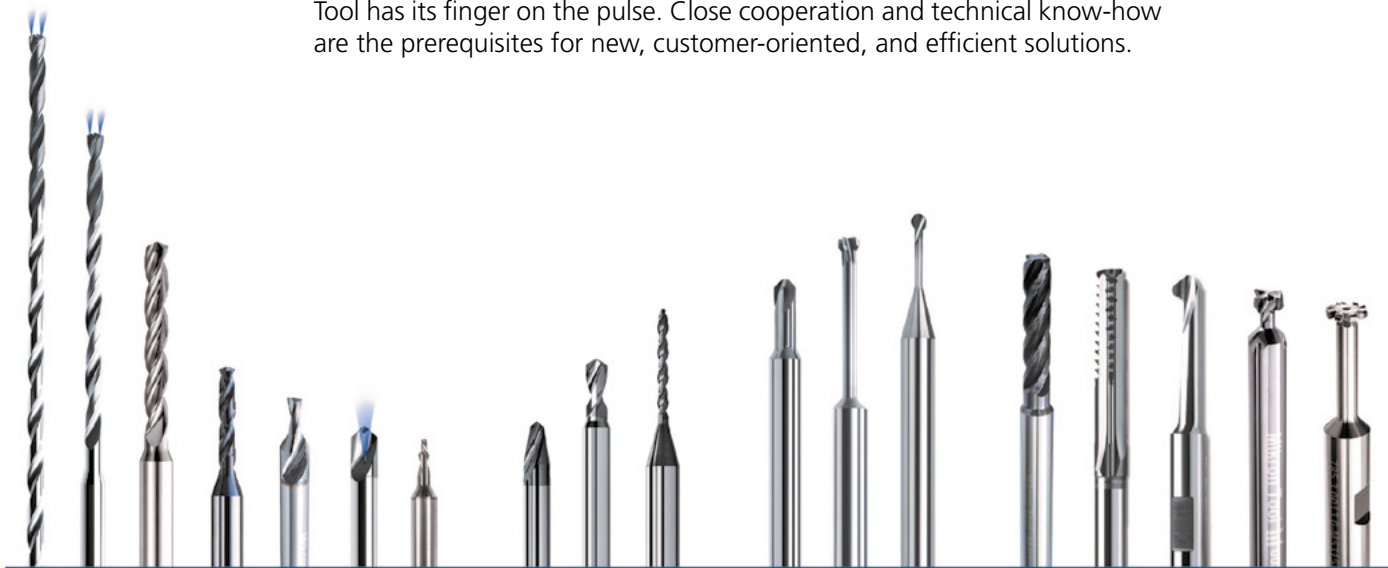
Mikron Tool's focus is to bring out the best in customer projects. The Mikron Tool Technology Center in Agno has become one of the most modern research centers for machining centers worldwide. In close cooperation with DMG MORI specialists, our professionals produce demo components for medical instruments, implants, prostheses, and bone plates. To this end, we define the appropriate machine, cutting parameters, CAD-CAM programming, tool clamping equipment, workpiece clamping, cooling lubricant, and, obviously, optimal tools.

The customer keeps their capacities free and benefits from expert knowledge

Customers thus receive a manufacturing solution that includes the prototype for process validation (green button process) and always leads to better results compared to market standards. The customer has a decisive advantage: with the comprehensive manufacturing concept, they only need to start the machine — and production practically runs itself.

In tune with the times

Mikron Tool has developed a solution that enables the industry to noticeably save its own resources and reduce investment risks to a minimum. Mikron Tool has its finger on the pulse. Close cooperation and technical know-how are the prerequisites for new, customer-oriented, and efficient solutions.



Mikron Tool is a manufacturer of high-performance precision tools in the range of 0.1 mm to 6.35 mm (and special tools up to 32 mm) for difficult-to-machine materials such as stainless and heat-resistant alloys, titanium and cobalt chrome.

For more than 6 years, the experts of the R&D department of the Technology Center in Agno and the DMG MORI Medical Excellence Center in Seebach have been cooperating closely. Thanks to the intensive exchange of technology and experience, convincing productivity increases could be realised in numerous customer projects.



