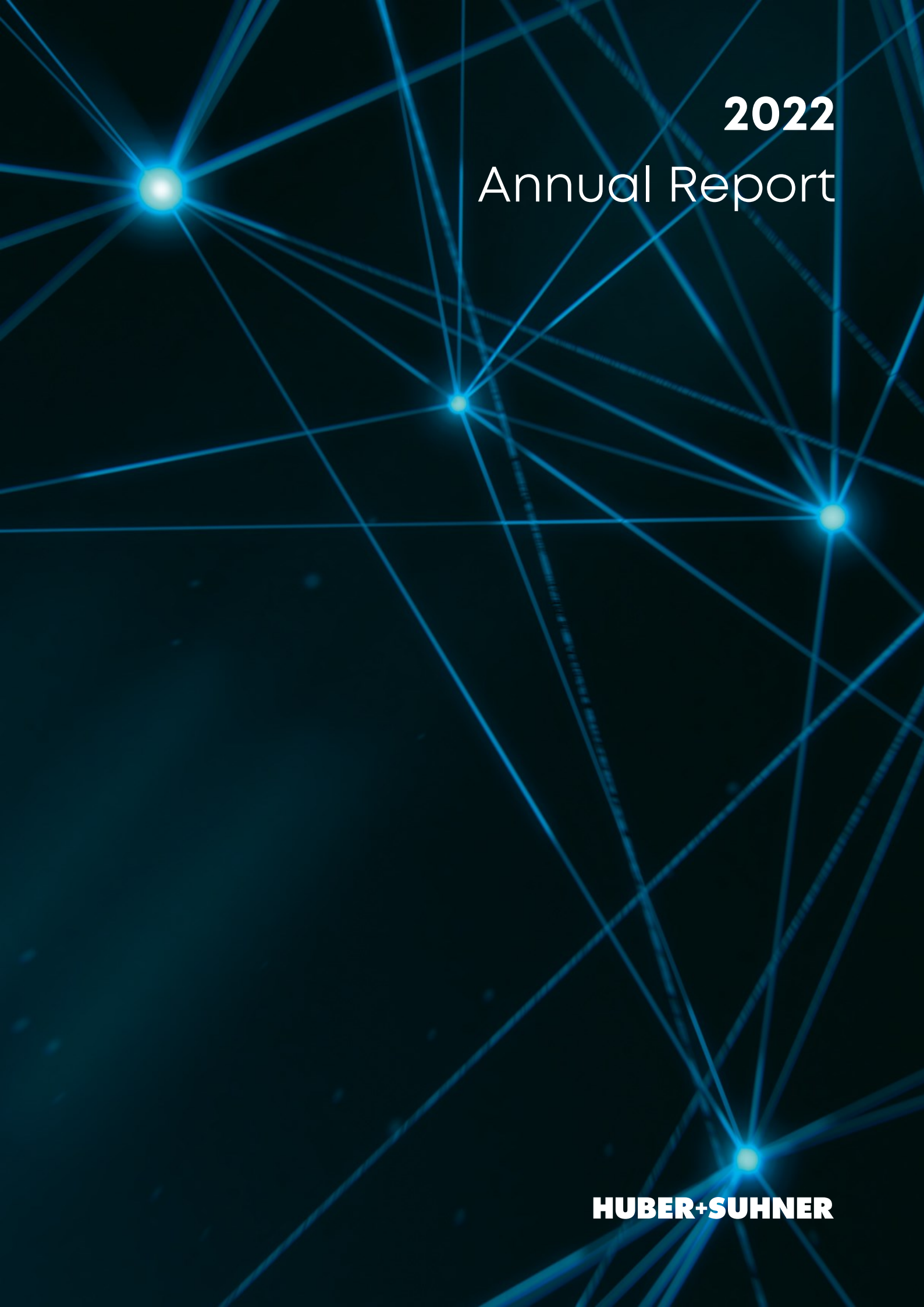


2022
Annual Report

HUBER+SUHNER

Connecting – today and beyond

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Key Facts at a glance

Order intake



Net sales

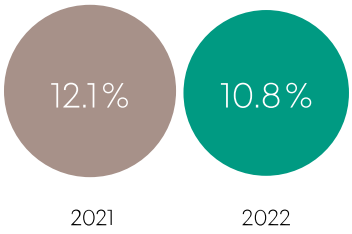


In CHF million

Organic growth in net sales by 12.9 % to new record level – order intake slightly exceeding net sales

