

Code of Conduct and Ethics

Elma Group

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1. Introduction

Elma Group wants to be successful in the long term and therefore maintains a culture of integrity and compliance with the law. Integrity and compliance with the law are not only the basis but also an opportunity for Elma's sustainable growth and profitability.

The Code of Conduct and Ethics defines the values, business principles and rules set by the Board of Directors and the Group Executive Board and which are binding upon all members of the Board of Directors, all members of the Group Executive Board and all employees (the **Elma Employees** or the **Employees**).

The Code of Conduct and Ethics provides a clear approach as to how we expect all Employees to conduct themselves.

2. Values and Business Principles

Our Code of Conduct and Ethics is based on our three core ethical values of the Elma Group:

- Integrity
- Transparency, and
- Accountable Leadership.

Integrity

We conduct our business in an honest, respectful, fair and reliable manner. We respect human dignity, privacy and the personal rights of every individual.

Every day, we are working together with women and men of various nationalities, cultures, religions and races and we do not tolerate any form of discrimination or harassment.

Transparency

We conduct our business in a transparent manner and avoid or disclose in time any possible conflict of interest.

Accountable Leadership

All Elma Employees who are in a senior function lead by example, uphold, together with their teams, our core ethical values and are accountable for their teams' compliance with the law and Elma's internal policies.

3. Scope of Application – Importance of Local Laws

The Code of Conduct and Ethics is the standard for all Elma Employees worldwide.

Elma Group companies/subsidiaries may implement local policies, which are stricter than this Code of Conduct and Ethics, if such stricter policies are required by local laws.

4. Compliance with the Law

Elma employees comply with the applicable laws and internal policies. In case of insecurity, your superior, your local Finance Manager or ultimately the Group CFO will provide guidance to you.

5. Internal Leniency

If you have reasons to believe that you may have breached the applicable laws and internal policies in the past and report the fact before any investigation in order to come clean, you will not be dismissed. Reporting shall take place to the Group CFO.

6. Anti-Bribery Compliance (ABC)

We all at Elma do not bribe and do not accept bribes. Also, we do not pay facilitation ("grease") payments.

Corruption is a global problem. Corruption impedes economic growth by diverting public resources from important priorities such as health, education, and infrastructure. It undermines democratic values and public accountability and weakens the rule of law.

Corruption is bad for civil society and equally bad for business. Corruption is anti-competitive, leading to distorted prices and disadvantaging honest businesses. It increases the cost of doing business globally and inflates the cost of government contracts.

Bribery has destructive effects within a business as well, undermining employee confidence in a company's management and fostering a permissive atmosphere for other kinds of corporate misconduct. Also, bribery weakens a company's competitiveness when it relies on bribes instead on the merits of its products and services.

Elma competes for business on fair terms and solely on the merits of its products and services. Regardless of local practice, Elma Employees do not offer, promise, or authorize any payment or undue advantage to a government official or business partner representative, to induce them to misuse their official or corporate position in favor of Elma.

Equally, Elma employees do not accept any undue advantage promised, offered or extended to them to induce them to misuse their corporate position to the harm of Elma.

Elma Employees are allowed to make customary gifts and to extend customary invitations if they do not exceed USD 150 per instance / per person and are limited in total to three per calendar year.

Gifts must always be in-kind (i.e. non-cash and non-cash equivalent) and shall be given openly and transparently. Gifts must be properly recorded in Elma's books and records.

7. Insider Trading Rules

Elma Electronic AG is a company listed at SIX Swiss Exchange. We, the Employees, are subject to applicable Swiss insider trading and securities laws regarding transactions in Elma securities as well as Swiss and foreign laws regarding transactions in listed securities of our clients.

Any confidential information that, if disclosed to the public, may significantly influence the stock price (insider information) must not be disclosed to any person and must not be used to our advantage.

8. Reporting of Concerns and Instances of Non-Compliance

Any concern or instance of non-compliance with this Code of Conduct and Ethics shall be reported immediately by you to your direct superior. If your superior does not take action within 10 days of your report or if your superior may be affected personally, you shall immediately inform your managing director. Should your managing director not take action within 10 days, you shall immediately inform the Group CFO (please send email to edwin.wild@elma.ch).

Reports made in good faith will not have any negative impact on the Employee's standing and future career. In particular, no Employee making a report in good faith will be dismissed or moved nor will his/her function and responsibilities change nor will his/her salary decrease, as a result of the report.

9. Entering into Force

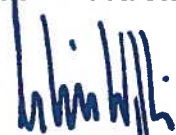
This Code of Conduct and Ethics was approved by the Board of Directors on December 2, 2014 and enters into force on January 1, 2015.

10. References and related regulations

- (i) Organization regulations (by-laws) of Elma Electronic AG dated April 25, 2014
- (ii) All established policies and internal rules of Elma Group, in particular
 - Anti-Bribery Compliance Policy of Elma Group
 - Securities Trading Regulation (Prevention of Insider Trading and Notification of Management Transactions)
 - Group Inside > Group inside files > Finance > ELMA Group Policies

Wetzikon/Switzerland, December 2, 2014

Elma Electronic AG


Martin Wipfli
Chairman of the Board


Edwin Wild
CFO