The Mikron Tool Technology Center in Agno. Here, the future is already being lived. The state-of-the-art machinery, with different configurations and process possibilities, covers the various industries' needs.



The tibia component and femur component of a knee prosthesis are made of a cobalt-chromium alloy. The material requires high cutting forces and is wear-resistant. It poses major challenges for machinists. Mikron Tool creates green button processes for such components.

This hemostat made of martensitic stainless steel (17-4 PH) was machined from the solid in one setup on a DMP 70 with a time saving of 40% during the Medical Day in Agno in September 2020.



ESG Targets and Projects 2022–2030

Environment

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>13 CLIMATE ACTION</p>
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CO₂ reduction sites
Sustainable products
Waste

Social

 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>5 GENDER EQUALITY</p>
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Diversity
Attractive workplace
Health and safety

Governance

 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>
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Corporate values and citizenship
Compliance

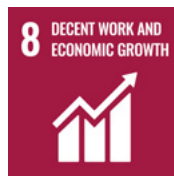
Our approach to sustainability

On September 25, 2015, the United Nations approved the 2030 Agenda for Sustainable Development, the global action programme to achieve a better and more sustainable future for all by 2030.

This document lists the 17 Sustainable Development Goals (or SDGs), which address the major challenges of our time that come from balancing the three dimensions of sustainability: economic, social, and environmental. The Goals aim to stimulate action in areas of crucial importance to humanity and nature, in the areas of People, Planet, Prosperity, Peace, and Partnership.

The 2030 Agenda leaves ample room for the role of business, identifying several areas of action (such as the circular economy). The contribution of the private sector is crucial, as it is called upon to act in favour of sustainability starting from its core business.

At Mikron we've already started to follow the 17 SDGs and with our corporate strategies and product offerings, we aim to make our contribution to achieving these goals. Among the 17 SDGs of the 2030 Agenda, we focus in particular on the following goals:



We aim to develop top levels of productivity through diversification, technological upgrading, and innovation, with a focus on high value-added sectors such as MedTech.

We are committed to achieving increases in turnover over the next few years, but at the same time, strive to separate economic growth from environmental impact by progressively improving resource efficiency and adopting clean and environmentally friendly technologies.



We stimulate scientific research, encouraging creativity and innovation, re-investing 2.3% of our turnover in research and development.

We reinvest in our company to create new jobs and improve the health and safety of our employees at all production sites. On our main sites, we have a management model to ensure the best possible protection of health and safety in the working environment as well as prevention of all potential forms of risk.



Finally, through our corporate policies and attitude towards people and the local area, we contribute to the sustainable development of goals 4, 5, 10, and 11.

- We have achieved the high specialisation of resources through personalised training courses and collaborations with research centres and universities worldwide;
- We guarantee and demand equal treatment for men and women;
- We embrace a diverse community of more than 30 nationalities;
- We have strong ties to local areas and communities, establishing our operations there, sponsoring local development initiatives, and supporting voluntary associations;
- We are constantly working to reduce our impact on the local areas in terms of waste and emissions.




The Mikron production sites in Switzerland are based on the Kaizen principle in addition to the ISO 14001 certification. Those enable waste reduction and process simplification. Employees are actively involved at the project.

In addition, Mikron is implementing digital technologies to further increase efficiency. Paperless projects have been already introduced at Swiss sites.




Different measures for the responsible use of energy were taken at Mikron Swiss sites as explained above in the Environment section.

2020 targets and activities in a nutshell


- 

Sites and buildings

Our new buildings in Agno (both for Mikron Machining and Mikron Tool divisions) and Boudry have been completed and are now up and running. All processes have been set up.


These new buildings will contribute to a significant reduction of the CO₂ emissions.
- 

Certifications

Our sites in Agno conform to ISO 45001 Occupational health and safety. At the Swiss sites, we renew the ISO 14001, 9001 certification (see Introduction of this report).
- 

Employment practices

For all Swiss entities, we have implemented a tool that calculates the ratio of basic salary and remuneration for women and men, i.e. equal pay. An external audit has been performed (see Workplace in this report).