Growth in net sales across all three market segments and all three main regions

EBIT margin



At 10.8 %, EBIT margin remains in upper half of medium-term target range

EV automotive, rail communications and data center growth initiatives provide above-average contribution to growth

Net income

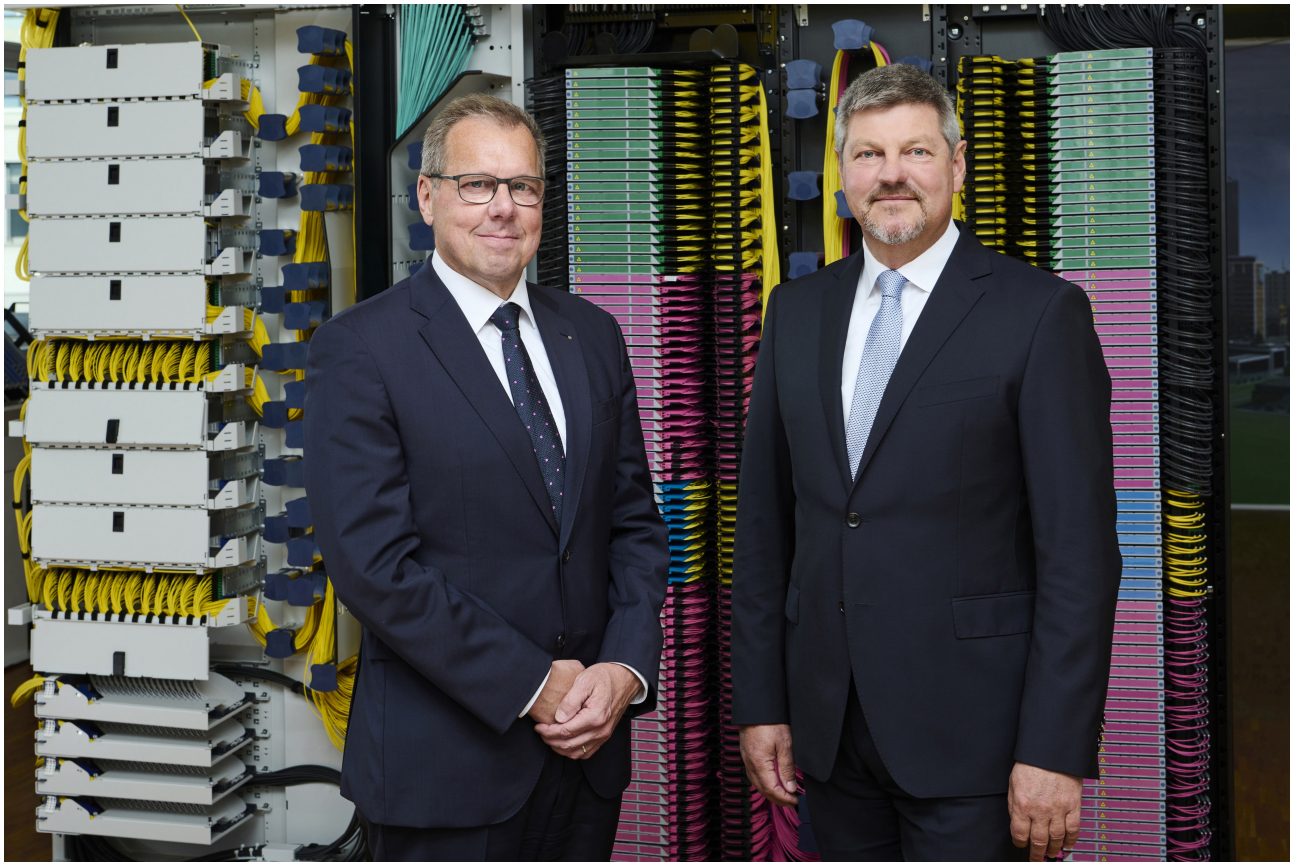


In CHF million

Net income at the previous year's level – dividend increase to CHF 2.10

Acquisition of Phoenix Dynamics Ltd. strengthens the range of services in aerospace and defense

HUBER+SUHNER: impressive growth with double-digit EBIT margin



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

HUBER+SUHNER can again look back on a good financial year. Despite a challenging environment, the company succeeded in significantly increasing net sales and in confirming an operating margin in the double-digit percentage range.

