



# Business Code of Conduct **NKT Photonics**

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# Introduction

At NKT Photonics we consider a global mindset to be the key to our success.

Globalisation is continuously creating opportunities for businesses to increase their competitiveness. Production, administration and all other parts of a business can be located where it is most advantageous in terms of customers, costs, and access to qualified and skilled employees.

We therefore think and act globally, and strive to be among the leading industrial players in our markets.

Our company has been around for more than a century and has witnessed many changes. There is no doubt in our minds that respect and proactive behaviour - when it comes to responsible business conduct- are essential for a long-term perspective like ours.

We respect and comply with applicable laws and regulations, including international laws, and require our employees and business partners to do likewise.

To further support our efforts to unify responsibility within the global business community, NKT Photonics adheres to the United Nations Global Compact initiative. Our parent company, Hamamatsu Photonics K.K., joined the initiative in 2017. We believe that the adoption of universal standards with respect to human rights, worker's rights, anti-corruption and environment will provide a more sustainable business environment to the benefit of our company and to our stakeholders.

We are present in a number of countries worldwide and thereby support communities in those markets by creating jobs, growth and a range of government revenues. We will continue to develop our business in a way that benefits our company as well as the communities and economies upon which we



Basil Garabet, President and CEO

depend for future growth. Our primary economic contribution is the result of our production and sales and we ensure that profits are generated and that taxes and duties are paid.

Respect, responsibility and professionalism are essential behaviours when it comes to applying our business conduct. This goes for every one of us, no matter what we do and where we work in the organisation.

In line with our corporate governance, this Business Code of Conduct expresses our commitment to promoting a baseline of behaviour and accountability throughout our company. It provides help and guidelines on what to do – and what not to do – in specific matters and situations related to our business and cooperation with each other and others outside the company.

Failure to comply could have serious consequences for us as a company and for any individual employee involved. We aim to ensure that our values and reputation are not undermined and that the trust of our stakeholders is maintained. By complying, we will avoid fines, exclusion from public contracts, opt-outs in merger and acquisitions or tenders as well as lawsuits and imprisonment. Therefore, compliance with this Business Code of Conduct is mandatory for all employees.

“ You must always comply with applicable laws, regulations, international requirements and supporting guidelines ”

When applicable laws, regulations or international requirements require higher standards than this Business Code of Conduct, these must also be followed.

Employees collaborating with vendors and business partners must take relevant measures to ensure their compliance with the principles described in this Business Code of Conduct.

Please assist us in our continuing growth and in conducting responsible business by applying this Business Code of Conduct and making it an integral part of your daily work.

Thank you,

Basil Garabet , President and CEO



# Business Integrity

Honesty and reliability are our core values and conducting responsible business in the heart of all our actions. We are committed to responsible and ethical behaviour and, as an active corporate citizen, we embrace a value-based approach to the way we conduct business around the world.

This Business Code of Conduct describes the fundamental principles and rules that govern the way we act within our company and in relation to our vendors, business partners and the general public.

The principles set out in our Business Code of Conduct are designed to protect our company by guiding employees in internal and business-related actions and to protect employees from potential misconduct. However, this Business Code of Conduct cannot provide sufficient and detailed information about all situations that may arise in our daily work. Therefore, we are expected to use common sense and seek advice if in doubt.

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We act with honesty and reliability in our dealings with each other and others. We ensure that our actions today can be made public in tomorrow's news

”

We must never compromise our integrity and, for this reason, we must avoid any conflicts of interest that will occur in our daily operations.

Conflicts of interest arise when an employee has a private or personal interest that may influence the way they do their job. Any employee having such a conflict of interest must discuss the matter with their immediate manager and take no further action until their manager has reached a decision and documented it in writing.

A conflict of interest may occur in many situations, such as:

- Where employees have shares or other interests in a company which they are also involved in trading with
- Where employees work together with relatives employed by NKT Photonics's business partners or competitors
- Where employees receive gifts or hospitality from business partners, contractors etc. which may affect objectivity
- Where employees' private expenses are paid by NKT Photonics funds

Conflicts of interest may also occur when participating in professional and other industry forums, such as industry associations and networking activities where competitors are also present. These pose a particular risk and due care must be taken.

It is essential that in such situations we never put ourselves in a position which may cause other parties to believe we may be engaged in any kind of illegal activity with competitors. Special attention must be paid to ensure we are not conducting insider trading.

The way we act and behave is equally essential for protecting our credibility and upholding our reputation. Therefore, we must always provide relevant and honest information and only communicate on behalf of the company if we are duly authorised to do so.