Internal training on health and safety has been already started and successfully performed so far.
- 

Governance

4 online trainings on the Code of Conduct rules, ethics, compliance, and security have been completed by employees with an overall participation of 93%.

Data Privacy Policy for employees has been updated in accordance with the mandatory laws, specifically GDPR and FDPA. The employees have been introduced to the policy through an online platform. Around 90% of acknowledgement was achieved.

Targets and projects 2022-2030



Environment

- CO₂ reduction sites
- Sustainable products
- Waste



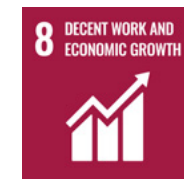
Social

- Increase diversity
- Attractive workplace
- Health and safety



Governance

- Corporate values and citizenship
- Compliance



We have defined initiatives covering the above SDGs and decided to focus and report targets for 2030 on this 8 important topics'



Mikron Group Management has committed to working on the topics above and the initiatives defined and listed in the table below.

Group Management will further determine the targets in 2022–2023 and define the corresponding resources to be involved to complete the initiatives and achieve the targets.

Legend

BoD	Board of Directors
CDO	Chief Digitalisation Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CISO	Chief Information and Security Officer
CO	Compliance Officer
COO	Chief Operative Officer
CSR	Corporate Social Responsibility Manager
GMM	Group Management
GM	General Manager of local sites
HQS	Head of Quality and Safety of local sites
HS	Head of Sales of local sites
HSC	Head of Supply Chain of local sites
R&D	Head of Research & Development of local sites

Environment

Initiative	Topic	Action	Responsible Person	Deadline
Build a culture of environmental sustainability	Group awareness	Review the Code of Conduct, Mikron's ESG Culture and Values	CEO, COO, CO	2022
		Information and training on ESG topics	GM, HR	2022-2023
	Setup of individual targets on ESG Group goals (long-term Incentive)	BoD, HR	2023	
	Target 2030	Define scorecard target 2030 as basis for long-term Incentive system	BoD, GMM	2022-2023
CO₂ reduction	Sites and buildings	Energy site management system implementation in all sites	GM	2022-2025
		Increasing the share of energy used from renewable sources	GM	2022-2025
		Invest in sites and buildings with energy saving utilities	GM	2022-2025
	Company cars	New car policy	GM, HR	2022
		Replace car fleet (ex hybrid or electric)	GM	2025
Target 2030 for CO ₂ impact for operations	Define CO ₂ target impact for operations	BoD, GMM	2022-2023	
Sustainable Products	Machinery, systems, and spare parts	Mikron's innovation portfolio for improvement in sustainability	R&D, HS	2025
		Annual reporting on products contribution to sustainability	HQS	Q4-2023
	Target 2030 for CO ₂ impact for products	Define target CO ₂ impact of products	BoD, GM	2022-2023
Circular economy	Processes and Products	Replace the least sustainable technologies of Mikron with sustainable innovations	R&D, HS	2025
		Implement digitisation and tools to replace 'manual' processes	CDO	2024
		Promote procurement of recyclable material	GM, HSC	2022-2025
		Systematically propose retrofits and efficiency improvement programs to customers	GM, HS	2022-2025
Waste	Local Entities	Continuously reduce material waste and increase recycling approach and methods	GM	2022-2025
	Target 2030 for waste	Define waste target	BoD, GMM	2022-2023
Water	Local Entities	Continuously reduce water consumption	GM	2022-2025

Social

Initiative	Topic	Action	Responsible Person	Deadline
Employment practices	Diversity	Build and foster a culture of diversity and inclusion	CEO, COO, HR	2022-2025
		Increase the percentage of diverse origins and genders in senior position and programs	BoD, CEO, COO, GM	2022-2025
	Training	Continuous employee education for all Mikron employees	GM, HR	2022-2023
		Foster awareness of Mikron's values, ethics, compliance, security, data privacy, whistleblowing reporting	CEO, COO CO	2022-2025
	Surveys	Continuous open dialogue with all Mikron employees	CEO, COO, GM	2022-2025
		Perform employees' satisfaction surveys on a biannual basis for all Mikron employees	HR	2022-2025
	Equal pay	Continuous audit and monitoring of equal pay in Swiss entities	GM, HR	2022-2023
Target 2030 for employment practices	Define target for employment practices	BoD, GMM	2022-2023	
Fair and attractive workplace	Group employees	Continuous improvement of working conditions and the employee value for Mikron	GM, HR	2022-2025
		Implement and review people development framework for all Mikron employees		
Health and safety	Group employees	Implement an HSE system management	GM, HR	2022-2025
		Continuously reduce the number of workplace accidents	GM, HR	2022-2025
		Continuous health and safety internal and external training for employees at local entities	HQS	2022-2025

