
CORPORATE GOVERNANCE

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GROUP STRUCTURE AND SHAREHOLDERS

Schweiter Technologies AG assures its customers, shareholders, investors and employees that it is fully committed to good corporate governance based on the Articles of Association of the company and organizational regulations.

Schweiter Technologies AG adheres to the standards of the Directive on Information relating to Corporate Governance published by SIX Exchange Regulation.

GROUP STRUCTURE

Schweiter Technologies AG, domiciled in Steinhausen, Switzerland, is organized as a holding company under Swiss law.

Schweiter Technologies is a globally active Group focusing on composites solutions with its division 3A Composites. 3A Composites develops, manufactures, and markets high quality plastic sheets, foamboards as well as core materials based on balsa wood and PET foam. These materials are used primarily in the areas of visual communication (display), architecture, wind energy, construction, ship-building, and automotive. Its

SIGNIFICANT SHAREHOLDERS

As of 31 December, the following shareholders hold more than 3% of voting rights:

PERCENTAGE OF SHARES HELD (ACCORDING TO MOST RECENT DISCLOSURE NOTICE)	2021	2020
KWE Beteiligungen AG, Wollerau ¹	25.5%	25.5%
1832 Asset Management L.P., Toronto, Canada	10.06%	10.06%
Beat Siegrist Beteiligungen AG, Zug	5.9%	5.9%
UBS Fund Management (Switzerland) AG, Basel	3.0%	–
Credit Suisse Funds AG, Zurich	< 3%	3.06%

¹ The KWE Beteiligungen are held through a group of shareholders consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey

During 2021 financial year, there were the following disclosure notices of shareholding in accordance with Article 120 ff. FMIA (Financial Market Infrastructure Act):

- With disclosure notice as of 12 May, 2021, the shareholder UBS Fund Management (Switzerland) AG, Basel again disclosed a shareholding of 3.0% (for previous notifications of this share-

best-known brands are AIREX®, ALUCOBOND®, BALTEK®, DIBOND®, FOREX®, GATOR®, KAPA®, PERSPEX® and SINTRA®. An overview of all Group companies can be found in the financial section on page 139.

The bearer shares of Schweiter Technologies AG, Steinhausen, are listed at SIX Swiss Exchange AG, Zurich, in the International Reporting Standard segment. Swiss securities no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

Based on its share price of CHF 1 352 at the end of 2021, the company's market capitalization stood at CHF 1 935.8 million as of 31 December 2021.

The scope of consolidation consists of the unlisted companies which were fully consolidated as of 31 December 2021 and is presented on pages 93 to 94 of the notes to the consolidated annual financial statements.

TREASURY SHARES

No treasury shares are held by Schweiter Technologies AG or its Group companies as of 31 December 2021.

holder in the reporting year, see the disclosure platform of SIX Exchange Regulation).

- With disclosure notice as of 25 August 2021, the shareholder Credit Suisse Funds AG, Zurich, disclosed a new participation of below 3.0% (as of 31.12.2020: 3.06%).

Details about disclosure of shareholdings are available on the SIX Exchange Regulation website: <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html>

As far as Schweiter Technologies AG is aware, there are no shareholder agreements between the significant shareholders.

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies in terms of capital or voting rights.

CAPITAL STRUCTURE

CAPITAL

As of 31 December 2021 the ordinary share capital amounts to CHF 1 431 808. As of 31 December 2021 there is no authorized capital. Conditional capital amounts to a total of CHF 132 600.

AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorized capital

As of 31 December 2021 there is no authorized capital.

Conditional capital

Conditional capital amounts to a total of CHF 132 600.

The company's share capital may be increased by a maximum of CHF 132 600 (9.26% of existing share capital) through the issuance of a maximum of 132 600 bearer shares to be fully paid in, each with a par value of CHF 1, including:

- a) up to an amount of CHF 32 600 by exercise of option rights, granted to the employees of the company or of one of its subsidiaries at conditions to be determined by the Board of Directors;
- b) up to an amount of CHF 100 000 by exercise of option or conversion rights granted in conjunction with bonds or similar debentures issued by the company or one of its subsidiaries.

Shareholders' subscription rights relating to a maximum of 132 600 bearer shares are excluded. Shareholders' preferential subscription rights in the case of warrants or convertible bonds pursuant to b) involving a maximum of 100 000 bearer shares, may be restricted or excluded by a resolution of the Board of Directors (i) to directly or indirectly finance the acquisition of companies, portions of companies or shareholdings or new company capital expenditures or (ii) to issue these bonds at international capital markets.

If preferential subscription rights are excluded, the bonds must (i) be placed with the previous owners of companies, portions of companies or shareholdings or (ii) be placed with the general public at market conditions, in which case the exercise price for the new shares must be set at least in

line with the market conditions at the time of the bond issue, and the exercise period for the option or conversion rights must be set at no more than seven years from the time of the bond issue.

CHANGES IN CAPITAL DURING THE LAST THREE FINANCIAL YEARS

The ordinary share capital of Schweiter Technologies AG is CHF 1 431 808 as of 31 December 2021, as well as of the reporting dates of the previous two years.

Conditional capital has remained unchanged at CHF 132 600 for the last three years. No author-

ized capital exists as of 31 December 2021, or on the reporting dates of the previous two years.

