

TORNOS



*Values-based
behavior*

Code of Conduct

Tornos Code of Conduct

*With a history of more than 100 years and by delivering high-quality products and services, Tornos has earned a solid reputation in the marketplace. Our credibility as an employer and as a business partner is also based on our employees' performance, attitude and behavior in their day to day life with our stakeholders—internally as well as externally. Together with conducting our business with high ethical standards we permanently nurture the Group's reputation. In order to ensure this for the future, it is increasingly important not only to pay attention to **what we do** but also to **how we do what we do**.*

Any truly great group has a solid foundation of operational principles that guide its business. This foundation includes the way people conduct their daily business, and how each employee should take decisions.

By strengthening its geographical footprint, Tornos Group has become more internationalized. The Group culture is being enriched by an increasing number of employees with different backgrounds. Furthermore, by establishing its own production sites in China and Taiwan, the formerly "made in Switzerland" product range has been complemented by new Tornos products. Regardless of a machine's origin, both quality and performance must meet or exceed "made in Switzerland" standards and requirements, because this is what Tornos' reputation is founded on. And this is equally valid for machines that leave production in Moutier, La Chaux-de-Fonds, Xi'an and Taichung: These products and services build the Tornos Group's future.

At Tornos we take this code of conduct very seriously. We would not be able to achieve our goals and objectives without our foundation of honesty, integrity and compliance with the applicable law. Just

as continuous improvement is our way of doing business, so too is complying with existing and new regulations.

Integrity is the cornerstone of the way we do business at Tornos. Our adherence to a strict standard of ethical behavior is not only the right thing to do but it also supports us in earning the trust and respect of our customers, suppliers, shareholders, employees and the communities in which we live and work.

This document outlines Tornos Group's Code of Conduct. It reflects our values. In many cases, a violation of the guidelines may be a violation of the law, which could subject both the employee and Tornos to civil and criminal proceedings and ultimately penalties. Violations as such will not be tolerated and will result in disciplinary action, which may include a discharge.

All Tornos employees—regardless of position or title—are accountable for safeguarding and furthering the high ethical standards associated with our Group in the global marketplace.

I am absolutely committed to promoting within Tornos Group not only full compliance with the law and regulations but also a culture of responsible and ethical behavior. To this end, the **Tornos Group Code of Conduct** applies rigorously to every Tornos employee. These guidelines help us to stay on the right course.

Thank you for your valuable assistance and support in fostering and maintaining the values of Tornos.



Michael Hauser
Chief Executive Officer

Our values

Our values embody the philosophy and spirit of Tornos in our daily work for the benefit of the Group,

our customers, employees, business partners and shareholders.