Governance

Initiative	Topic	Action	Responsible Person	Deadline
Corporate values and citizenship	Group employees' awareness	Maintain a robust company-wide Governance, Risk, and Compliance framework	CEO, COO, CFO, CO	2022-2025
		Facilitating workshops and awareness training online and at Mikron's sites to increase the spread of our values and increase awareness of ethics, compliance, and security topics	CEO, COO, CFO, CO CISO	2022-2025
		Increasing the percentage of employees who have completed online ethics, compliance and security training	CEO, COO, CFO, CO, CISO	2022-2025
	Target 2030 for employment practices	Define a target for Corporate values and citizenships	BoD, EC/GMM	2022-2023
Responsible supply chain management	Supply Chain	Improve supply chain relationship and implement a Supplier's Code of Conduct for key and strategic suppliers	GM, HSC	2022-2023
		Implement and maintain a robust and responsible procurement framework and an operational analysis of material with focus on recyclable material sourcing and disposal	GM, HSC	2022-2025
		Develop and implement a supplier's questionnaire with focus on certifications, respect of human rights, and transparency in relation to material specifically minerals, metals, oil, or natural gas	HSC	2022-2023
Stakeholder engagement	Community	Continuously increase Mikron's positive impact on community and collaboration with associations in the concerned segment	CEO, COO, GM	2022-2025
	Agents and distributors	Foster Mikron's Code of Conduct, ethics, and values, specifically anticorruption practices, in relation to the key agents and distributors with involvement of these stakeholders, in Mikron's online ethics, compliance, and security training	HS, CO	2022
Certifications	Local Entities	Maintain ISO certifications (9001, 14001, 45001)	HQS	2022-2025
		Implement and get ISO 13485 certification at sites where necessary with medical activities	GM, HQS	2022

About this report

This is the third Sustainability report of Mikron Holding AG since 2017. The Annual Report 2021, the Financial Statements 2021 (which is a part of the Annual Report 2021), and this Sustainability Report 2021 constitute the reporting procedure of Mikron Group.

All of the information and figures presented in this Sustainability Report apply to the Mikron Group — namely, its locations in Switzerland, Germany, China, and the United States.