Employees are expected to communicate in a professional tone at all times.

Dream

Design

Deliver

## OUR VALUES - DREAM DESIGN DELIVER

At NKT Photonics we don't just supply lasers, we design solutions that bring our customers closer to their goal. Closer to their dream. And we deliver what we promise. Always. We call this concept "Dream Design Deliver" and it has made us one of the fastest growing companies in the laser industry.

### Dream

**State of the art:** We want to be a state of the art supplier; Continuously on the technical forefront of commercial products.

**Teamwork & collaboration:** We encourage teamwork and collaboration across all organizational, geographical and cultural boundaries.

**Customer value:** By focusing all processes around our customers, we want to become the preferred partner for our customers and set new standards for value of commercial fiber lasers.

**Benefit of mankind:** We will design products that enables commercial and technological breakthroughs that benefit mankind.

### Design

**Smart:** We will be smarter than our competition in every aspect of our organization and products.

**Simple & Ready to Use:** We will provide a robust and simplified systems that are ready to use.

**Modularized:** All products must be modularized so that components and sub-systems can be reused between product lines.

### Deliver

**Lean:** We will all constantly improve the quality of our processes, products and services. We will do it with open minds to learn and evolve.

**Agile:** We will adapt fast to changes to maximize our performance. Measured by ability for fast turnaround of off-track projects

**Honest:** We will be honest in everything we do and keep our promises in all situations. Measurement on delivery on time and project execution

**Reliable:** We will deliver reliable products of high quality and we will be a reliable partner for our customers.



# Anti-Corruption

No employee may directly or indirectly offer, give or take money or anything else of value in connection with business dealings in order to obtain an improper advantage.

Everything stated in this policy also applies to vendors and business partners

## WHY

Corruption and bribery are against the law and they are contrary to our business values. They create unfair competition, damage innovation and undermine our integrity. Furthermore, they are punishable and can have severe consequences for both NKT Photonics and the employees involved. As a company, we refrain from and work against corruption and bribery.

## WHAT

Corruption includes, among other things, bribery, kick-backs, facilitation payments, protection money, fraud and money laundering. It can occur for instance when dealing with commercial partners or government officials.

## HOW

Always comply with the applicable laws, regulations, international requirements and supporting internal guidelines. Make sure to avoid any conflicts of interest where our integrity is compromised and personal interest may result in corruption or may be perceived as such.

Refuse to pay or receive any form of protection money or facilitation payments. Never engage in any fraudulent, kick-back or money laundering activities.

Do not engage in political activities and never contribute to or support political parties, candidates or committees as part of your job.

If any gifts, grants, donations or hospitality is offered or provided, you must ensure the following:

- No improper advantage or influence must occur
- The value is reasonable and appropriate
- No cash or cash equivalents are involved
- Always take the circumstances, such as the position, faith, frequency of receiving a gift and how it is or can be perceived, into consideration
- All actions must be permitted by local law

Always ensure transparency and record any payments or receipts fairly and accurately in our books and records.

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Contact your immediate manager if you are offered or asked to pay a bribe

If in doubt, ask!

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## NOTE

**Corruption** is the abuse of entrusted power for personal gain.

**Bribery** is an offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust in the business conduct of the enterprise.

A **facilitation payment** can be a payment made explicitly to secure or speed up the performance of a routine action by officials to which one is already entitled, such as procuring permits, licences or work orders, receiving power and water supply, police protection, loading and unloading cargo, custom clearings, etc.



# Environment, Energy & Climate

We are committed to working towards a preservation of the environment through sustainable business processes. We will strive to reduce the consumption of resources and to limit the emission of pollutants from our business activities.

Please consider environmental risks before starting a task and report dangerous situations

## WHY

The sustainability and competitiveness of our business is based on a continuous effort by us to develop, employ and promote increasingly environmentally-friendly products and processes, aligned with customer requirements. Further, we believe that environmental issues go hand in hand with health, safety and quality.

## WHAT

We must ensure appropriate environmental management systems consistent with our activities. We work towards reducing the environmental footprint when developing new products and towards ensuring the sustainable disposal of life-expired equipment. We conduct our business in a manner that aims to improve the environment, prevents pollution and promotes efficient energy use, including the use of materials and water. We handle waste conscientiously in an environmentally safe manner and employ recycling programmes to minimise the amount of disposed waste. We focus on climate-friendly energy sources and strive to minimise emissions of substances that affect the climate by implementing energy efficient solutions. We comply with relevant regulations regarding conflict minerals.