The order intake of CHF 975.4 million in 2022 was 2.0 % below the very high figure recorded in the previous year (CHF 995.6 million) and exceeded net sales by 2.2 %, corresponding to a book-to-bill rate of 1.02 (PY 1.15). The high order backlog of the previous year could thus be maintained at a high level of CHF 320.0 million, despite the adjustment required for orders already booked from the Russian business.

The net sales of CHF 954.6 million achieved in 2022 were 10.6 % above the previous year's value (CHF 862.9 million). Once again, all three market segments contributed to growth. Adjusted for currency, copper price and portfolio effects – British company Phoenix Dynamics Ltd. was acquired at the end of October – growth in net sales amounted to 12.9 %. The change in net sales share by region remained marginal, with 51 % in EMEA (PY 54 %), followed by the Americas with 26 % (PY 25 %) and APAC with 23 % (PY 21 %).

At CHF 103.2 million, operating profit (EBIT) almost reached the record value of the previous year (CHF 104.6 million). This corresponds to an EBIT margin of 10.8 % (PY 12.1 %). Owing to an again low tax rate, net income of CHF 85.2 million was at almost the same level as in the previous year (CHF 87.3 million).
With regard to gross margin, the company experienced a decline of 2.5 percentage points, primarily due to a weaker margin in the Communication segment. Expenses in research and development saw a further increase of 5.9 % to

CHF 59.2 million. This was largely attributable to the rail communications and advanced driver assistance system growth initiatives, which were both launched a year ago, as well as other promising technologies. Heading in the right direction were administrative costs, which fell slightly. In contrast, the need to catch up on customer visits and resume trade fair attendance following the relaxation of pandemic-related restrictions resulted in higher sales expenses. Overall, administrative and selling expenses increased by 6.2 %. The number of employees worldwide declined over the reporting year to 4469 (PY 4588). In Switzerland, the number of employees rose slightly to 1190 (PY 1162).

A multitude of challenges after the global pandemic

2022 saw the lifting of restrictions related to the coronavirus pandemic in most markets around the world, most recently also in China. Nevertheless, the impact continued to be felt strongly throughout the reporting year in the form of material shortages, disrupted supply chains and limited transport capacities.
Following the onset of the Russian war of aggression against Ukraine, the company made the decision to withdraw from the Russian market, which it had been developing successfully for decades. Moreover, this war provoked an energy crisis and a massive increase in energy costs in an already inflationary environment. The company actively responded to the latter by making broad adjustments to its prices in the market, which took some time to take effect.

Industry market segment grows again with high profitability

With an increase in order intake of 4.7 % to CHF 310.5 million (PY CHF 296.6 million) and in net sales by 8.2 % to CHF 298.0 million (PY CHF 275.4 million), the Industry market segment continued to grow following the particularly dynamic previous year. The aerospace and defense subsegment declined after strong growth in the two previous years. By contrast, the three other subsegments test and measurement, general industrial and energy increased significantly. The latter benefited from a particularly strong demand for high-power charging. Thanks to a dynamic second half of the year, the EBIT margin of 21.3 % in this segment even exceeded the previous year's figure (21.2 %).

Growth in net sales in Communication market segment, but lower EBIT margin

Following the large jump in the previous year, the Communication market segment recorded a decline in order intake of 9.4 % to CHF 380.6 million (PY CHF 420.0 million). Net sales experienced a double-digit increase of 13.1 % to CHF 385.9 million (PY CHF 341.1 million). The two subsegments data center and mobile network developed particularly strongly, the latter as a result of the significant investments made in 5G infrastructure. Business volume with communication equipment manufacturers continued the downward trend of previous years. The decline in the EBIT margin to 8.9 % (PY 12.2 %) was mainly attributable to a change in the business mix with major customers within the mobile network subsegment.