Agility
Continuously
anticipate
and adapt

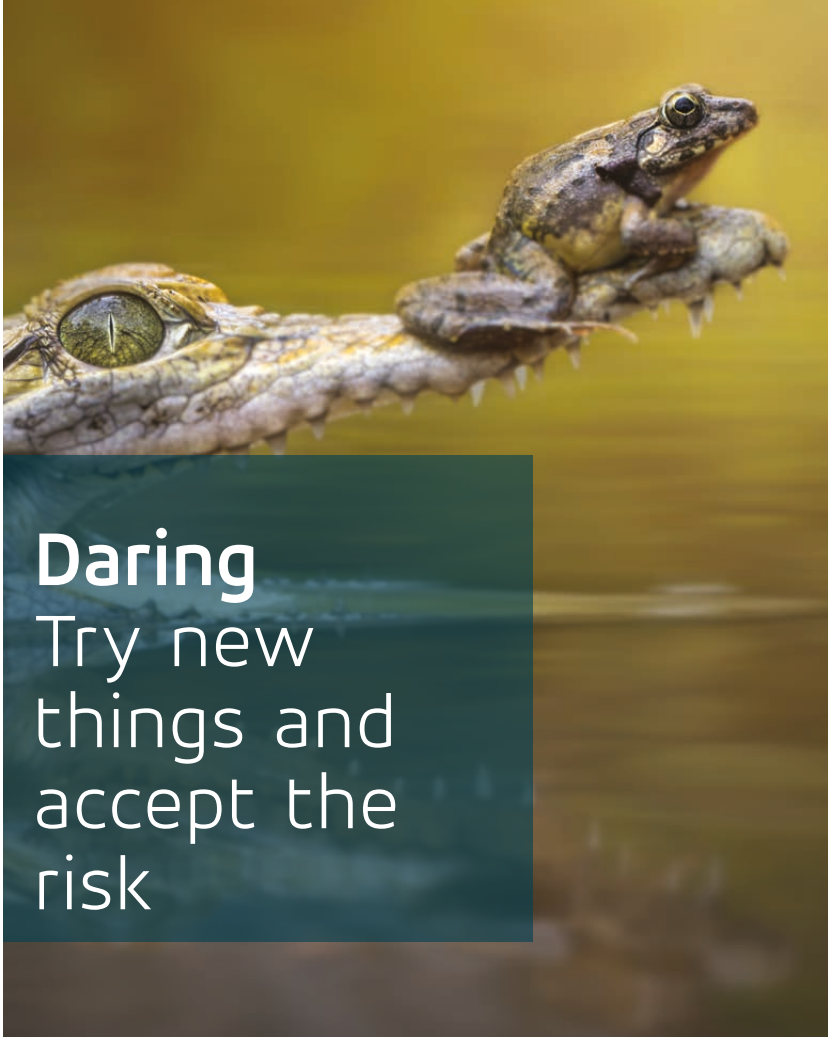
We want to be more flexible and agile in our behavior and decisions, be creative and innovative and adapt whenever the situation and the markets require it.



Open- mindedness

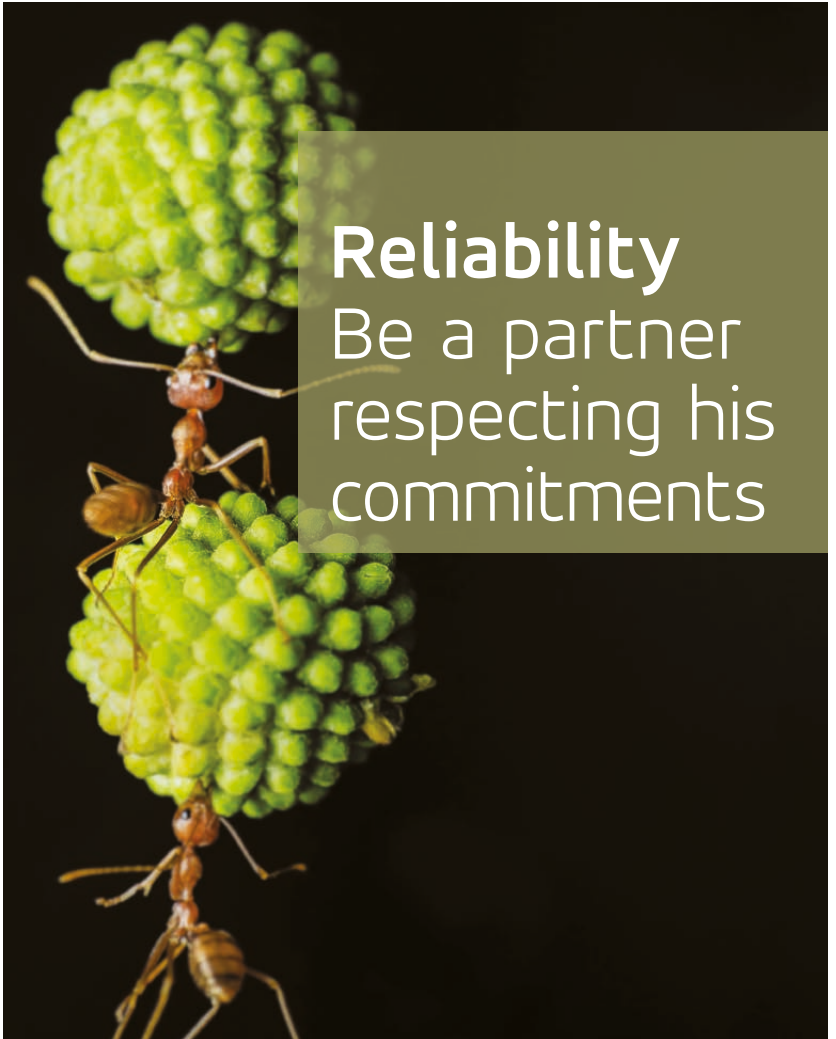
Be curious
and enriched
by diversity

We want a company which is open to the world. Enriched by the experience of its employee and different cultures.