## HOW

We build relevant programmes focusing on continuous improvement and look for opportunities to minimise the environmental impact.

To ensure our commitment and compliance we:

- Regularly monitor changes in environmental and energy legislation
- Formulate relevant environmental action plans that ensure continuous improvements
- Control environmental impacts from production plants
- Continuously improve the utilisation of our resources
- Work to reduce the risk of pollution and accidents
- Ensure an open and honest dialogue regarding environmental enquiries by cooperating and providing relevant information

Furthermore, we involve employees in campaigns and ensure that local managers can identify significant environmental issues. Such issues will be addressed by making action plans going forward.

“ We are committed to continuously reducing the adverse environmental effects of our operations and we act as a good corporate citizen in the communities in which we operate ”



## NOTE

All employees should take personal responsibility for the environment, energy and climate.

Therefore, you should integrate environmental considerations into your daily work and ensure that you understand and follow environmental procedures applicable to your work.



# Fair Competition

All employees abide by the rules of fair competition. Also, all employees ensure that they never try to obtain competitive intelligence, e.g. through industrial espionage, bribery, theft, or knowingly communicating incorrect information about a competitor or its business.

We do not participate in unfair trading or illegal anti-trust activities

## WHY

Fair competition permits markets to develop freely. In general, competition laws promote or seek to maintain market competition by regulating anti-competitive conduct by companies. Our business performance is achieved through ethical and legal business practices and therefore we do not participate in unfair trading.

## WHAT

The laws and regulations of fair competition protect consumers from predatory business practices by ensuring that fair competition exists. Fair competition and anti-trust laws can create difficulties, particularly because rules can differ from country to country. The types of behaviour that can lead to a violation of anti-trust laws are market allocation, bid-rigging and price fixing. If in doubt, you should contact Corporate Affairs.

## HOW

As an employee you must always ensure compliance with applicable laws and regulations, including the following requirements:

- Avoid dialogue with competitors about prices, capacities, sales, output, bids, profits, profit margins, costs, and methods of distribution or any other parameter that determines or influences our competitive behaviour
- Make no agreements with a competitor about
  - not competing, or
  - restricting dealings with suppliers with the purpose of submitting illegal offers for bidding or
  - dividing up customers, markets, territories or production programmes
- Have no influence on the resale prices charged by our purchasers, or attempt to make them restrict the import or export of our goods
- Adhere to relevant requirements in relation to parallel trade, export bans, export restrictions and other controls

The provisions of all national and international foreign trade laws must be observed.

“ As specific local rules may apply, attention must be paid if you conduct interaction with competitors and business partners in countries other than your home country ”



## NOTE

No employees must participate in the following practices:

- Price fixing
- Limitation of production (quotas)
- Offers to share the market with competitors
- Anti-competitive exchange of sensitive information with competitors
- Abuse of a dominant market position

This list is not exhaustive



# Human & Labour Rights

A safe and healthy working environment is a top priority in our company. We respect each employee's integrity and always treat others with respect and decency. We respect data privacy regulations and ensure that employees receive adequate job training.

All employees are of great value  
and are key to our success

## WHY

A healthy, safe, secure and diverse working environment is fundamental to our continuous growth. We therefore recognise that health, safety and security are an intrinsic part of everyday work routines.

We perceive diversity as a key asset. We are firmly committed to providing equal opportunity to our employees and in external relationships and will not tolerate discrimination or harassment based on race, colour, gender, language, privacy, religion, ethnicity, political or other opinions, caste, national or social origin, property, birthplace, union affiliation, sexual orientation, health status, age, disability, or other distinguishing characteristics.

## WHAT

We provide a healthy and safe work environment by creating a workplace which prevents and manages physical and psychological injuries. Employees are committed to

continuously identifying and mitigating hazards to prevent work related injuries. Working in accordance with certified safety management systems we improve our processes and develop a culture of safe behaviours with the ambition achieving 0 accidents. We respect and comply with applicable laws, regulations and international human rights principles and international labour standards as defined by the UN Universal Declaration of Human Rights and by the International Labour Organisation's Declaration on Fundamental Principles and Rights of Work.

Further, we ensure employee security and respect data privacy laws and regulations. Personal data may only be collected, processed, or used insofar as it is necessary for pre-determined, clear, and legitimate purposes. In addition, relevant authority approvals must be ensured and personal data must be maintained in a secure manner, and appropriate precautions should be taken when transmitting it.