For details of changes in the consolidated shareholders' equity in financial years 2021 and 2020 reference is made to page 88 of the consolidated financial statements. The development of consolidated shareholders' equity in financial year 2019 is presented on page 32 of the 2020 consolidated financial statements.

The company's annual reports can be downloaded from the corporate website:

<https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html>

Changes in the shareholders' equity in financial years 2019 through 2021:

(in CHF m)	Share capital	Reserves			Total equity
		Capital contribution reserves	Other capital reserves	Free retained earnings	
Balance as of 31 December 2018	1.4	0.1	3.1	480.5	485.1
Net income 2019				42.2	42.2
Reclassification capital contribution reserves		-0.1	0.1		0.0
Dividend				-57.3	-57.3
Balance as of 31 December 2019	1.4	0.0	3.2	465.4	470.0
Net income 2020				39.9	39.9
Dividend				-57.3	-57.3
Balance as of 31 December 2020	1.4	0.0	3.2	448.0	452.6
Net income 2021				39.0	39.0
Dividend				-57.3	-57.3
Balance as of 31 December 2021	1.4	0.0	3.2	429.7	434.3

SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHTS CERTIFICATES

As of 31 December 2021 the share capital consists of 1 431 808 bearer shares with a par value of CHF 1 each, amounting to a total of CHF 1 431 808. All bearer shares are fully paid-up. Each share entitles the holder to one vote at the General Meeting. All bearer shares are entitled to dividends.

Schweiter Technologies AG has no participation certificates or dividend-rights certificates outstanding.

LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Transferability is not subject to any restrictions under the Articles of Association. There are no restrictions in relation to nominee registrations.

CONVERTIBLE BONDS, LONG-TERM INCENTIVE PLAN AND OPTIONS

No convertible bonds are outstanding as of 31 December 2021. As set out in the section on "Conditional Capital", drawing on the conditional capital may increase the company's share capital by a maximum of CHF 100 000 by the exercise of option or conversion rights granted in conjunction with bonds or similar debentures issued by the company or one of its subsidiaries.

In the 2021 financial year, the Board of Directors approved a long-term incentive plan (LTI) over three financial years (2021 – 2023) for the members of the Group Management and key employees within the Group. The future payment of the LTI will be in cash and will therefore not lead to a future dilution of earnings.

For details of the long-term incentive plan, see the Compensation Report 2021 on pages 68 to 81. For details of the expired long-term incentive plan (2018 – 2020) and its payout, see the Compensation Report 2021 pages 68 to 81 as well as the Compensation Reports 2020 and 2019 pages 90 to 101.

There are no option plans in place.

BOARD OF DIRECTORS (AS OF 31 DECEMBER 2021)



from left to right

DR DANIEL BOSSARD

Non-executive member since 2021

LARS VAN DER HAEGEN

Non-executive member since 2020

DR HEINZ O. BAUMGARTNER

Executive member since 2020

BEAT SIEGRIST

Non-executive member since 2011

VANESSA FREY

Non-executive member since 2014

DR JACQUES SANCHE

Non-executive member since 2011

STEPHAN WIDRIG

Non-executive member since 2021

Members

Name	Function	Member since AGM	Audit Committee	Committees Compensation Committee
Board of Directors				
Beat Siegrist	Chairman	2008 Chairman 2011	–	Member
Dr Heinz O. Baumgartner	Member	2020	–	–
Dr Daniel Bossard	Member	2021	–	–
Vanessa Frey	Member	2014	–	Member
Dr Jacques Sanche	Member	2011	–	Chair
Lars van der Haegen	Member	2020	Chair	–
Stephan Widrig	Member	2021	Member	–
Number of meetings in financial year 2021	6		3	2
Average attendance ratio¹	100%		100%	100%

¹ The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in the Committee meetings are not included in the percentage calculations. For the newly elected Board members, their attendance ratio is calculated as of the date of election at the AGM.

At the Annual General Meeting held on 1 April 2021 Beat Siegrist, Heinz O. Baumgartner, Vanessa Frey, Jacques Sanche and Lars van der Haegen were re-elected individually as members of the Board of Directors for a one-year term of office. In addition, Beat Siegrist was re-elected as Chairman of the Board of Directors for a one-year term of office. Daniel Bossard and Stephan Widrig were elected individually as new members of the Board of Directors for a one-year term of office.

At the Annual General Meeting held on 1 April 2021, Jacques Sanche, Vanessa Frey and Beat Siegrist were re-elected individually as members of the Compensation Committee for a one-year term of office. For the 2021 financial year, Jacques Sanche re-assumed office as Chair of the Compensation Committee.

MEMBERS OF THE BOARD OF DIRECTORS

Heinz O. Baumgartner is also CEO of the company in addition to his function as a member of the Board of Directors. None of the other members of the Board of Directors hold executive positions with the company, nor do they have any kind of significant business relationship with the company. None of the other members of the Board of Directors was a member of the Group Management or a member of the management of a Group

company during the three financial years preceding the period under review.