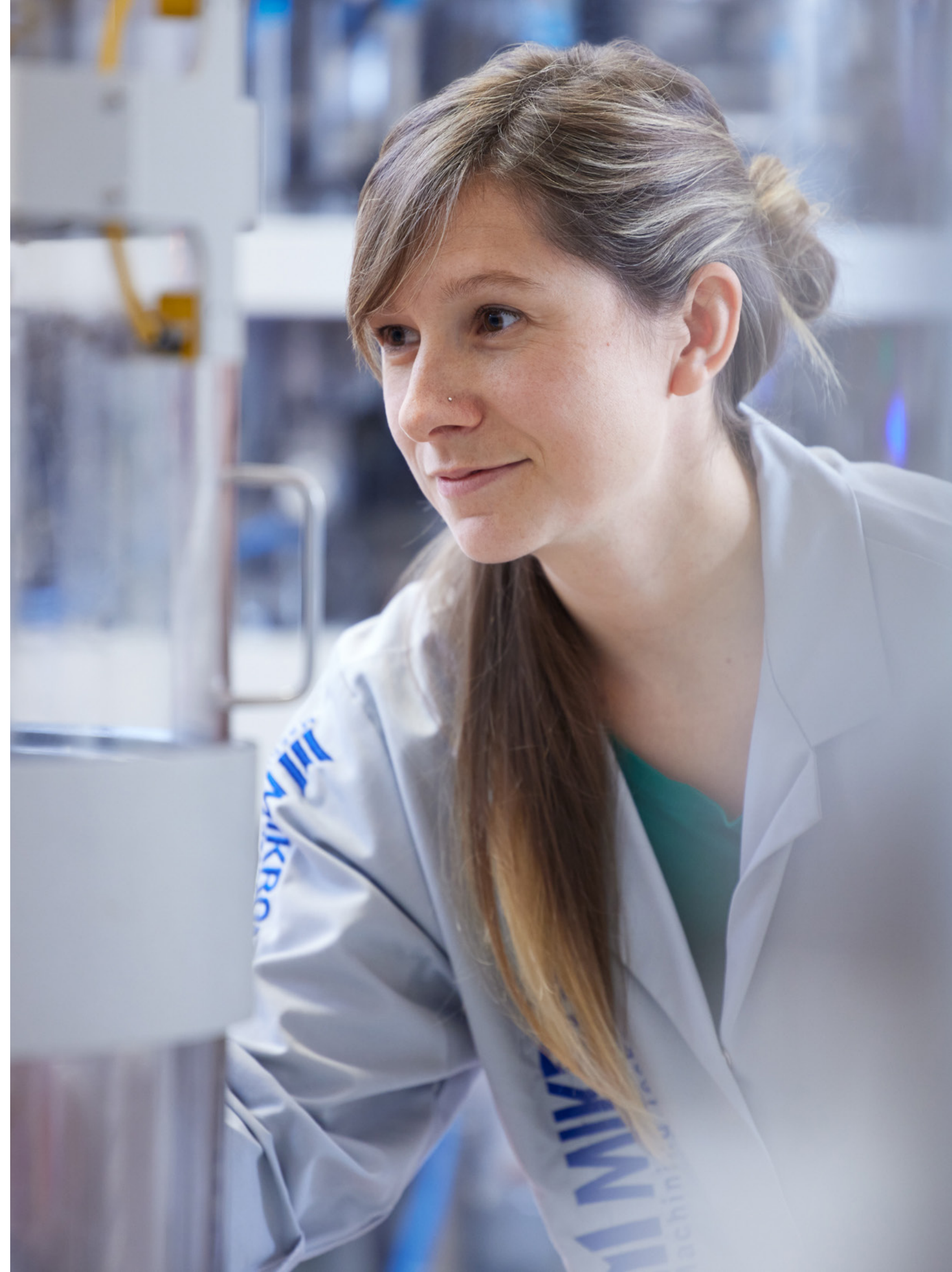
Mikron views sustainability reporting as a step-by-step process. We believe that collecting data and information on the economic, environmental, and social impact of our business activities annually provides an additional basis for the Mikron Group's strategic development and capacity for innovation, including aligning with the UN Sustainable Development Goals (SDGs).

This report was drawn up following the international framework and in accordance with the Global Reporting Initiative (GRI) standards.

The Mikron Sustainability Report has not been subject to an external audit. The consolidated financial statements (as part of the Annual Report 2021) were audited by a third party; see the Mikron Annual Report 2021, pages 96-100.

The Annual Report 2021 is available for download [Reports \(mikron.com\)](https://www.mikron.com/reports)

This Sustainability Report 2021 is available only in a digital format: [Sustainability \(mikron.com\)](https://www.mikron.com/sustainability)



GRI Content Index

The GRI Content Index provides a clear overview of where to find information on particular CSR topic. In addition to the references to the relevant places in this CSR Report 2021, there are also page references to the Mikron Annual Report 2021.

