

# Corporate governance

Group structure and shareholders	30
Capital structure	31
Board of Directors	32
Group Executive Board	38
Compensation, share- holdings, loans	42
Shareholders' participation	42
Changes of control and defense measures	43
Auditing body	43
Information policy	44
Non-applicability/negative statement	44

Corporate governance

# Transparency created

**The Board of Directors and Group Executive Board attach very great importance to good Corporate Governance. In the interest of shareholders, customers, business partners and employees, the principles of Corporate Governance ensure the necessary transparency and a healthy balance of management and control.**

The structure of the following Corporate Governance report follows the Directive on Information relating to Corporate Governance published by the SIX Swiss Exchange AG (DCG). All figures apply to 31 December 2019, unless otherwise stated.

the corporate cross-functions Technology (technology and knowledge transfer, operations, business development), Corporate IT & Finance (information technology, finance, controlling, tax, legal & compliance) and Corporate Services (human resources, communication, marketing and corporate development).

## 1 Group structure and shareholders

### 1.1 Group structure

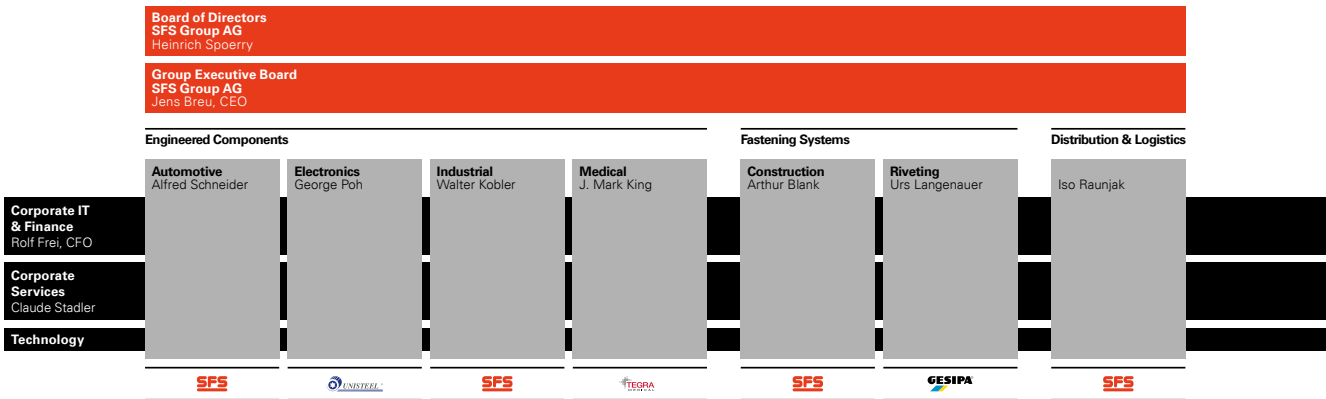
SFS Group is organized in three segments: Engineered Components, Fastening Systems and Distribution & Logistics. Engineered Components develops, manufactures and sells precision components and special screws in four divisions. Fastening Systems combines the principles of threaded fastening and riveting technologies and consists of two divisions. Distribution & Logistics is a leading national supply partner for fasteners, tools and architectural hardware in Switzerland and neighboring countries.

The parent company of SFS Group is SFS Group AG, domiciled in Heerbrugg, municipality of Widnau/SG, Switzerland. It is incorporated under Swiss law and listed on the SIX Swiss Exchange AG under the Swiss Reporting Standard (security number 23.922.930, ISIN CH 023 922 930 2). Its share capital is CHF 3,750,000 (PY 3,750,000) and its market capitalization was CHF 3,491.3 million (PY 2,861.3) as at 31 December 2019.

An overview of all affiliated companies in the scope of consolidation can be found in section 5.2 of the appendix of the Financial Report. The scope of consolidation does not contain any other listed companies besides SFS Group AG.

The Board of Directors and Group Executive Board are supported in their management and supervisory functions by

Group structure and Group Executive Board (since 1 January 2020)



### 1.2 Significant shareholders

The founding families of SFS Group AG, Huber and Stadler/Tschan, form an organized group according to Art. 12 of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FINMA Financial Market Infrastructure Ordinance, FMIO-FINMA).

#### Share capital and voting rights

	31.12.2019	31.12.2018
Founding families	54.8%	54.8%

Both families have defined their principles of cooperation and partnership in a pool agreement. It is their intention to retain a majority of more than 50% of the capital and the voting rights in the long run. They agree with each other on important decisions and always put the successful development of the SFS Group before the particular interests of the families.

The Board of Directors is not aware of any other shareholders listed in the share register or shareholder groups holding more than 3% of the share capital or voting rights (PY none).

SFS Group AG does not hold any treasury shares. Disclosure notifications pertaining to shareholdings are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be assessed via the following web link to the database search page of the disclosure office: [Significant Shareholders](#) →

### 1.3 Cross-shareholdings

No cross-shareholdings of capital or voting rights exist with any other company.