BEAT SIEGRIST

1960, Swiss citizen

Non-executive Chairman since 2011

(member of the Board of Directors since 2008)

Beat Siegrist has been member of the Board of Directors of Phoenix Mecano AG since 2003, and member of the Board of Directors of Inficon Holding AG since 2010. From 2013 to 2018, he served as Chairman of the Board of Directors of Garaventa Accessibility AG. From 2008 to 2012, he was CEO of Satisloh and member of the Executive Committee of the French Group Essilor. Beat Siegrist worked in an executive function as CEO of Schweiter Technologies from 1996 until mid-2008. Prior to 1996 he worked as a consultant at McKinsey & Co.

Beat Siegrist holds a degree in engineering (dipl. Ing. ETH) and an MBA from INSEAD Fontainebleau.

DR HEINZ O. BAUMGARTNER

1963, Swiss citizen

Executive member since 2020

Dr Heinz O. Baumgartner is CEO of the Schweiter Technologies Group and has been elected as an executive member of the Board of Directors in

April 2020. Detailed information on Heinz O. Baumgartner's curriculum vitae can be found in the section "Group Management" on page 59 of this Corporate Governance Report.

DR DANIEL BOSSARD

1970, Swiss citizen

Non-executive member since 2021

Dr Daniel Bossard has been CEO of the Bossard Group since 2019, having been CEO Northern and Eastern Europe from 2009 to 2018. From 2006 to 2008, he served as Sales & Marketing Manager of Bossard Group and was responsible for the realignment of Bossard's sales strategy as well as the development of international customer relations. From 2003 to 2006 he was CEO of Bossard Denmark. Daniel Bossard joined Bossard in 2000 as an E-Business Manager, after having worked as a consultant for Andersen Consulting (today Accenture).

Daniel Bossard holds a degree in business administration and a subsequent doctorate in technology management from the University of St. Gallen.

VANESSA FREY

1980, Swiss citizen

Non-executive member since 2014

Vanessa Frey has been CEO and member of the Board of Directors of Corisol Holding AG since 2007. She is member of the Boards of Directors of Tata 1mg Technologies Private Limited (since 2021), Inficon Holding AG (since 2012), KWE Beteiligungen AG (since 2008) and Swiss Small Cap Invest (since 2008). She was member of the Board of Directors of Zur Rose Group AG from 2016 to 2019. Until 2018, Vanessa Frey was Vice President of Garaventa Accessibility AG. She worked from 2004 to 2006 in the Corporate Finance team at Handelsbanken Capital Markets in Stockholm, Sweden, and subsequently as an asset manager in Hong Kong.

Vanessa Frey studied economics and law at the University of St. Gallen and holds a Master of Science degree in International Economics and Business from the Stockholm School of Economics, Sweden.

DR JACQUES SANCHE

1965, Canadian and Swiss citizen

Non-executive member since 2011

Dr Jacques Sanche has been CEO of Bucher Industries AG since 2016. He was CEO of Belimo Group from 2007 to 2015. From 2004 to 2007, he was CEO of the WMH Tool Group, Chicago, USA, and member of the management board of WMH Walter Meier Holding AG, Stäfa (since 2018 Meier Tobler AG). Between 1997 and 2004 he held various executive management positions within the WMH Walter Meier Group. From 1990 to 1997 he was an advisor at IMG, St. Gallen and the Boston Consulting Group, Munich.

Jacques Sanche holds a business management degree and a doctorate in economics from the University of St. Gallen.

LARS VAN DER HAEGEN

1968, Swiss citizen

Non-executive member since 2020

Lars van der Haegen has been CEO of the Belimo Group and Head of the Group Executive Committee since July 2015. Prior to that, he held various management positions at Belimo: Head of Product Management Air Volume Control Europe from 2000 to 2002, Head of Product Management and Marketing at Belimo Americas from 2003 to 2006, Managing Director of Belimo Italy from 2007 to 2010 and Head of Americas and Member of the Group Executive Committee from 2011 to June 2015.

Lars van der Haegen is a Building Technology Designer who holds a Master of Business Administration (MBA) from the Columbia Business School in New York and an MBA from the London Business School.

STEPHAN WIDRIG

1972, Swiss citizen

Non-executive member since 2021

Stephan Widrig has been CEO of the Zurich Airport AG since 2015, and was member of the Management Board from 2008 to 2014 in his functions as Chief Commercial Officer (2010-2014) and as Chief Development Officer (2008-2010). From 2005 to 2008, Stephan Widrig was Chief Financial and Commercial Officer at Bangalore International Airport Ltd. (BIAL) in India and prior to that Head

of Real Estate Management at Zurich Airport. He has worked for Zurich Airport AG since 1999.

Stephan Widrig holds a master's degree in international relations from the University of St. Gallen.

Other activities and vested interests

During the year under review, the members of the Board of Directors did not have any other management or permanent advisory functions or any mandates from major Swiss or foreign companies other than those mentioned in their CVs, nor did they exercise any important official duties or political mandates.

Stipulations in the Articles of Association on the number of permissible additional activities and interests

According to the Articles of Association, members of the Board of Directors are permitted to exercise a maximum of 25 additional mandates, including up to five mandates in listed companies. For the purposes of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the company or that control the company, on mandates exercised on the instructions of the company or companies under its control, or on mandates in associations, nonprofit foundations, family foundations or staff welfare foundations. See also:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Changes in the Board of Directors in financial year 2021

Dr Daniel Bossard and Stephan Widrig were newly elected as members of the Board of Directors of Schweiter Technologies AG at the Annual General Meeting on 1 April 2021.