Daring
Try new
things and
accept the
risk

We expect everyone to be open to changes, to dare to do new things and innovate and we accept that some ideas might fail.



Reliability

Be a partner respecting his commitments

We want committed employees who do what they say and keep their promises. We expect each person to be responsible and achieve the mission for which he or she is hired.



Sharing

Talk together
in order to
grow together

At Tornos, we need open people who can listen to others, are open to discussions, ready to share experiences and ready to cooperate. We need open-minded people who are able to question themselves to improve.



Appreciate
and enhance
Celebrate
success and
learn from
mistakes

We need everyone working for Tornos to be ready to celebrate and enhance success; to take responsibility for the mistakes; and to take corrective actions where we have not been successful.

Rights and responsibilities of our employees

Principles

Tornos is committed to equal opportunity, respect, trust and achievement in employment.

We offer our employees a challenging and attractive work environment that recognizes and values employee diversity. We encourage every employee to act responsibly and to assess situations to the best of their knowledge and belief. Furthermore, we encourage our employees to deploy their potential by setting ambitious targets. We live a culture of mutual trust, respect and open dialogue, a culture

in which people can develop their talents and ideas and are inspired to aim high. We respect our rules and regulations and interpret them in favor of Tornos.

We expect our managers to show leadership, determination, responsibility, the courage to try new things and ethical behaviors to act as a role model.

Every employee is responsible for acting in a manner that will help Tornos to achieve the following goals:

Equal opportunity

It is our policy to employ, train, promote and compensate individuals based on merit, job-related qualifications and abilities. Tornos is committed to providing equal opportunity in employment regardless of race, color, religion, national origin, sex, age, sexual orientation, marital status, handicap, veteran status or disability.

No harassment

Any kind of harassment by or against our employees is prohibited. Sexual harassment is of special concern. Prohibited conduct includes the making of unwelcome sexual advances or engaging in any other conduct with sexual overtones which unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.

No racism

Tornos respects the principles of equality and human dignity, thus we do not tolerate any form of racism.

No forced and child labor

We do not tolerate forced labor or child labor, neither at Tornos nor on the part of the part of our suppliers, customers and business partners.

Avoid negative statements

Employees should not make any negative statements relating to Tornos on any social network, neither on the Internet nor in e-mails: this equally applies to any other written documents. This is compulsory regarding the Group's activities and the occupation of the employee with Tornos as well as for any statements about colleagues, supervisors, customers and suppliers.

No alcohol

Employees under the influence of alcohol may endanger themselves and others and risk losing their insurance coverage if they are involved in an accident on the job. To prevent these hazards, it is prohibited to consume alcohol during work or work under the influence of alcohol at all Tornos sites as well as while conducting Tornos business off premises.