## 2 Capital structure

### 2.1 Capital

The share capital of SFS Group AG amounts to CHF 3,750,000 and is divided into 37,500,000 registered shares each with a par value of CHF 0.10.

### 2.2 Especially authorized and conditional capital

SFS Group AG does not have any conditional or authorized capital.

### 2.3 Changes in capital

There were no changes in capital over the last three reporting years.

### 2.4 Shares and participation certificates

The share capital of SFS Group AG is divided into 37,500,000 registered shares with a nominal value of CHF 0.10 each. The share capital is fully paid in and entitled to dividend. Each share represents one voting right at the Annual General Meeting. SFS Group AG has issued no participation certificates.

### 2.5 Dividend right certificates

SFS Group AG has issued no dividend right certificates.

### 2.6 Limitations on transferability and nominee listings

Persons acquiring registered shares of SFS Group AG are entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Stock Exchange Act.

Persons not expressly declaring themselves to be holders of shares for their own account in their application for entry in the share register or on request by the Company (nominees) are entered in the share register with voting rights without further inquiry up to a maximum of 2.0% of the share capital outstanding at that time.

Above this limit, registered shares held by nominees are entered in the share register with voting rights only if the nominee declares the names, addresses and shareholdings of the persons for whose account they are holding 0.3% or more of the share capital outstanding at that time, and provided that they comply with the disclosure requirement stipulated by the Stock Exchange Act. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

The above-mentioned limit of registration also applies to the subscription for or acquisition of registered shares by exercise of preemptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties.

Legal entities or partnerships or other associations or joint ownership arrangements linked through capital ownership or voting rights, through common management or in like manner, and individuals, legal entities and partnerships (in particular syndicates) that act in concert with the intent to avoid the entry restriction are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information requested. The person concerned must be informed of the deletion. In the reporting year, no exceptions were granted and no deletions were executed (PY none).

Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the General Meeting passed by at least two-thirds of the shares represented and an absolute majority of the par value of the shares represented.

### **2.7 Convertible bonds and options**

No convertible bonds are outstanding and SFS Group has issued no options (including employee options).

## **3 Board of Directors**

### **3.1 Members of the Board of Directors**

The Board of Directors of SFS Group AG consists of a minimum of five and a maximum of nine members. At the end of the reporting year, it consisted of six members (PY six).

Over the last three years, the external members of the Board of Directors have not had any material business relationship with SFS Group with the exemption of the below mentioned transactions.

In 2017, the property held by SFS at Nefenstrasse 30, 9435 Heerbrugg, was sold to an external body member or a related party. The property estimate by an independent expert formed the basis for determination of the price, made plausible by various purchase offers submitted by third parties.

The SFS Group rendered services for information technology, finance and human resources to external body members or related parties based on internal group rates. In addition and based on usual market conditions, goods were exchanged and property was rented or leased.



From left: Nick Huber, Urs Kaufmann, Heinrich Spoerry, Thomas Oetterli, Bettina Stadler, Jörg Walther

---

**Heinrich Spoerry**

- Chairman of the Board of Directors (BoD) since 1999
- External member since 2016
- Chief Executive Officer 1999–2015
- With SFS from 1981–1986 and since 1998
- Swiss citizen, born 1951

## Other activities

- Mikron Holding AG, Chairman of the BoD since 2010
- Bucher Industries AG, member of the BoD since 2006
- Frutiger AG, Chairman of the BoD since 2016

## Qualifications

- MBA, Massachusetts Institute of Technology 1979
- Master's degree in economics, University of St. Gallen 1976

---

**Nick Huber**

- External member since 2017
- With SFS from 1995–2016 in various management positions
- Family shareholder Huber
- Swiss citizen, born 1964

## Other activities

- COLTENE Holding AG, Chairman of the BoD since 2008
- HUWA Finanz- und Beteiligungs AG, member of the BoD since 1997
- Gurit Holding AG, member of the BoD since 1995

## Qualifications

- Stanford Executive Program, Stanford University 2013
- SKU, Advanced Management Program, Switzerland 2002
- Matura type E in economics 1984

---

**Urs Kaufmann**

- Independent, external member since 2012
- Lead Director since 2014
- Chairman of the Nomination and Compensation Committee since 2014
- Swiss citizen, born 1962

## Other activities/professional background

- HUBER + SUHNER AG, Chairman of the BoD since 2017
- HUBER + SUHNER AG, deputy of the BoD 2014–2017 and Chief Executive Officer 2002–2017
- Schaffner Holding AG, Chairman of the BoD since 2017
- Vetropack Holding AG, member of the BoD since 2017
- Müller Martini Holding AG, member of the BoD since 2009
- Gurit Holding AG, member of the BoD since 2006
- SWISSMEM, member of the Executive Committee since 2012
- Swiss Employer's Association (SAV), member of the Executive Committee since 2018
- Technorama Winterthur, member of the Foundation Board 2010–2019