Dr Lukas Braunschweiler (previous member of the Board of Directors) did not stand for re-election and stepped down from the Board of Directors as of the Annual General Meeting of Shareholders on 1 April 2021. Further information on Lukas Braunschweiler is available on page 109 in the Corpo-

rate Governance section of the 2020 Annual Report, which can be downloaded from the following link:

<http://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html>

Independence

With the exception of Dr Heinz O. Baumgartner, CEO of Schweiter Technologies AG, all members of the Board of Directors are non-executive independent members of the Board. They do not carry out any operational functions within the company nor has any of them been a member of the Group Management of Schweiter Technologies AG or one of its Group companies in the past three years. They also do not have any business relationships with the company (in accordance with Article 14 of the Swiss Code of Best Practice for Corporate Governance).

Election and term of office

In accordance with the company's Articles of Association, the Board of Directors consists of 3 to 7 members. There are no age restrictions or other restrictions on members' term of office. The members of the Board of Directors are elected individually by the General Meeting for a one-year term of office, the period between one ordinary General Meeting and the closing of the next being deemed to constitute one year. Members are eligible for re-election. Members newly elected during a term of office are elected for the remainder of the current term of office.

The Articles of Association contain no rules which differ from the statutory provisions in relation to the appointment of the Chairman, the members of the Compensation Committee or the independent proxy. See also:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

INTERNAL ORGANIZATION

Allocation of tasks within the Board of Directors

The General Meeting elects a member of the Board of Directors to serve as Board Chairman. The General Meeting also elects the members of the Compensation Committee. The term of office is one year, this being defined as the time between one ordinary General Meeting and the closing of the next ordinary General Meeting. Members are eligible for re-election. If the office of Chairman is

vacant, the Board of Directors will appoint a Chairman for the remaining term of office. The Board of Directors constitutes itself, except that the Chairman and members of the Remuneration Committee are elected by the General Meeting. Beat Siegrist has been Chairman of the Board of Directors since 2011. The Board of Directors elects a Secretary who neither needs to be a member of the Board nor a shareholder. Both the Board of Directors and its committees (Audit Committee and Compensation Committee) meet as often as the company's business requires.

All key decisions are taken by the Board of Directors as a whole (in particular appointments). The main criteria when selecting candidates for nomination for election to the Board of Directors are professional experience and the relevant expertise.

In addition to their regular Board duties, all members of the Board of Directors also attend three to five meetings per year regarding specific issues (see also section "Working methods of the Board of Directors").

Committees of the Board of Directors

In the 2021 reporting year, the Board of Directors had two permanent committees: The Audit Committee and the Compensation Committee. The duration of the committee meetings depends on the issues discussed.

Audit Committee

The Audit Committee is composed of two members of the Board of Directors (Lars van der Haegen, Chair, and Stephan Widrig). The Board of Directors has determined that both committee members have proven experience and skills in the area of finance to enable them to fulfill their tasks.

The Audit Committee's most important tasks are to discuss the outcome of the external audits, to verify the Group's presentation of financial statements and financial control mechanisms, to evaluate and select the external auditors and to verify the scope of the external audit. The Audit Committee holds decision-making powers in relation to all audit-specific tasks, subject to approval by the Board of Directors as a whole. All other key decisions are taken by the Board of Directors as a whole (in particular appointments). Audit Committee meetings are usually attended by the CEO and

the CFO. The full Board of Directors is informed of the Audit Committee's activities following each meeting. As a rule, the Audit Committee meets three to five times per year (at least once every four months).

During the year under review, the Audit Committee held three meetings and one conference call. Representatives of the statutory auditor attended all three meetings. The conference call and the three meetings were attended by the CEO and the CFO. The conference call and the meetings, respectively, lasted one to three hours.

Compensation Committee

The General Meeting elects from among the members of the Board of Directors at least three members to serve on the Compensation Committee. The term of office of the members of the Compensation Committee is one year until the closing of the subsequent ordinary General Meeting. Members are eligible for re-election.

In accordance with the Articles of Association (<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>), and the organizational regulations, the Compensation Committee (Jacques Sanche, Chair, Vanessa Frey, Beat Siegrist) has, in particular, the following duties and responsibilities in respect of compensation matters concerning the Board of Directors and Management:

- proposals to the Board of Directors concerning the definition of the principles of compensation applicable to Management, including the proportion to be paid in shares and the valuation of these shares;
- proposals to the Board of Directors, for submission to the General Meeting, concerning the total amounts of compensation for the Board of Directors and Management;
- proposals to the Board of Directors concerning the individual levels of compensation for the members of the Board of Directors and Management within the respective total amount approved by the General Meeting;
- proposals to the Board of Directors, for submission to the General Meeting, concerning amendments to the Articles of Association with regard to the compensation system in place for remunerating the Board of Directors and Management.

In addition to the tasks relating to compensation, the Board of Directors has also assigned additional tasks in the area of nomination and succession planning to the Compensation Committee.