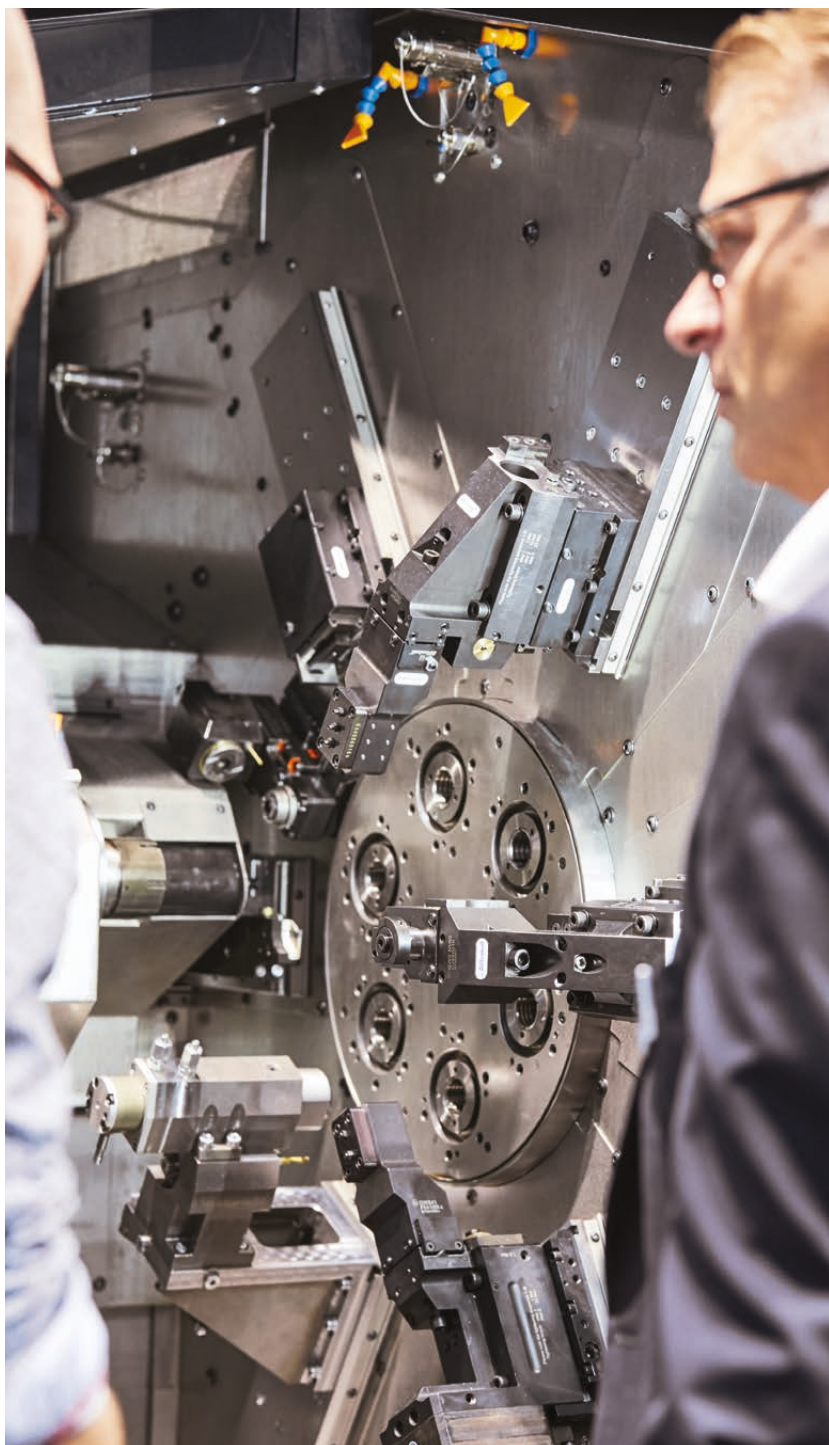
Only events during which work is suspended and is not resumed afterwards can be exempt provided prior consent of the Tornos management.

No illegal drugs

Illegal drugs have an adverse effect on the performance of the employees, jeopardize the safety of colleagues and constitute a risk for Tornos business and interests. For this reason, the possession, use, sale and/or distribution of drugs in the workplace or while conducting Tornos business off premises are strictly prohibited, as is working under the influence of under the influence of illegal drugs.







Principles of our business activities

Standards of business conduct

As Tornos employees, we are expected to carry out the Group's business with honesty, integrity and highest ethical standards. These standards should govern our conduct whenever making decisions affecting Tornos.

Conflicts of interest

We must ensure that our activities do not conflict with the interests of Tornos. Even the appearance of a potential conflict of interest should be avoided.

A conflict of interest arises whenever we make a business decision and simultaneously have a personal interest. The personal interest may also be for the benefit of a friend or related person. If a conflict of interest is suspected in any case, the relevant superior must be consulted or be informed.

Gifts and entertainment

Tornos employees do not give or accept business gifts which might result in any obligation. The acceptance of symbolic gifts and invitations during the normal course of business is permitted.