## Qualifications

- Senior Executive Program IMD Lausanne 1995
- Master's degree in engineering, Swiss Federal Institute of Technology (ETH) Zurich 1987

---

**Thomas Oetterli**

- Independent, external member since 2011
- Chairman of the Audit Committee since 2014
- Swiss citizen, born 1969

## Other activities/professional background

- Schindler Group, Chief Executive Officer since 2016
- Schindler Group, Head of China 2013–2016
- Schindler Group, Head of Europe North & East 2010–2013
- Schindler Group, member of the Executive Management Committee since 2010
- Schindler Group, Head of Switzerland 2006–2009
- Schindler Group since 1994

## Qualifications

- Master's degree in economics, University of Zurich 1996

---

**Bettina Stadler**

- External member since 2017
- Family shareholder Stadler/Tschan
- Swiss citizen, born 1967

## Other activities

- EVTI-BEST AG, member of the BoD since 2019
- POLYGENA AG, Head of HR and member of the Executive Board since 2016
- PWB AG, Human Resources manager 2003–2018, Member of the Executive Board 2008–2018
- Frauenhof Immobilien AG, member of the BoD since 2016
- Residenz Frauenhof AG, Chairman of the BoD since 2015, member of the BoD and Managing Director since 2007
- WISTAMA Finanz- und Beteiligungs AG, member of the BoD since 2011
- Raiffeisenbank Oberes Rheintal, member of the BoD 2006–2011
- Raiffeisenbank Lüdingen Altstätten, member of the BoD 2002–2006

## Qualifications

- Swiss Board School, IMP-HSG, University of St. Gallen 2015
- Degree in business administration HF 1995

---

**Jörg Walther**

- Independent, external member since 2014
- Swiss citizen, born 1961

## Other activities/professional background

- Partner at Schärer Attorneys at law since 2010
- HUBER + SUHNER AG, member of the BoD since 2016, Member of the Audit Committee
- Zehnder Group AG, member of the BoD and Chairman of the Audit Committee since 2016
- AEW Energie AG, member of the BoD since 2014, Member of the Audit Committee
- Proderma AG, Chairman of the BoD since 2014
- Kraftwerk Augst AG, member of the BoD since 2015
- Immobilien AEW AG, member of the BoD since 2015
- Resun AG, General Counsel and Head Corporate Services, member of the Executive Committee 2010–2012
- Novartis International AG, Global Head Legal M&A and Antitrust, member of the Group Legal Executive Committee 2001–2009
- ABB Asea Brown Boveri AG, Group Vice President M&A 1999–2001
- ABB Schweiz AG, Senior Legal Counsel 1995–1998
- Danzas Management AG, Senior Legal Counsel and Head Legal Services 1991–1995

## Qualifications

- MBA University of Chicago 1999
- Postgraduate certificate in European economic law, University of St. Gallen 1993
- Admitted to the bar (Attorney at Law) 1990
- MLaw, University of Zurich 1989

### 3.2 Other activities and vested interests

The profiles of the members of the Board of Directors give an overview of other activities and vested interests. Beyond that, no member of the Board of Directors belongs to any important body, is permanent head of or consultant to important interest groups, has public functions or holds public office.

### 3.3 Permitted additional activities

The members of the Board of Directors may have other functions in the executive management or administrative bodies. The number of functions for third parties and legal units that are not controlled by SFS Group is limited to:

- Five mandates in publicly traded companies (Art. 727 para. 1 num. 1 OR); and, in addition;
- Ten mandates in companies that exceeded in two successive reporting years CHF 20 million of total assets, CHF 40 million of total sales and 250 full-time employees on average (Art. 727 para. 1 num. 2 OR); and, in addition;
- Twenty mandates in legal entities that do not meet the above-mentioned criteria; and, in addition;
- Ten mandates in associations, charity foundations and employee assistance foundations.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

### 3.4 Election and terms of office

The terms of office of each member of the Board of Directors correspond to the legally permitted maximum term of one year. The members of the Board of Directors, the Chairman and the members of the Nomination and Compensation Committee are elected by the Annual General Meeting. Every member is elected individually

The term of office ends at the end of the next Annual General Meeting. Re-election is possible as long as the relevant member has not attained the age of 70.

If the office of the Chairman of the Board of Directors is vacant, the Nomination and Compensation Committee is not complete or the company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next Annual General Meeting who must be – with the exception of the Independent Proxy – a member of the Board of Directors.

### 3.5 Internal organizational structure

The Board of Directors is responsible for the ultimate direction, supervision and control of the Group Executive Board.

In support of its directive and supervisory capacity, the Board of Directors has nominated an independent Lead Director and has formed two standing committees, the Nomination and Compensation Committee and the Audit Committee.