After every meeting, the Chairman of the Compensation Committee reports on the committee's activities to the Board of Directors. The committee meeting minutes are made available to the members of the Board of Directors. Decision-making powers in relation to compensation are vested in the Board of Directors and in the General Meeting as far as total compensation amounts are concerned. As a rule, the CEO and the CFO participate in the meetings in an advisory capacity. However, they recuse themselves when their own compensation is being discussed and determined. Other invited members of the Management are also not present during the part of the meeting where their own compensation is being decided.

As a rule, the Compensation Committee meets two to four times per year (semi-annually to quarterly). The Compensation Committee is free to call upon external consultants to address specific compensation matters.

In the year under review, the Compensation Committee held two meetings. The meetings lasted up to half a day. Both meetings held in the 2021 reporting year were attended by the CEO and the CFO. In 2021 the Board of Directors did not consult external advisors.

Working methods of the Board of Directors

The Board of Directors is responsible for the strategic management of the Group and for the supervision of those entrusted with its management. To this end, the Board of Directors holds meetings at least four times per year (i.e. once a quarter). Meetings last on average one day. At the Board meetings, the management reports on the operational side of the business. In discussing business performance, the management presents risks that have been identified and are of relevance to the business, assesses their possible impact and presents the resulting measures. In addition, individual strategy meetings are held, usually at times close to the Board of Directors' meeting. Such strategy meetings usually last half a day or one day. In these meetings, specific strategic priorities are discussed in depth. The majority of members of the Board of Directors must be present to en-

sure a quorum. The Board of Directors adopts resolutions by a majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

In 2021 the Board of Directors held six meetings of which two meetings were held as a video conference. In addition, one strategy meeting was held. In 2021, all members of the Board of Directors attended all meetings (including the strategy meeting); the CEO and the CFO attended all meetings (including the strategy meeting).

Definition of areas of responsibility

Unless the law or the Articles of Association provide otherwise, the Board of Directors delegates operational management entirely to the Management. The Board of Directors exercises overall leadership, supervises and oversees business operations. It issues business policy guidelines and ensures that it is kept regularly informed of business performance (see also section "Working methods of the Board of Directors" and the company's Articles of Association <https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>).

The Board of Directors has in particular the following non-delegable and inalienable duties:

- overall management of the company's business and issuing the necessary directives; hence also developing the strategic objectives, defining the means of achieving those objectives and defining business policy
- defining the organization
- defining accounting, financial control and financial planning, and deciding on extraordinary individual investments, which were not approved in the budget
- determination of the individual compensation of the members of the Board of Directors and the Group Management within the scope of the total amounts approved by the General Meeting
- proposing to the General Meeting the total amounts of compensation to be paid to the Board of Directors and the Group Management and amendments to the Articles of Association regarding the compensation system for the Board of Directors and the Group Management
- appointing and dismissing persons entrusted with the management of the Group, regulation on the authority to sign

- ultimate supervision of the persons entrusted with the management of the company, specifically in view of their compliance with the law, the Articles of Association, regulations and directives
- preparing the annual report and the compensation report as well as making arrangements for the General Meeting and implementing the resolutions passed by the latter
- notification of the court in the event of over-indebtedness
- adopting resolutions on capital increases and resulting amendments to the Articles of Association
- verifying compliance with legal requirements governing the appointment, election and professional qualifications of the statutory auditor.

Group Management is responsible for the day-to-day operations of the company in accordance with the directives issued by the Board of Directors and following the customary duty of due diligence and the provisions of the law.

At the Board meetings and the regular division meetings, Group Management reports to the Board on the following matters in particular:

- business policy from the perspective of Group Management
- progress of business and financial situation of the Group
- outlook and measures to be taken in the near future
- development projects and status
- extraordinary events with a substantial bearing on business
- personnel policy and planning, information on important personnel decisions.

Information and control instruments

The Board of Directors is responsible for overseeing the Group's internal control systems, which monitor the risk of inadequate business performance, but cannot rule out such a risk. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Group Management is responsible for identifying and assessing significant risks (see also section "Definition of areas of responsibility"). In addition to quantitative approaches and formal guidelines – which cover only part of a comprehensive risk management approach – it is also

considered important to maintain a corresponding risk management culture.

In addition to a continuous process of monitoring and assessment, the management also submits detailed monthly reports to the Board of Directors (MIS). These provide a detailed account of the volume and profitability trends (revenues, contribution margin, OPEX, EBITDA, EBIT, net income). Deviations from the budget or from the previous year are presented in detail. Important balance sheet figures (cash and cash equivalents, net assets) and headcount data are prepared on a monthly basis.

Besides this information, which is prepared on a monthly basis, additional analyses of individual key figures are also provided such as price and margin trends and currency effects. Within the scope of the annual plan, a forecast is prepared at the middle of the year and in the fourth quarter. Group Management members are consulted on individual topics.

The Audit Committee and Board of Directors identify additional topics which are taken up in the context of the internal controlling processes and subject to in-depth analysis and investigation. This is done either by means of internal audits in the relevant national subsidiaries or by consulting external specialists where necessary. However, there is no institutionalized internal auditing process. The Audit Committee also focuses on defining the scope and content of the external audit. Each Board member is also sent the full minutes of all Audit Committee Meetings. The CEO and the CFO usually attend the meetings of the Audit Committee.