Net sales growth in Transportation market segment, profitability remaining below expectations

The order intake of CHF 284.4 million in the Transportation market segment was 1.9 % above the previous year (CHF 279.0 million). Net sales grew by 9.8 % to CHF 270.6 million (PY CHF 246.4 million). Almost all of the growth was attributable to the automotive subsegment and driven by the ongoing trend toward electric vehicles. Business with radar antennas for advanced driver assistance systems still accounted for a small share of sales.
In the railway subsegment, the total volume of business reached the previous year's level. High growth rates were achieved for applications relating to the rail communications growth initiative. Thanks to a significant improvement in the second half of the reporting year, the EBIT margin in this market segment again reached 5.1 % (PY 5.1 %).

Sustainability as an integral component of business strategy

Connectivity solutions from HUBER+SUHNER meet the needs of society – for communication, environmentally friendly mobility, and safety – both now and in the future. The company is also committed to sustainability and has made this an important part of its business strategy. This includes taking sustainability aspects into account when developing innovative solutions and the goal of reducing both scope 1 and 2 CO2 emissions to net zero by 2030. The efforts taken by HUBER+SUHNER were rewarded in the reporting year by an improvement to "A minus" (PY B) in the rating scheme operated by CDP (formerly Carbon Disclosure Project), the leading non-profit organisation for assessing companies' environmental footprints. All sustainability reporting by HUBER+SUHNER for 2022 is now integrated in the Annual Report and can be found at https://reports.hubersuhner.com/2022/ar/.

Risk management

At its meeting on 7 December 2022, the Board of Directors assessed the business risks as part of its ongoing risk management and approved the 2022 risk report including the defined measures.

Share buyback programme

As part of the programme launched at the end of October 2021 to buy back up to 5 % of the share capital over a maximum of three years, 928 084 shares or 4.6 % of registered shares were bought back by the end of the reporting year.

Dividend

The Board of Directors proposes to the Annual General Meeting a payout of CHF 2.10 (PY CHF 2.00) per share, resulting in a pay-out ratio of 47 %.

Elections to the Board of Directors

At the Annual General Meeting, the Board of Directors proposes the election of Marina Bill and Kerstin Günther as Members of the Board. Both are proven leaders in strategically important markets for HUBER+SUHNER. Marina Bill has more than 25 years of experience in management, sales and marketing positions in the industrial sector, Kerstin Günther looks back on more than 30 years of management experience in the telecommunications and information technology sectors.

Outlook

With the good result in the 2022 financial year, HUBER+SUHNER succeeded in mastering the numerous challenges in the business environment and confirmed its growth course with a double-digit operating profit margin. Thanks to its focus on attractive target markets, the dynamic development of growth initiatives and balanced diversification, the company has the resilience required to successfully counter the upcoming inflationary and recessionary trends. Although the company continues to perform well in many important applications, visibility in individual markets is currently limited.
Due to these uncertainties, the company is not issuing a sales forecast for 2023 at present. HUBER+SUHNER will specify the outlook for the full year at the latest on the occasion of the publication of its half-year figures.

The medium-term target range of 9–12% for the EBIT margin remains unchanged and is also the target for the current financial year. To achieve the EBIT guidance, it is important that key influence factors – such as a possible recession in the company's main sales markets, inflation, exchange rates and the availability of material and transport capacities – do not have an unduly adverse effect on the course of business.

Thank you

On behalf of the Board of Directors and Executive Group Management, we would like to thank our employees worldwide for their extraordinary commitment in challenging times. Through great dedication and agility, coupled with a strong focus on customer needs, they have made a decisive contribution to the success of the past financial year. We would also like to express special thanks to our shareholders, customers and suppliers for their valued cooperation and continued trust in our company, often over a period of many years.



Urs Kaufmann
Chairman of the Board of Directors



Urs Ryffel
Chief Executive Officer

Key Figures and Financial Calendar

Group

in CHF million	2022	2021	Change
Order intake	975.4	995.6	(2.0%)
Order backlog as of 31.12.	320.0	323.4	(1.1%)
Net sales	954.6	862.9	10.6%
Gross margin	35.7%	38.2%	
EBITDA	135.3	137.6	(1.7%)
as % of net sales	14.2%	16.0%	
EBIT	103.2	104.6	(1.3%)
as % of net sales	10.8%	12.1%	
Financial result	(1.8)	(2.3)	n/m
Net income	85.2	87.3	(2.4%)
as % of net sales	8.9%	10.1%	
Purchases of PP&E and intangible assets	45.3	50.7	(10.8%)
Cash flow from operating activities	87.3	101.7	(14.1%)
Free operating cash flow	37.7	56.6	(33.4%)
Net liquidity as of 31.12.	151.1	219.8	(31.3%)
Return on invested capital (ROIC) in %	20.9%	23.2%	
Equity as of 31.12.	606.7	643.8	(5.8%)
as % of balance sheet total	74.4%	77.2%	
Employees as of 31.12.	4 469	4 588	(2.6%)
Market capitalisation as of 31.12.	1 600.4	1 679.7	(4.7%)