#### Board of Directors' procedures

A meeting of the Board of Directors is held whenever the business of the Company requires but at least six times per annum. The meetings are usually spread at regular intervals over the first and second half-year. The Chairman, or in his absence the Lead Director, or in the absence of both, another member of the Board of Directors, chairs the meeting. They convene Board meetings and set meeting agendas. Additionally, they ensure that the meeting agenda and supporting material are sent to Board members no later than 10 days before the meeting date. The Chief Executive Officer, Chief Financial Officer and other members of the Group Executive Board for specific agenda items attend Board meetings with an advisory vote.

Eight (PY eight) ordinary and no (PY two) extraordinary Board meetings took place in the reporting year. Two meetings lasted less than two hours, five meetings lasted for a day and a strategy workshop lasted for three days. The meetings were held at regular intervals of one or two months during the reporting year.

The Chairman of the Board of Directors maintains continuous contact with the members of the Board of Directors and keeps them updated in a regular and timely fashion. Decisions are made by the Board of Directors as a whole. A quorum of the Board of Directors is constituted when a majority of the members attend the meeting in person. In exceptional cases, the presence can take place by telephone or electronic media. The Board of Directors passes its resolutions with the majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting by proxy is not allowed. All resolutions and deliberations are recorded. The minutes are signed by the Chairman and the secretary and must be approved by the Board of Directors.

#### Lead Director

The Board of Directors elected Urs Kaufmann as Lead Director until the end of the next Annual General Meeting. In his function, he takes the chair of Board meetings if the Chairman is indisposed. In particular, the Lead Director chairs Board meetings if the Chairman is required to abstain from the deliberation and decision taking if the following items are on the agenda:

- Assessment of the Chairman's work
- Decision of the Board of Directors on the request to the General Meeting for the re-election or not of the Chairman
- Decision about the Chairman's compensation.

#### Committees constitution and procedures

The committees areas of authority and responsibility are defined in Section 5 of the Organizational Regulations of SFS Group. Available on the SFS Group website: [Corporate Governance](#) →

The committees support the Board of Directors in its supervisory and control capacities and act mainly as consulting, assessment and preparation bodies. The committees have

final decision competence only in the topics explicitly mentioned below.

At the end of the reporting period, the committees were set up as follows:

---

### Nomination and Compensation Committee

Urs Kaufmann	Chairman
Nick Huber	Member
Heinrich Spoerry	Member

---

### Audit Committee

Thomas Oetterli	Chairman
Bettina Stadler	Member
Jörg Walther	Member

The committees meet as often as the business of the company requires. The Audit Committee typically meets in January, February and September. The Nomination and Compensation Committee usually meets in February and December. A record is kept of every meeting, and participants and the Board of Directors are provided with the minutes. The chairmen of the committees report on the committees' activities at the next meeting of the Board of Directors and prepare formal requests to the Board of Directors.

The term of office of the committee members is one year and corresponds to their term of office as members of the Board of Directors.

#### Nomination and Compensation Committee

The committee consists of a chairman and at least one additional member with a maximum of four members of the Board of Directors. The committee members are elected by the General Meeting on a yearly basis by request of the Board of Directors. The Nomination and Compensation Committee constitutes itself. The committee prepares all relevant decisions related to the nomination and compensation of the members of the Board of Directors and the Group Executive Board.

The Chief Executive Officer and the Head of Human Resources attend the meetings of the committee unless their own nomination or compensation is being discussed. In the reporting period, the committee held three meetings (PY four), each lasting about three hours. In particular, the Nomination and Compensation Committee has the following duties:

- requests related to the compensation system of the Group;
- requests related to the setting of compensation-related targets for the Group Executive Board;
- requests related to the approval of the individual compensation of the Chairman and the members of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board;

- requests related to amendments to the Articles of Association in respect of the compensation system;
- proposals related to a balanced composition of the Board of Directors and determination of the criteria of independence;
- selection process for new members of the Board of Directors, the Chief Executive Officer and members of the Group Executive Board;
- evaluation of proposals of the Chief Executive Officer related to the appointment or removal from office members of the Group Executive Board;
- approval of agreements and employment contracts with the Chairman of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board;
- approval of the acceptance of external mandates by members of the Board of Directors and the Group Executive Board.

The motions of the committee are proposed to the Board of Directors as a whole. Further functions of the Nomination and Compensation Committee are defined in Section 5.3 of the Organizational Regulations.

#### Audit Committee

The Audit Committee has a minimum of three members, elected by the Board of Directors. The Audit Committee constitutes itself and supports the Board of Directors in its ultimate supervisory function on the completeness of the financial statements, compliance with the legal requirements, the aptitude of the external auditor and the performance of the internal and external auditors. The Audit Committee assesses the appropriateness of the financial reporting, the internal control system and the general control of business risks.

The Chief Financial Officer, the Chief Executive Officer, the Head of Corporate Controlling, the Head of Accounting, the Head of Internal Audit and the external auditor attend the meetings of the Audit Committee. If necessary, the Audit Committee discusses certain agenda items separately with the external auditor. In the reporting period, the committee held three meetings (PY four), each lasting about two hours.