Risk management

As part of the risk assessment process, the likelihood of occurrence of risks and the potential damage are considered. Based on the outcome of the assessment of the likelihood of occurrence and the expected damage, a risk matrix is drawn up. Further information regarding risk management can be found on page 5 in the Group management report and on pages 99 to 101 of the notes to the financial statements.

Internal Control System (ICS)

Schweiter Technologies has an Internal Control System (ICS). The ICS follows a risk-oriented approach, under which – on the basis of a risk assessment – key controls in significant internal

business processes are systematically monitored with regard to existence, compliance, and documentation. All Group companies have an ICS, the scope of the ICS depends on size and risks. ICS documentation and test programs are in place for the following processes, which have been defined as financially relevant: purchasing, inventories, production, property, plant and equipment, payroll, finances, information technology, preparation of financial statements and consolidation.

Group Controlling monitors the Group companies' ICS documentation, is responsible for company-wide controls, and ensures that effective controls are performed in respect to consolidated financial statements. Furthermore, Group Controlling also ensures, on an annual basis, that suggestions for improvement and measures proposed by the external auditors and in internal audit reports are implemented. During the COVID-19 pandemic in financial years 2020 and 2021, the ICS of Schweiter Technologies has proven to be successful. In the course of interim and annual audits, the external auditors monitor the existence and the relevant documentation of an ICS and submit a report to the Audit Committee. The scope of the annual audit is discussed yearly with the Audit Committee. The Board of Directors reviews the internal information and control systems annually regarding their effectiveness to identify, assess and manage the risks associated with business operations.

GROUP MANAGEMENT (AS OF 31 DECEMBER 2021)



DR HEINZ O. BAUMGARTNER
CEO

MARTIN KLÖTI
CFO

DR HEINZ O. BAUMGARTNER

1963, Swiss citizen

CEO and since 2020 executive member of the Board of Directors

Dr Heinz O. Baumgartner has been CEO of Schweiter Technologies since 2008. From 1996 to 2013 he was CFO of Schweiter Technologies. From 1992 to 1995 he worked as a controller at Asea Brown Boveri Switzerland.

Heinz O. Baumgartner holds a degree in business management (specializing in accountancy) and a doctorate in economics from the University of St. Gallen.

He has been a member of the Board of Directors of United Grinding Group since 2018, and he was a member of the Board of Directors of Zur Rose Group AG from 2017 to 2019. Heinz O. Baumgartner also has been an executive member of the Board of Directors of Schweiter Technologies AG since April 2020. In April 2021, he was elected to the Board of Directors of Bystronic AG (former Conzzeta AG).

MARTIN KLÖTI

1973, Swiss citizen

CFO

Martin Klöti has been CFO of Schweiter Technologies since 2014. Prior to that, he was responsible for Schweiter Management Services and CFO of SSM Textile Machinery from 2011 until 2013. From 2003 to 2011 he was Head of Reporting & Controlling of Schweiter Technologies. From 1996 to 2002 he worked in auditing at Deloitte AG, latterly as Audit Manager and Lead Auditor. From 1992 to 1996 he worked in the trustee sector.

Martin Klöti is a chartered accountant and a federally certified fiduciary.

Planned change in the Group Management in the financial year 2022

Dr Heinz O. Baumgartner, CEO of the Schweiter Technologies Group since 2008, will step down from his role as CEO at his own request in mid 2022. As Board member, elected for the first time at the 2020 Annual General Meeting, he will continue to provide Schweiter with his long-term professional experience and industry knowledge in the upcoming years.

The Board of Directors of Schweiter Technologies AG has appointed Roman Sonderegger (1976, Swiss citizen) as the new CEO of the Schweiter Technologies Group and member of the Group Management. He will take up his new position on 1 May 2022, succeeding Heinz O. Baumgartner, who will continue to lead the Group until his departure. Roman Sonderegger has a master's degree in Industrial Management and Manufacturing from the Swiss Federal Institute of Technology (ETH) Zurich. After occupying a number of management positions in supply chain management and working as a consultant at the Boston Consulting Group, he has been employed in various roles at the Bühler Group since 2010, including as Head of Sales & Services Operations Group and Managing Director of Bühler Southern Africa. Since 2019, he has been Head of Business Unit Wheat & Rye and Customer Service Milling Solutions of Bühler Group.

Other activities and vested interests

During the year under review, the members of the Group Management did not have any other management or permanent advisory functions or any mandates from major Swiss or foreign companies other than those mentioned in their CVs, nor did they exercise any important official duties or political mandates.

Stipulations in the Articles of Association on the number of permissible additional activities and interests

Members of Group Management may exercise a maximum of ten additional mandates, including up to two mandates in listed companies.

For the purposes of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the company or that control the company, on mandates exercised on the instructions of the company or companies under its control, or on mandates in associations, nonprofit foundations, family foundations or staff welfare foundations. See also:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Management contracts

There are no management contracts.

Compensation, shareholdings and loans

Details on compensation, shareholdings and loans including the statutory rules regarding the principles of compensation, participation plans, loans, credits and pension benefits are set out in the separate Compensation Report on pages 68 to 79 of this annual report.