n/m = not meaningful

Data per share

in CHF	2022	2021	Change
Stock market price as of 31.12.	86.30	87.00	(0.8%)
Net income	4.47	4.45	0.5%
Dividend	2.10 [1)]	2.00	5.0%

[1)] Proposed dividend

Alternative Performance Measures (APM) are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses APM as guidance parameters for both internal and external reporting to stakeholders. For the definition of APM please visit the website under www.hubersuhner.com/en/company/investors/publications

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Financial calendar

Annual General Meeting (Pfäffikon ZH)	29.03.2023
Half-year report	15.08.2023
Media and analysts' conference (webcast)	15.08.2023
Sales and order intake (9 months)	24.10.2023

The management report in English and German is also available in the Download Center and on the website at www.hubersuhner.com/en/company/investors/publications. The German version is binding.

Industry market segment grows again with high profitability

With an increase in order intake of 4.7 % to CHF 310.5 million (PY CHF 296.6 million) and in net sales by 8.2 % to CHF 298.0 million (PY CHF 275.4 million), the Industry market segment continued to grow following the particularly dynamic previous year. The aerospace and defense subsegment declined after strong growth in the two previous years. By contrast, the three other subsegments test and measurement, general industrial and energy increased significantly. The latter benefited from a particularly strong demand for high-power charging systems. Thanks to a dynamic second half of the year, the EBIT margin of 21.3 % in this segment even exceeded the previous year's figure (21.2 %).



"In a favourable market environment, our differentiated and reliable solutions once again enabled us to grow significantly in the Industry segment. This was based upon the development of the infrastructure needed to support high-power charging for electric vehicles, coupled with the increased demand for communication solutions in industrial applications.
We successfully countered inflation-related cost increases and were able to maintain the high profitability of the previous year.
With regard to the medium- to long-term development of our aerospace and defense business, we expect the increase in defense budgets necessitated by increased geopolitical tensions to encourage further investment in military equipment."

Reto Bolt, COO Industry segment

Profitability maintained at a high level – acquisition strengthens competence in diverse submarkets

The test and measurement core market and the two subsegments general industrial and energy all grew at double-digit rates. The latter saw a more than fifty percent increase in net sales of high-power charging systems owing to the accelerated expansion of the high-power charging infrastructure. A growing number of vehicle manufacturers are also launching models that can accept higher charging currents, which requires a corresponding upgrade at the charging points.