GRI indicators	Disclosure	Document / Section	Page(s) or URL(s)
GRI 101: Foundation 2016			
GRI 102: General Disclosures			
Organisation profile			
GRI 102-1	Name of the organisation	Annual Report 2021 / Mikron in the World	2 / 14
GRI 102-2	Activities, brands, products, and services	Annual Report 2021 / Mikron Automation - Machining - Tool	15-16 / 20-25
GRI 102-3	Location of headquarters	Annual Report 2021/ Mikron in the World	15
GRI 102-4	Location of operations	Annual Report 2021/ Mikron in the World	15
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GRI 102-14	Statement from senior decision maker	Sustainability Report 2021 / Letter to the Stakeholders	6-7
Ethics and integrity			
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GRI 102-40	List of stakeholders groups	Sustainability Report 2021 / Stakeholders map	12-13
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GRI 102-46	Defining report content and topic boundaries	Sustainability Report 2021 / Materiality map	11
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GRI 103: Management Approach			
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GRI 103-1	Explanation of the material topic and its boundary	Sustainability Report 2021 / Materiality map	11
GRI 103-2	The management approach and its components	Annual Report 2021 / Management Report - Corporate Governance	26-39 / 40-57

GRI 200: Economic performance indicators

Economic performance

GRI 201-1	Direct economic value generated and distributed	Sustainability Report 2021 / Marketplace	30-33
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Market presence

GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Sustainability Report 2021 / Workplace	14-15
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Indirect economic impacts

GRI 203-1	Infrastructure investments and services supported	Sustainability Report 2021 / Marketplace / Innovation	31-32 / 34-39
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Procurement practices

GRI 204-1	Proportion of spending on local suppliers	Sustainability Report 2021 / Marketplace	30-31
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Anti-corruption

GRI 205-1	Operations assessed for risks related to corruption	Sustainability Report 2021 / Values & Integrity / 2020 target in a nutshell	10 / 44
GRI 205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2021 / Values & Integrity / 2020 target in a nutshell / ESG targets and projects 2022-2030	10 / 44 / 40-47

GRI 300: Environmental performance indicators

Materials

GRI 301-1	Materials used by weight or volume	Sustainability Report 2021 / Environment	22-25
GRI 301-2	Recycled input materials used	Sustainability Report 2021 / Environment	22-25

Energy

GRI 302-1	Energy consumption within the organisation	Sustainability Report 2021 / Environment	22-25
GRI 302-4	Reduction of energy consumption	Sustainability Report 2021 / Environment	22-25
GRI 302-5	Reductions in energy requirements of products and services	Sustainability Report 2021 / Environment	22-25

Water and effluents

GRI 303-1	Interactions with water as a shared resource	Sustainability Report 2021 / Environment	22-25
GRI 302-3	Water withdrawal	Sustainability Report 2021 / Environment	22-25
GRI 303-4	Water discharge	Sustainability Report 2021 / Environment	22-25
GRI 303-5	Water consumption	Sustainability Report 2021 / Environment	22-25

Emissions

GRI 305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2021 / Environment	22-25
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2021 / Environment	22-25
GRI 303-5	Reduction of GHG emission	Sustainability Report 2021 / Environment	22-29



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Waste			
GRI 306-1	Waste generation and significant waste-related impacts	Sustainability Report 2021 / Environment	22-25
GRI 306-3	Waste generated	Sustainability Report 2021 / Environment	22-25
GRI 306-4	Waste diverted from disposal	Sustainability Report 2021 / Environment	22-29
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GRI 308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2021 / Marketplace	30-31
GRI 400: Social performance indicators			
Employment			
GRI 401-1	New employee hires and employee turnover	Sustainability Report 2021 / Workplace	14-21
Occupational health and safety			
GRI 403-1	Occupational health and safety management system	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-3	Occupational health services	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-5	Worker training on occupational health and safety	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-6	Promotion of worker health	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-9	Work-related injuries	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
GRI 403-10	Work-related ill health	Sustainability Report 2021 / Certifications - Workplace	10 / 14-21
Training and education			
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2021 / Workplace / ESG targets and projects 2022-2030	14-21 / 40-47
Diversity and equal opportunity			
GRI 405-1	Diversity of governance bodies and employees	Sustainability Report 2021 / Workplace / ESG targets and projects 2022-2030	14-21 / 40-47
GRI 405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report 2021 / Workplace / 2020 target in a nutshell	14-21 / 44
Local Communities			
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report 2021 / Workplace / ESG targets and projects 2022-2030	14-21 / 40-47
Customer health and safety			
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Report 2021 / Certifications	10

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