SHAREHOLDERS' PARTICIPATION RIGHTS

Restriction of voting rights and representation

There are no voting-right restrictions under the Articles of Association. In accordance with Art. 689 para. 2 of the Swiss Code of Obligations, every shareholder can represent his shares at the General Meeting in person or have them represented by a third party of his choice. The Articles of Association do not contain any restrictions on the representation of voting rights. Shareholders' participation rights are governed by the company's Articles of Association:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Independent proxy

The Articles of Association contain no provisions on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting. The General Meeting elects the independent proxy for a one-year term of office. He or she is eligible for re-election.

The Annual General Meeting held on 1 April 2021 re-elected Proxy Voting Services GmbH, Zurich, management Dr René Schwarzenbach, to serve as the independent proxy for a one-year term of office.

From the time of publication of the invitation in the Swiss Official Gazette of Commerce until approximately seven days before the General Meeting, shareholders wishing to attend or have themselves represented at the General Meeting will be able to obtain their admission card with voting documents directly from the company's registered office against deposition of their share certificates, or on presentation of a certificate of deposit, which they can request from their bank. The deposited shares will remain blocked until the end of the General Meeting. Shareholders who do not attend the General Meeting in person may use power of attorney to have themselves represented by a third party or the independent proxy.

Annual General Meeting 2021 in the context of the COVID-19 pandemic

As in the previous year, the situation regarding the coronavirus did not allow the ordinary General Meeting 2021 to be held as usual. On 11 Septem-

ber 2020, the Swiss Federal Council decided to extend COVID-19 Ordinance 3, dated 19 June 2020, until the end of 2021. Based on this, the Board of Directors of Schweiter Technologies AG decided to again hold the Annual General Meeting on 1 April 2021 without the physical participation of shareholders.

In addition, the Board of Directors decided that the General Meeting is held at the company's registered office. All shareholders had the option of issuing a written or electronic proxy with instructions to the independent voting representative. Upon receipt of the registration, shareholders received the appropriate proxy and the access code for electronic voting.

For the forthcoming Annual General Meeting on 6 April 2022, the company will make it possible for shareholders to submit their voting instructions to the independent proxy in electronic form via the ShApp platform (www.shapp.ch). The relevant registration and voting procedure using this platform will be explained in the invitation to the General Meeting.

Statutory quorum

Pursuant to Article 703 of the Swiss Code of Obligations, resolutions of the General Meeting must, in principle, be passed by an absolute majority of the voting rights represented. Exceptions to this rule are the eight resolutions listed in Article 704 of the Swiss Code of Obligations, which require a minimum of two thirds of the votes represented and an absolute majority of the nominal values of the shares represented: any amendment of the company's objects; the introduction of shares with preferential voting rights; any restriction on the transferability of registered shares; an authorized or conditional capital increase; a capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges; any restriction or cancellation of the subscription right; a relocation of the domicile of the company; the dissolution of the company. The Articles of Association do not provide for any divergent arrangements. See also: <https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Convening of the General Meeting and inclusion of items on the agenda

The General Meeting is convened by the Board of Directors, or if necessary, by the auditors.

The General Meeting must be convened by publication of a notice in the Swiss Official Gazette of Commerce at least 20 days before the date on which the meeting is due to be held. The Annual General Meeting takes place each year within six months of the end of the financial year. The right to propose items to the agenda of the General Meeting is governed by the provisions of Swiss company law.

Extraordinary General Meetings are to be called as frequently as is necessary, particularly in the cases provided by the law. The convening of a General Meeting may also be requested in writing by one or more shareholders representing at least ten percent of the share capital, specifying the agenda item and the proposals. In this case, the Board of Directors must convene the General Meeting within four weeks. Shareholders representing shares with a nominal value of at least CHF 100 000 may request that a particular item is added to the agenda. A request to add an item to the agenda must be submitted to the Board of Directors in writing at least 45 days in advance of the General Meeting, specifying the subject to be discussed and the proposals.

Registrations in the share register

As only bearer shares are issued there is no share register.

CHANGE OF CONTROL AND DEFENSE MEASURES**Duty to make an offer**

An acquirer of shares of the company is not obliged to submit a public purchase offer pursuant to Articles 135 and 163 of the Financial Market Infrastructure Act of 19 June 2015 (Article 4 of the Articles of Association "Opting out"), see also: <https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Clauses on changes of control

No clauses on changes of control are in place for members of the Board of Directors or Management or in favor of other senior executives holding a key function within the Group.

STATUTORY AUDITOR

Duration of mandate and term of office of the auditor in charge

The General Meeting elects the statutory auditor, who must be independent in accordance with the provisions of Article 728 of the Swiss Code of Obligations. The statutory auditor is elected for a one-year term of office ending on the conclusion of the General Meeting at which the statutory auditor's report is to be submitted. The statutory auditor is eligible for re-election. In accordance

with Article 730a of the Swiss Code of Obligations, the auditor in charge rotates every seven years.

At the Annual General Meeting on 1 April 2021, KPMG AG, Zug, was elected as the new statutory auditor of Schweiter Technologies AG for a one-year term, as proposed by the Board of Directors. Since 1 April 2021, the auditor in charge has been Toni Wattenhofer of KPMG AG. The mandate for the auditors was newly advertised after Deloitte AG, Zurich had served as statutory auditor for the company since 1994 up to and including the 2020 financial year.