In particular, the Audit Committee has the following duties and competences:

- evaluation of the external auditor and proposal to the Board of Directors on the appointment of the external auditor at the General Meeting;
- assessment of the performance of the current external auditor and approval of the budget for auditing and other fees by the external auditor;
- organization of the internal audit, appointment of the internal auditor and assessment of its performance review and approval of the audit plans of both the internal and external auditors;
- approval of any non audit-related services of the external auditor;
- request for information from the Group Executive Board and the internal and external auditors on major risks, con-



tingent liabilities and other liabilities of the Group and assessment of the minimization measures taken;

- review and discussion of the annual and interim financial statements and other published financial information;
- discussion of the results of the annual audit with the external auditor and the reports of the internal audit and submissions or proposals to the Board of Directors assessment and assurance of the collaboration between external and internal auditors.

Further functions of the Audit Committee are defined in Section 5.2.2 of the Organizational Regulations.

### 3.6 Definition of areas of responsibility

The functions and responsibilities of the various bodies are set out in detail in Section 2 ff. of the Organizational Regulations. The Board of Directors is responsible for the ultimate direction, supervision and control of the Group Executive Board.

The Board of Directors deals with all matters that are not delegated to the General Meeting or another body of the Company either by law, its Articles of Associations or the Organizational Regulations.

Pursuant to the Articles of Association and the Organizational Regulations, the Board of Directors has delegated corporate management responsibility to the Group Executive Board. The Organizational Regulations are reviewed and amended by the Board of Directors on a regular basis.

The Board of Directors approves in particular the business strategy and organization as proposed by the Group Executive Board, the budgets, medium-term plans and any other business that by its nature or financial importance is considered strategically significant. For any projects that require a Board of Directors' decision, written requests are prepared.

### 3.7 Information and control instruments vis-a-vis Group Executive Management

During the Board of Directors' meeting, the Chief Executive Officer and the Chief Financial Officer give information on the current state of business, the most important business transactions of the segments, the divisions and the subsidiaries (management units) and the execution of functions delegated to the Group Executive Board.

The management information system of SFS Group works as follows: the balance sheet, income statement, cash flow statement and key figures of the management units are set up and consolidated on a quarterly, half-yearly and yearly basis, and compared with the previous year's figures and budget. The budget is reviewed based on the quarterly financials in the form of a latest best estimate on the reachability of each unit and on a consolidated basis. The Board of Directors is provided with a monthly overview of the development of the group sales and a quarterly estimate of financial results for the whole reporting year.

The Board of Directors approves the budget of SFS Group, the segments and the divisions. Once a year the Board of Directors is provided with the results of the mid-term planning for the following three to five years. Usually, the Board of Directors deals with strategic questions about the group, the segments and the divisions in a 1.5 to 2 day workshop.

The Chief Executive Officer, the Group Executive Board and the Chairman of the Board of Directors are provided with condensed financial reporting about the business development on a monthly basis. Substantial discrepancies and developments are brought to the attention of the whole Board of Directors immediately in written form.

The internal audit is executed by the Corporate Controlling team and in cooperation with an external specialized partner. Although the Head of Internal Audit is subordinate to the Chief Financial Officer, he reports directly to the Audit Committee in regard to these activities. The internal audit of SFS Group is aligned with the size of the group. Based on financial risk considerations approved by the Audit Committee, the group companies are audited every two to four years depending on the risk assessment. The written internal audit report is discussed with the management of the companies concerned and the most significant measures are agreed. Material findings of the internal audit and the audit reports are presented to and discussed in the Audit Committee. Internal audit attends the meetings of the Audit Committee. In the reporting period, five (PY six) internal audits took place within the group, one of which was performed by the external partner.

The external auditor assesses the internal control system (ICS) annually in a comprehensive report to the Audit Committee and confirms its existence.

The Group Executive Board selects and assesses the substantial financial, operational and strategic risks annually together with the ICS managers. Based on its own assessment (top-down) and on information provided by the segments and divisions (bottom-up), risks are categorized depending on their probability of occurrence and their potential financial impact. For each listed risk, mitigation measures are defined. The risks assessed and the actions defined are submitted in the Risk Analysis of the SFS Group to the Board of Directors' meeting in December for discussion and approval. In the reporting period, the following potential risks with possible countermeasures were discussed in particular:

- investment risks in large-scale projects;
- cyber risks;
- risks with acquired corporations;
- warranty risks due to recalls;
- dependency on global economic developments;
- compliance risks;
- currency risks.

## 4 Group Executive Board

### 4.1 Members of the Group Executive Board

The Chief Executive Officer, together with the Group Executive Board, is responsible for the management of the SFS Group. Under his leadership, the Group Executive Board addresses all issues of relevance to the Group, takes decisions within its remit and submits proposals to the Board of Directors. The heads of the segments, divisions and corporate cross-functions are responsible for the outline and achievement of their business objectives and for the autonomous management of their units.