## HOW

We aim at fair practices and transparency with regard to performance management, compensation and rewards, and training and development.

We ensure that we do not:

- Tolerate any form of discrimination based on factors such as, race, colour, gender, language, privacy, religion, ethnicity, political or other opinions, caste, national or social origin, property, birthplace, union affiliation, sexual orientation, health status, age, disability, or other distinguishing characteristics
- Accept any form of forced labour, including bonded labour, indentured labour, slave labour, or human trafficking



- Condone the hiring of child labour. Persons between the age of 15 and 18 are allowed to work if permitted by local laws and if compulsory schooling has been completed. Young persons must not undertake dangerous work that may jeopardise their physical or mental health, nor may they work at night. They must also be given the right training and instruction to perform the relevant job
- Tolerate harassment of any kind. We must protect workers from any acts of physical, verbal, sexual or psychological harassment, abuse or threats in the workplace
- Overrule employees' rights to form, join or not join a labour union or other organisation of their choice

“ Employees must ensure their own safety and care for that of their co-workers ”

## NOTE

On a regular basis we are required to review our health and safety standards and make any improvements that may be necessary. More information can be found in the relevant

guidelines that define our safe, healthy and secure workplace, including maintenance and improvement.



# Information Security

Employees must ensure the security of all aspects of information. We must also protect intellectual property and confidential business information belonging to both our company and external parties. The security of data has top priority and we must ensure adequate handling, security programs and measures.

Employees must protect **confidential information, interests** and intellectual property rights, **including confidential information** belonging to external parties

## WHY

Data is a valuable asset and critical for our business continuity. Protection of data is also important for safeguarding our employees.

## WHAT

Data can be confidential information, business data, intellectual property rights and personal data.

Confidential information is information which is not normally accessible to third parties and critical to our business.

We ensure that data is not corrupted, copied, stolen, disclosed, misused nor accessible to persons without adequate approvals.

Data security requires that equipment and infrastructure are safeguarded in ways that minimise the risk of theft, destruction or tampering.

Business information and information entrusted to us by third parties must be managed and protected accordingly.

## HOW

We must ensure that we know, understand and comply with all necessary security initiatives and that security considerations constitute a natural part of everyday routines. Special attention must be paid regarding cyber security. Employees must never use or disclose confidential information in an improper way.

We must take the necessary measures to ensure the confidentiality, integrity and availability of information, including protection of personal data and data retention periods.

Employees must share the responsibility for their own security, for the security of their colleagues, the company and our business partners and must respect relevant legislation and guidelines issued internally and by authorities.

“ We respect the private life of employees and require personal data to be stored securely and confidentially ”



## NOTE

Company access to information stored on equipment provided by the company (e.g. computers, phones) must be agreed to, except where prohibited by law or agreement.

Do not abuse confidential information and always ensure that information in your possession is not accessible to unauthorised persons.



# Product Compliance & Quality

With respect to the quality performance of our products, services and solutions, we must at all times monitor and improve our customers' and markets' perception of our performance. We must live up to our customers' requirements and needs, as specified and agreed in product specifications and other arrangements.

Product quality and product safety are important to us

## WHY

A key factor of our success is to continuously improve and support the overall business strategy. Therefore, we continuously strive to improve the effectiveness and output throughout the value chain to meet our customers' requirements. Also, we ensure compliance with the relevant laws, regulations and certifications we are committed to.

## WHAT

We produce, develop and market products, services and solutions in compliance with applicable laws and regulations. We are committed to quality and acknowledge that we are ultimately responsible for ensuring that the conditions and resources provided satisfy the quality objectives.

We conduct our research and development through the use of science and technology in a respectful manner.

## HOW

Employees involved in the lifecycle of our services are responsible for conducting work in compliance with all the applicable procedures related to their job function.

Measures must be taken to make sure that we:

- Work in a safe working environment only
- Develop our products according to local/international standards
- Follow required internal as well as external Quality Standards
- Follow provided internal procedures
- Ensure surveillance and compliance with applicable laws and regulations
- Ensure the requested availability of products
- Ensure we comply with customers' specifications regarding the quality and performance of our products, services and solutions
- Observe and report any counterfeit or suspected counterfeit products
- Support internal and external audits

“ Quality and reliability are in the DNA that defines our products and characterises the way we do business ”



## NOTE

As a responsible company, specific sector requirements must be observed and specific attention and compliance must be ensured.



# Compliance Handling

Compliance is the responsibility of all employees and we must ensure compliance with applicable laws, regulations, international standards, internal guidelines and stakeholder expectations.