Auditing fee

The following fees were paid to the auditing companies in financial year 2021:

(in 1000 CHF)	2021 ²	2020 ³
Auditing services ¹	781	769
Audit-related services	0	36
Total	781	805

¹ Auditing the consolidated financial statements, the holding company statements and the financial statements of the individual Group companies, of which CHF 199 000 is attributable to third-party auditors (in 2020: CHF 147 000)

² Auditing fee KPMG AG (statutory auditor since AGM 2021) for financial year 2021

³ Auditing fee Deloitte AG (statutory auditor until AGM 2021) for financial year 2020 including final audit for financial year 2020

Additional fees

In financial year 2021, KPMG AG was paid additional fees for tax advice and other services in the total amount of CHF 112 000.

Until the 2021 Annual General Meeting, Deloitte AG was paid additional fees for tax advice totaling CHF 78 000 in financial year 2021 (2020: CHF 541 000).

Supervisory and control instruments vis-à-vis the auditor

Auditing services are defined as standard tasks in an audit, to prepare reports on the statutory annual financial statements and to be able to provide an opinion on the consolidated financial statements.

The Audit Committee, which met the auditors three times during the 2021 financial year (Deloitte AG until 1 April 2021 and KPMG since 1 April 2021), is responsible for supervising and monitoring the audit and regularly reporting back to the Board of Directors as a whole. The statutory auditor annually prepares a comprehensive report on

the outcome of the auditing activities. The statutory auditor's report is supported by an accompanying annual management letter and a comprehensive report to the Board of Directors.

The auditors may not be members of the Board of Directors or company employees, nor may they carry out any other work for the company which would be incompatible with the audit assignment. They must be independent of the Board of Directors and of any shareholder holding more than five percent of voting rights. The auditors must adhere to the independence guidelines of their profession. The Audit Committee verifies the statutory auditor's qualifications on an annual basis as part of its supervisory and monitoring functions. Particular emphasis is placed on the following criteria: independence of the auditors and an understanding of the Group's business activities and the specific business risks it faces.

After Deloitte AG had been the company's auditors for 26 years, the Board of Directors decided in the context of good corporate governance to put the

audit mandate out to tender. After careful consideration of the mandate offers, the Board of Directors proposed KPMG AG as the new statutory auditor to the Annual General Meeting on 1 April 2021. KPMG was elected by the Annual General Meeting.

In respect to the year under review, the Audit Committee and Board of Directors have concluded that the independence of the auditor is fully ensured.

INFORMATION POLICY

Schweiter Technologies maintains a regular and open dialog with all shareholders and the capital market.

In addition to the annual financial statements, Schweiter Technologies AG publishes its business results in a semi-annual report. In compliance with the ad hoc publicity guidelines contained in the Listing Rules of SIX Exchange Regulation, Schweiter Technologies AG also discloses price sensitive information.

The company's official publication is the Swiss Official Gazette of Commerce (SOGC, www.sogc.ch). Information on disclosure notices from major shareholders can be found at: <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html>

Information on transactions effected by members of the Board of Directors or Management is available at: <https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html>

Any interested party may request to be placed on the Schweiter Technologies e-mail distribution list to receive, free of charge, potentially price sensitive information in a direct and timely manner. All information and the online registration form to be placed on the e-mail distribution list can be found at: www.schweiter.com (direct link: <https://www.schweiter.ch/contact-order-report>).

The regular presentation of company facts and figures is an inherent part of Schweiter's communication culture. Media and analyst conferences

for investors, analysts, and journalists are held to present specific company events and publish annual and/or semi-annual results. These presentations are available on the company's website at: <https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html>

At the General Meeting, the Board of Directors and Group Management provide information on the annual financial statements and the company's business performance, and answer shareholders' questions.

The financial reports (annual reports, semi-annual reports) are available on the company's website. Print versions can be ordered free of charge or electronic versions can be downloaded from the following link:

<https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html>

Media releases are available at the following direct link:

<https://www.schweiter.ch/s1f3/media-releases/>

The company's Articles of Association (in German) can be found at:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

The address for investor relation matters is:

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The next Annual General Meeting will be held on 6 April 2022.

The 2022 Semi-Annual Report is scheduled for 17 August 2022.

BLACKOUT PERIODS

Schweiter Technologies AG has defined the following rules on trading blackout periods in its Principles on Management Transactions and Insider Dealing:

During 30 calendar days prior to publication of the company's semi-annual and annual results, no securities transactions may be carried out, nor may trading in the company's securities be recommended to other persons. The dates of publication of all financial results are published on the website

<https://www.schweiter.ch/s1a13/investors/financial-calendar.html>.

Trading blackout periods also include the period between the internal notification of information leading to "ad hoc publicity" (e.g. profit changes, important personnel changes, company takeovers, etc.) and the announcement of this information.

The trading blackout periods apply to all members of the Board of Directors and Group Management of Schweiter Technologies AG as well as to persons who, by virtue of their shareholding or activity, have direct access to confidential information relevant to the share price.

No exceptions are granted.