The giving or receiving of reasonable and customary meals and entertainment in the normal course of business is permitted unless this is in conflict with the local legislation. Lavish meals or inappropriate entertainment always are to be avoided.

Tornos employees must know and comply with all applicable restrictions on providing meals, entertainment, gifts or gratuities to any third party.

Questions about gifts or entertainment should be resolved by the employee's direct supervisor with the assistance of the Chief Financial Officer of Tornos Group.

Fair competition and antitrust law

Tornos respects fair competition, antitrust laws and other laws regulating competition and complies with legislation protecting and promoting competition. In competing for market share, Tornos is guided by the need to act with integrity. All employees must comply with the rules of fair competition within the framework of legal requirements. It is forbidden to agree with competitors or with any other third party to divide up territories or customers, or to reach agreements or exchange information on prices, price components, delivery relationship and their conditions, capacity or approaches to bidding. The same applies to exchange of information on market strategy and stake-holding strategies.

Anti-corruption

Tornos prohibits all forms of corruption, such as bribery and the granting or acceptance of other benefits, regardless whether they are provided directly, through intermediaries or to private persons or government officials. The prohibition applies in particular to giving (active bribery, granting of favors) or accepting (passive bribery, receiving bribes) gifts for the purpose of gaining an illegal advantage.

Corruption is a criminal offense. It cannot be excluded that an employee may also be prosecuted at his or her place of work, or in third-party countries, even if the corruption took place in a different location.

We must be aware that corruption can also be hidden: for example, excessive commissions paid to agents or intermediaries, donations to charitable institutions or favors granted to third parties associated with the individual receiving the advantage. In case of doubt, the Chief Financial Officer of Tornos Group should be contacted.

Tornos prohibits bribes, even if they are commonplace in certain countries, in order to ensure that a legitimate service is provided or is provided more quickly (for example, faster processing for customs clearance).

Donations by a Tornos company to political parties or for political activities are prohibited. Any exceptions must be approved by the Chief Executive Officer or the Chief Financial Officer of Tornos Group.

Funds of unclear origin

It is strictly forbidden for any employee to enter Tornos into any financial, monetary or similar operation which may directly or indirectly fall into the category or similar categories of “money laundering” by suppliers, customers or any third party, to accept funds of unclear origin or so called “black money” and to accept cash payments in amounts over and above the counter value of CHF 5,000 or any similar cases.

Customers and suppliers

We work to build strong business relationships with our customers and suppliers based on lawful, honest business practices and in the best interests of Tornos. We are committed to the pursuit of excellence in all of our products and services, and strive to meet or exceed our customers' expectations for quality, integrity, safety, delivery and reliability.

When we contract for goods and services on behalf of Tornos, we should avoid doing anything that might compromise our objectivity or impair Tornos' reputation. Our purchasing decisions should always be based on appropriate business criteria such as price, quality, technical leadership, reliability and the reputation of the supplier.

Representatives

Tornos' representatives (sales people, agents, distributors, service engineers, etc.) are an extension of our Group and should be chosen and monitored carefully. When representatives are engaged in Tornos business, they are required to comply with applicable local laws and adhere to these standards of business conduct. The same requirements apply to our agents, consultants, dealers and distributors.

International trade restrictions and export controls

Governments and international bodies may impose temporary trade restrictions and boycotts affecting certain products, which apply to countries or individuals. Tornos recognizes the decisions of the international community. We operate

our business activities solely in accordance with international regulations and do not export any goods or technologies affected by trade restrictions.

All relevant export control regulations for sales, manufacturing, transport and installation must be observed for Tornos products classified as dual-use goods due to their performance or precision.

Anyone with doubts about the end-user or the intended application should immediately notify to the Chief Executive Officer or Chief Financial Officer of Tornos Group.



Environment

Tornos is committed to protecting the environment. We believe that we can make major contributions to a more sustainable world. We actively work to improve the environmental performance of our operations, projects, products and services during their entire life cycle. We consider environmental opportunities and risks when tendering projects. We engage stakeholders in environmental management; these stakeholders include employees, customers, suppliers and those who live and work near our operations.