## WHY

To be able to conduct our business in a lawful, respectful and truthful manner, we must ensure compliance by conducting relevant risk analyses, provide relevant training and establish relevant due diligence, auditing, monitoring and reporting processes.

## WHAT

We must be able to demonstrate how our compliance policies are translated into action, including relevant training and due diligence. We must be able to assess, describe and mitigate risks and describe relevant Key Performance Indicators (KPIs).

## HOW

As an employee you must support ongoing compliance and strive for continuous improvement by e.g.:

- Conducting relevant compliance training and ensuring adequate job training, and that the standards for specific skill sets in a given job are met
- Supporting the monitoring and assessment of the impact of our business within your area
- Supporting the identification, prevention, mitigation and potential adverse impact of our actions
- Raising dilemmas within your team
- Being prepared for audits or inspections
- Reporting any misconduct
- Seeking advice if in doubt

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We define specific goals on various topics and make employees aware of these goals

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## NOTE

As an employee you must ensure that you always act:

- in compliance with relevant laws, regulations, international standards and internal requirements
- with loyalty towards our company
- with judgement and common sense, and seek advice if in doubt
- in a way that would not look bad if it were made public in tomorrow's news
- with accountability



# Whistle-blower Hotline

Anyone at NKT Photonics as well as business partners and anyone associated with NKT Photonics may report any actual or potential serious concerns within NKT Photonics.

The Whistle-blower Hotline is an alternative to other communication channels

## WHY

As a global company striving to be among the leading industrial players in our markets, we take responsibility for our actions. Our reputation is a valuable asset, which we have an obligation to protect and strengthen. In order for us to be able to continuously improve, we have established a whistle-blower hotline.

## WHAT

You may be concerned about issues during the course of your work or cooperation with NKT Photonics. Usually these concerns are easily resolved within your entity or through your contact person in NKT Photonics. We encourage you to raise the concerns internally in your entity or with your contact person in the first place. However, where you find that there is no relevant procedure, or you have genuine concerns about using normal procedures within NKT Photonics, the Whistle-blower Hotline may be used.

Co-operation problems between employees and between employees and management, incompetence, absence from the workplace etc. are not to be reported through the whistle-blower system and should be dealt with according to normal procedures within NKT Photonics.

## HOW

To ensure secure and confidential reporting, the whistle-blower system is hosted by an external professional partner, EQS Integrity Lines.

Filing a report is possible through the intranet or the website. A report can be filed 24 hours a day – 365 days a year.

As a general rule you can choose to be anonymous. However, to run the investigation more easily, you are encouraged to identify yourself. No employee will suffer retaliation for raising a concern or reporting misconduct in good faith.

Only a restricted group of people are involved in the investigation. Reports will be handled by Legal & Compliance. The investigation of the individual reporting will depend on the character and severity of the report.

When filing a report you will be asked a series of questions and you will be given a unique 'case number'. This case number will enable you to track the status of your report and allow the investigation team to ask additional questions.



“ We in Management thank you for taking the time to come forward with your concern. Your willingness to come forward is important to us ”

## WHAT CAN BE REPORTED?

In the Whistle-blower system you can report serious matters such as, e.g. bribery, ,extortion, embezzlement, theft, accounting irregularities, etc.

Matters such as bullying, dissatisfaction with wages, violations of the alcohol policy, etc., should not be reported here. They should instead be reported through the normal channels.

## NOTE

Please be aware that the categories may be limited for the country that you report from compared to the category list. Specific local laws may also prevent reporting in certain

ways. If this is the case, specific local laws will apply and the investigation will take such local requirements into consideration.



## CONSEQUENCES FOR VIOLATION OF THIS BUSINESS CODE OF CONDUCT

The requirements stated in our Business Code of Conduct are part of your employment terms. Violation may be subject to enforcement. Violations are not tolerated and any such violations can have serious consequences for us and for you as an employee. Any violations of this Business Code of Conduct may result in re-training or, depending on the

circumstances and applicable law, disciplinary actions such as a formal warning or dismissal. Violations of law can also result in imposition of criminal and/or civil fines and other penalties depending on applicable law. Failing to report a breach may in itself be a breach of this Business Code of Conduct.



### WHOM TO CONTACT

In case you are in doubt of any of the content of this Business Code of Conduct you should consult your immediate manager, the responsible department within the scope of your question, or seek advice from NKT Photonics General Counsel, if you are not able to receive support elsewhere.