At the end of the reporting year, the Group Executive Board consisted of nine (PY nine) members:

As per 1 January 2019, Claude Stadler was elected into the Group Executive Board in his position as Head of the cross-functional Corporate Services. As per 1 July 2019 a change occurred in the position Head of Division Riveting where Urs Langenauer replaced Thomas Bamberger. Additionally the Head of Segment Distribution & Logistics was newly elected as per 1 January 2020. Iso Raunjak succeeds Josef Zünd in this position. In December 2019, SFS announced that CFO Rolf Frei expressed his desire to resign from his position as per Annual General Meeting 2021.



Group Executive Board on 01.01.2020, from left: Iso Raunjak, George Poh, Urs Langenauer, Rolf Frei, Arthur Blank, Jens Breu, J. Mark King, Walter Kobler, Claude Stadler, Alfred Schneider

---

**Jens Breu**

- Chief Executive Officer since 2016
- Head of Segment Engineered Components since 2014
- Head of Segment Fastening Systems since 2014
- With SFS since 1995
- Swiss citizen, born 1972

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Chief Operating Officer from 2014–2015
- Head of Division Industrial 2012–2013
- Technical Director SFS intec 2008–2013
- Vice President of manufacturing SFS intec Inc. (US) 2000–2008
- Tool engineer 1995–2000

## Further functions

- Dätwyler Holding AG, member of the BoD since 2019

## Qualifications

- MBA, Cleveland State University 2007
- Mechanical engineer, FHS St. Gallen 1996

---

**Thomas Bamberger**

- Head of Division Riveting 2014–June 2019
- With SFS (GESIPA) 1995–2019
- German citizen, born 1961

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Head of GESIPA Group 2008–2013
- Managing Director GESIPA Germany 2006–2008

## Qualifications

- Stanford Executive Program, Stanford University 2013
- Degree in mechanical engineering, University of Applied Sciences, Darmstadt 1989

---

**Arthur Blank**

- Head of Division Construction since 2014
- With SFS since 1983
- Swiss citizen, born 1959

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- General Manager Europe 2010–2013
- Head of various Business Units 2008–2010
- General Manager International Manufacturing 1998–2008

## Qualifications

- SKU Advanced Management Program, Switzerland 2000
- International management program with focus on manufacturing management, IMD Lausanne 1994
- Bachelor of Science (B. Sc.), Buchs Institute of Technology (NTB) 1982

---

**Rolf Frei**

- Chief Financial Officer since 2003
- With SFS since 1981
- Swiss citizen, born 1958

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Head of Corporate Controlling 1994–2003
- Corporate Controller 1981–1994

## Further functions

- Chamber of Commerce and Industry St. Gallen–Appenzell, member since 2015

## Qualifications

- Stanford Executive Program, Stanford University 2010
- SKU Advanced Management Program, Switzerland 1995
- Swiss certified expert for accounting and controlling 1987
- Degree in business administration, FHS St. Gallen 1981

---

**J. Mark King**

- Head of Division Medical since 2016
- With SFS (Tegra Medical) since 2012
- US citizen, born 1965

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- President and Chief Executive Officer of Tegra Medical 2014–2016
- Chief Operating Officer of Tegra Medical 2012–2014

## Further functions

- SafeCirc Clinic, New England, Member of the BoD since 2019
- Clinical Innovations, President and Chief Executive Officer 2009–2012
- Cardinal Health (formerly Baxter Healthcare/Allegiance Healthcare) 1994–2003
- Johnson & Johnson Healthcare 1989–1994

## Qualifications

- Executive Education, University of Wisconsin and Duke University 2000
- Bachelor of Science, Purdue University School of Technology 1987

---

**Walter Kobler**

- Head of Division Industrial since 2014
- With SFS since 1987
- Swiss citizen, born 1963

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- General Manager of SFS intec aerospace activities 2004–2014

## Qualifications

- Stanford Executive Program, Stanford University 2012
- Sales manager at the Institute of Marketing, University of St. Gallen 1994
- Advanced courses in sales and leadership, Management Center St. Gallen 1992
- Federally certified marketing planner, Kaderschule St. Gallen 1990

---

**Urs Langenauer**

- Head of Division Riveting since 2019
- With SFS since 1995
- Swiss citizen, born 1979

## Functions within SFS Group

- General Manager Division Automotive, SFS Group USA 2013–2019
- Vice President Manufacturing, SFS Group USA 2008–2013

## Qualifications

- Engineer in mechatronics, University of Applied Sciences St. Gallen, 2003

---

**George Poh**

- Head of Division Electronics since 2014
- With SFS (Unisteel) since 1995
- Singapore citizen, born 1963

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Chief Operating Officer Unisteel 2012–2014
- Chief Technology Officer Unisteel 2011–2012
- Managing Director Unisteel 2003–2011
- Various management positions within Unisteel 1995–2003

## Qualifications

- MBA, University of Hull, UK 1998
- Bachelor of Engineering (B.Eng.), mechanical engineering, University of Sheffield, UK 1988
- Diploma mechanical engineering, Singapore Polytechnic 1983