You and I
are Tornos
One diverse,
expert team



Protecting the property of Tornos

Operational property

The infrastructure in the offices and factories of Tornos has been provided to carry out daily work and must be treated carefully by employees.

Employees are not permitted to misuse the property of Tornos for personal purposes or to willfully damage or destroy the property.

Certain operational items, such as laptops and mobile phones, may be used by employees for private purposes in accordance with the provisions of the relevant Tornos legal entity. The private use of mobile phones during working hours should be restricted to essential requirements. Special rules apply to the private use of company cars.

Intellectual property

We protect Tornos' intellectual property such as patents, trademarks, copyrights, designs, trade secrets, samples, models and expertise, and we respect the intellectual property of others.

Since the intellectual property of Tornos is extremely valuable, all employees must take care to protect it. Before handing over intellectual property to third parties or making it available in any other way, appropriate agreements must be signed to safeguard the rights of Tornos.



Unauthorized use or release of information regarding plans, strategies, costs or prices, pending contracts or unannounced products could jeopardize the Group's competitive position.

All employees are required to report any suspected violations by suppliers, customers, or other third parties to the Tornos Group Legal Department.

Handling of information

Confidential information

All employees are required to keep confidential information about Tornos in a secure place and to ensure that this information is only accessible to work colleagues insofar as this is necessary to achieve the business purpose in question. This applies in equal measure to the confidential information entrusted to us by third parties.

Confidential information includes technical data about products and processes, marketing and sales strategies, internal purchasing price lists, customer data, non-public financial information, information about transactions, civil or criminal cases, and all personal data.

In offices with several workplaces, employees are required to lock away all confidential documents and lock their computers whenever they leave their workplace.

Data protection

Tornos takes the protection of its employees' personal data seriously. In accordance with local data protection laws, the personal data of Tornos' employees is processed only to the extent necessary for the employment relationship.

Communication and media contacts

Tornos communicates with the media in a unified, open and respectful way. We do not communicate any information regarding ongoing legal proceedings and do not comment on rumors.

As far as possible, we inform our employees at the same time as the media and other stakeholders.

Communication with the media, analysts and investors is carried out solely by the CEO, the CFO or Corporate Communications.

For all other employees it is strictly prohibited to communicate with the media about Tornos. Media inquiries must be forwarded to the CEO, CFO or Corporate Communications without exceptions.

Insider trading

Insider information includes any confidential fact which, if disclosed, could significantly affect the share price of Tornos Holding Ltd. in a predictable manner.