---

**Iso Raunjak**

- Head of Segment Distribution & Logistics since 2020
- With SFS since 1992
- Swiss citizen, born 1976

## Functions within SFS Group

- Head of BU Architectural Hardware 2018–2019
- Head of BU Central Logistics 2010–2018

## Qualifications

- Diploma in logistics management at the University of St. Gallen 2014
- Training in antitrust law at the University of 2008
- Training as a technical merchant in 2004

---

**Alfred Schneider**

- Head of Division Automotive since 2014
- With SFS since 1987
- Swiss citizen, born 1959

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Member of the BoD of the joint venture in China, Sunil SFS intec since 2008
- General Manager Automotive Products 2008–2013
- General Manager Industrial Products 2002–2008

## Further functions

- Libracore AG, Member of the BoD since 2019

## Qualifications

- SKU Advanced Management Program, Switzerland 1999
- Diploma in sales management, University of St. Gallen 1994
- Business management, Swiss Engineering STV 1986
- Mechanical engineer, Buchs Institute of Technology (NTB) 1982

---

**Claude Stadler**

- Head of Corporate Services since 2018
- With SFS since 2013
- Swiss citizen, born 1976

## Functions within SFS Group

- Head of Corporate Communications and Investor Relations 2013–2017

## Further functions

- University of Applied Science of St. Gallen, Member of the BoD since 2019
- Rüden AG, Member of the BoD since 2019
- icotec AG, Member of the BoD since 2015
- Avantama AG, Member of the BoD since 2015

## Qualifications

- Swiss Board School, IMP-HSG, University of St. Gallen, 2015
- University of St. Gallen, Master's degree in Information & Technology Management, 2001
- Stockholm School of Economics, CEMS MIM, 2000

---

**Josef Zünd**

- Head of Segment Distribution & Logistics 2014–2019
- With SFS since 1971
- Swiss citizen, born 1955

## Functions within SFS Group

- Member of the BoD of several SFS Group companies
- Chief Executive Officer SFS unimarket 2000–2013
- Various sales and management positions SFS unimarket

## Further functions

- Locher Bewehrungen AG, Member of the BoD since 2013
- SWISSAVANT trades and household services association, Management Board member since 2013

## Qualifications

- SKU Advanced Management Program, Switzerland 1995
- Federally certified sales manager, Kaderschule St. Gallen 1986

#### 4.2 Other activities and vested interests

The profiles of the members of the Group Executive Board in Section 4.1 give an overview of other activities and vested interests. Beyond that, no member of the Group Executive Board belongs to any important body, is permanent head of or consultant to important interest groups, has public functions or holds public office.

#### 4.3 Permitted additional activities

The members of the Group Executive Board may have other functions in the executive management or administrative bodies if approved by the Nomination and Compensation Committee. The number of functions for third parties and legal units that are not controlled by SFS Group is limited to:

- two mandates in publicly traded companies (Art. 727 para. 1 num. 1 CO); and, in addition;
- three mandates in companies that exceeded in two successive reporting years CHF 20 million of total assets, CHF 40 million of total sales and 250 full-time employees on average (Art. 727 para. 1 num. 2 CO); and, in addition;
- five mandates in legal entities that do not meet the above-mentioned criteria.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

#### 4.4 Management contracts

No management contracts exist with companies or individuals outside SFS Group.

## 5 Compensation, shareholdings and loans

All information on this subject can be found in chapter 2 Fundamental principals of the compensation system of the Compensation Report of this Annual Report.

## 6 Shareholders' participation

#### 6.1 Voting rights and representation restrictions

Shareholders' participation rights are detailed in Art. 11 of the Articles of Association.

Each share entitles to one vote, subject to the provisions in Section 2.5 Limitations on transferability and nominee listings. In the reporting year, no exceptions were granted (PY none).

The Board of Directors determines the requirements related to proxies and voting instructions.

An easement or abolition of the restriction of the transferability of the registered shares can be resolved by the General Meeting. A resolution passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required.

The Articles of Association do not contain any regulations concerning the issuance of instructions to the Independent Proxy or the electronic participation at the Annual General Meeting.

Each shareholder may be represented by the Independent Proxy. The term of office of the Independent Proxy ends at the next Annual General Meeting. Re-election is possible. Its duties are governed by the relevant statutory provisions. The Annual General Meeting of 1 May 2019 elected *bürki bolt nemeth Rechtsanwälte*, 9435 Heerbrugg, as Independent Proxy until the next Annual General Meeting.

#### 6.2 Statutory quorums

For:

- the cases listed in Art. 704 para. 1 CO and in Art. 18 and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act);
- the easement or abolition of the restrictions of the transferability of registered shares;
- any change to the provisions of Art. 13 of the Articles of Association (Quorums);

a resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required.

#### 6.3 Convocation of the Annual General Meeting

No regulations deviate from the relevant statutory provisions.

#### 6.4 Inclusion of items on the agenda

The Board of Directors states the items on the agenda.