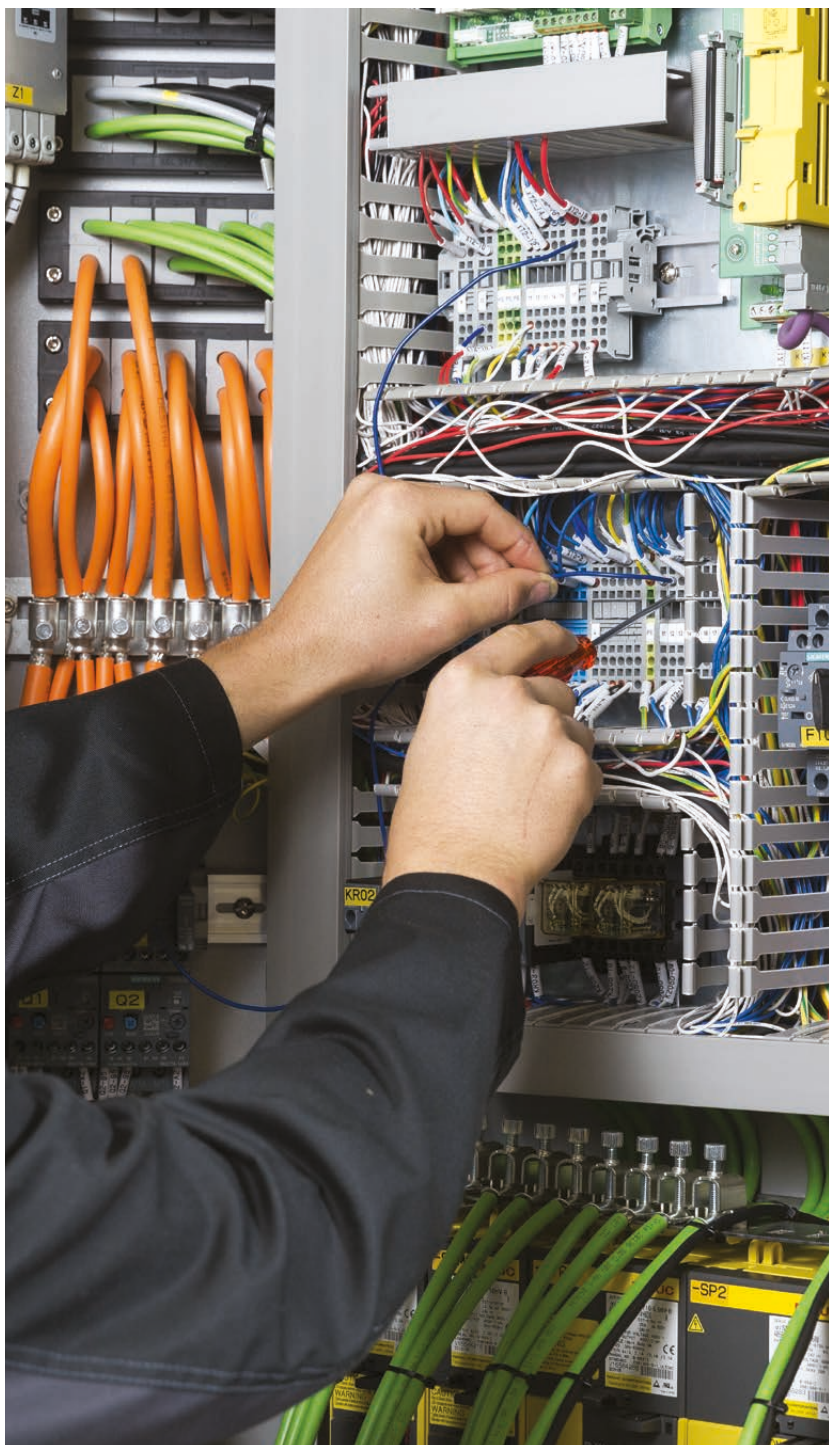
Confidential information may arise in circumstances such as the following:

- *Important financial information, particularly the unpublished half-year and annual results or any other information that might give indications about current business results;*
- *Larger acquisitions or divestment projects;*

- *The conclusion or termination of significant contracts;*
- *Litigation with a substantial amount in dispute;*
- *Significant changes in the capital or management structure.*

Employees who are in possession of insider information are not permitted to trade in shares of Tornos Holding Ltd. Moreover, insider information must not be disclosed to third parties, including family members. Insider trading is a criminal offense in most countries.

The rules on insider trading are complex. For members of Tornos management and employees of Finance & Controlling, there are specific restrictions (e.g., blocking periods) for trading with Tornos Holding Ltd. shares. Questions or concerns regarding intended transactions should be referred to the CFO of Tornos Group.



Reporting violations

*Each of us has a responsibility and obligation to promptly report suspected or known violations of the **Code of Conduct**, including any violation of law. Reports normally should be made through regular reporting channels.*

However, an employee may choose to make a report to the Tornos Group Legal Department.

Tornos management will protect the identity of the employee who reports violations.

Violations should be reported to: Tornos Group Legal Department code-of-conduct@tornos.com

Suspected violations will be investigated by appropriate Group Management member(s) and entrusted corporate or division personnel. Where an investigation reveals the need to take corrective action, we will implement changes to systems, practices and procedures.

*Violations of the **Code of Conduct** are subject to disciplinary actions up to and including discharge. In many instances, a violation of these **guidelines** may be a violation of law subjecting the employee and Tornos to civil or criminal penalties, fines or other sanctions.*

Moutier, January 2017

We keep you turning

tornos.com

TORNOS GROUP LEGAL DEPARTMENT

Rue Industrielle 111
P.O. Box 960
2740 Moutier / Switzerland
code-of-conduct@tornos.com