Registered shareholders with voting rights individually or jointly representing at least 5% of the share capital may demand that items are put on the agenda. Such demands must be submitted in writing to the Chairman of the Board of Directors at least 45 days before the date of the Annual General Meeting.

#### 6.5 Registration in the share register

No registrations are made in the share register in the ten days before and the five days after the date of the Annual General Meeting. The exact dates are set out in the invitation to the Annual General Meeting. In the reporting year, the Board of Directors has granted no exceptions to this rule (PY none).

## 7 Changes of control and defense measures

### 7.1 Duty to make an offer

According to Art. 31 of the Articles of Association, the obligation to submit a public takeover offer pursuant to Art. 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) has been waived in accordance with Art. 22 para. 2 SESTA (Opting out).

### 7.2 Clauses on changes of control

No contractual clauses governing changes in control exist in agreements or plans with the members of the Board of Directors. The employment contracts of the members of the Group Executive Board do not contain any provisions related to change of control. The blocking period of shares continues to apply in the event of a change of control. There are no clauses related to a change of control in the employment contracts of other key members of the management.

The contractual notice period for members of the Group Executive Board is six months. The agreed non-competition clause of members of the Group Executive Board of two years is not applicable if employment is terminated due to a change of control.

## 8 Auditing body

### 8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, St. Gallen, has been the independent auditor of SFS Group AG and several subsidiaries since 1993. The independent auditor is elected by the Annual General Meeting for a period of one year. The lead auditor in the present mandate, Thomas Illi, took office at the Annual General Meeting of 2016.

### 8.2 Audit fees

In the reporting period, PricewaterhouseCoopers charged SFS Group about CHF 0.8 million (PY CHF 0.7 million) for the audit of SFS Group AG, the Group financial statements and several subsidiaries.

### 8.3 Additional fees

PricewaterhouseCoopers AG and affiliated companies raised no invoices for audit-related services in the reporting period (PY CHF 0.1 million). For additional services related to tax compliance and other tax consulting services, a total amount of CHF 0.2 million (PY CHF 0.3 million) was paid to PricewaterhouseCoopers AG and affiliated companies.

### 8.4 Informational instruments pertaining to an external audit

The Audit Committee briefs the Board of Directors on the work done by and the working relation with the external auditor at least once a year.

Each year, the external auditor submits an audit plan and a comprehensive report on the financials for the attention of the Board of Directors and the Audit Committee. The report contains conclusions on financial accounting, the internal control system and the process and results of the audit.

The Audit Committee evaluates the scope of the annual audit and the audit plans, and discusses audit results with the external auditor. In the reporting period, the external and internal auditors were present at three meetings of the Audit Committee (PY four).

The Audit Committee makes an annual assessment of the effectiveness, performance, independence and fees paid to the external auditor, and provides the Board of Directors with a proposal for the election of the auditor by the General Meeting.

This evaluation is based on the reports and presentations provided by the external auditor, the discussions held in the meetings, its objectivity and its technical and operational competency.

The Audit Committee assesses the sustainability, the scope and the fee for the services rendered by the external auditor.

## 9 Information policy

Open and regular communication on all levels is an important part of the managerial responsibility. All information measures are based on a commitment to uphold the credibility of the group. Communication is carried out in an active, open and timely way with all stakeholders.

Numbers and figures about the group, presentations on important activities and dates of significant events for shareholders, analysts and media are available on the website:

[Financial publications](#) →

As a company listed on the SIX Swiss Exchange AG, SFS Group AG is subject to the ad hoc publicity regulations; i.e. the obligation to report any information that is potentially relevant to the share price.

SFS Group maintains a dialog with investors and media on a regular basis, including media and analyst conferences in March and in July, an investor day every other year in August/September, roadshows in spring and autumn, a volume notification with sales numbers in January and investors days at various banks.

Interested parties can subscribe to an email service free of charge at the following link: [Mailing list subscription](#) →

Shareholders receive the short version of the Annual Report automatically with the invitation to the Annual General Meeting. The long version of the Annual Report is available electronically on the website: [Financial publications](#) →

Other interested parties receive the reports on request. Official announcements and company notices are published in the Swiss Commercial Gazette (SOGC).

The following information is available on the SFS Group website [www.sfs.biz](http://www.sfs.biz)

[Investor information](#) →

[Organizational regulation](#) →

[Articles of Association](#) →

[Company news and ad hoc announcements](#) →

[Financial publications](#) →

Corporate Communications/Investor Relations

Claude Stadler

Rosenbergsaustasse 8

9435 Heerbrugg Switzerland

T +41 71 727 51 85

[corporate.communications@sfs.biz](mailto:corporate.communications@sfs.biz)

## 10 Non-applicability/negative statement

It is explicitly declared that all statements that are not included or mentioned in this report are considered as either not applicable or negative statement (according to the Directive on Information relating to Corporate Governance published by SIX Swiss Exchange AG or the associated Commentary).