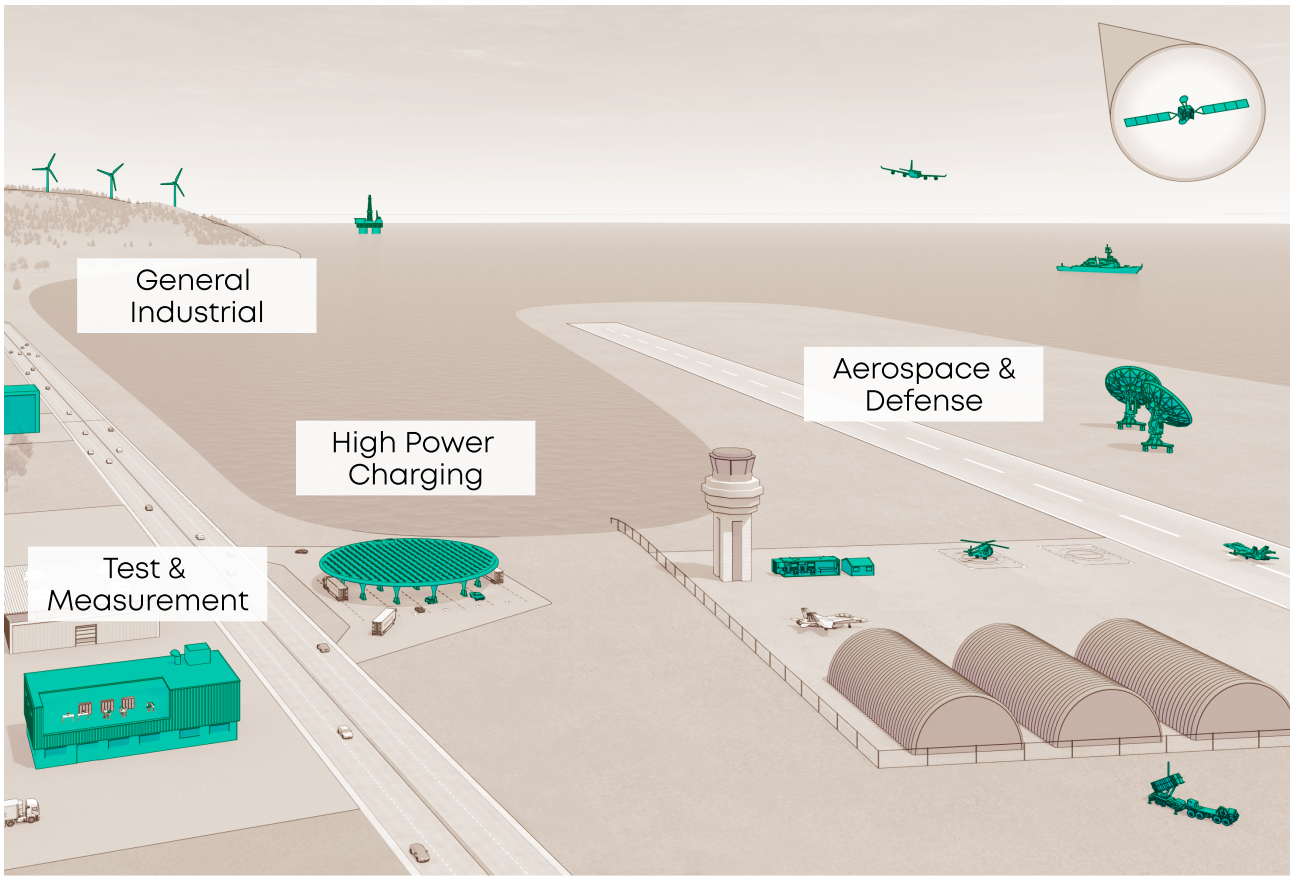
The acquisition of Phoenix Dynamics Ltd. (UK) further expanded the product range for customer-specific solutions, such as harnesses and electromechanical assemblies for demanding applications, especially in the aerospace and defense growth initiative.

The very good margins in the Industry segment can be attributed to the fact that, although connectivity is a critical function for most applications, customers often do not focus on the skills required in this area. As a result, HUBER+SUHNER can bring its full spectrum of expertise to bear in its relationship with the customer.

Key figures

		2022	2021	%
Order intake	CHF million	310.5	296.6	4.7
Net sales	CHF million	298.0	275.4	8.2
Operating profit (EBIT)	CHF million	63.4	58.4	8.5
EBIT margin	%	21.3	21.2	

Our solutions for the Industry market



Growth in net sales in Communication market segment, but lower EBIT margin

Following the large jump in the previous year, the Communication market segment recorded a decline in order intake of 9.4 % to CHF 380.6 million (PY CHF 420.0 million). Net sales experienced a double-digit increase of 13.1 % to CHF 385.9 million (PY CHF 341.1 million). The two subsegments data center and mobile network developed particularly strongly, the latter as a result of the significant investments made in 5G infrastructure. Business volume with communication equipment manufacturers continued the downward trend of previous years. The decline in the EBIT margin to 8.9 % (PY 12.2 %) was mainly attributable to a change in the business mix with major customers within the mobile network subsegment.



"In 2022, we again achieved double-digit growth in net sales. This development was once again driven by the exponential growth in data traffic, which required significant investments in communication networks and data centers.
In the future, communication network operators will turn their focus to the flexibility and cost efficiency of their infrastructures. Our innovative solutions for optical connection, transport and circuit technologies support our customers in building a future-proof communication infrastructure that ultimately forms the backbone for a fully functional society."

Jürgen Walter, COO Communication segment

Expansion of mobile infrastructure drives growth in net sales – North American market flattens out

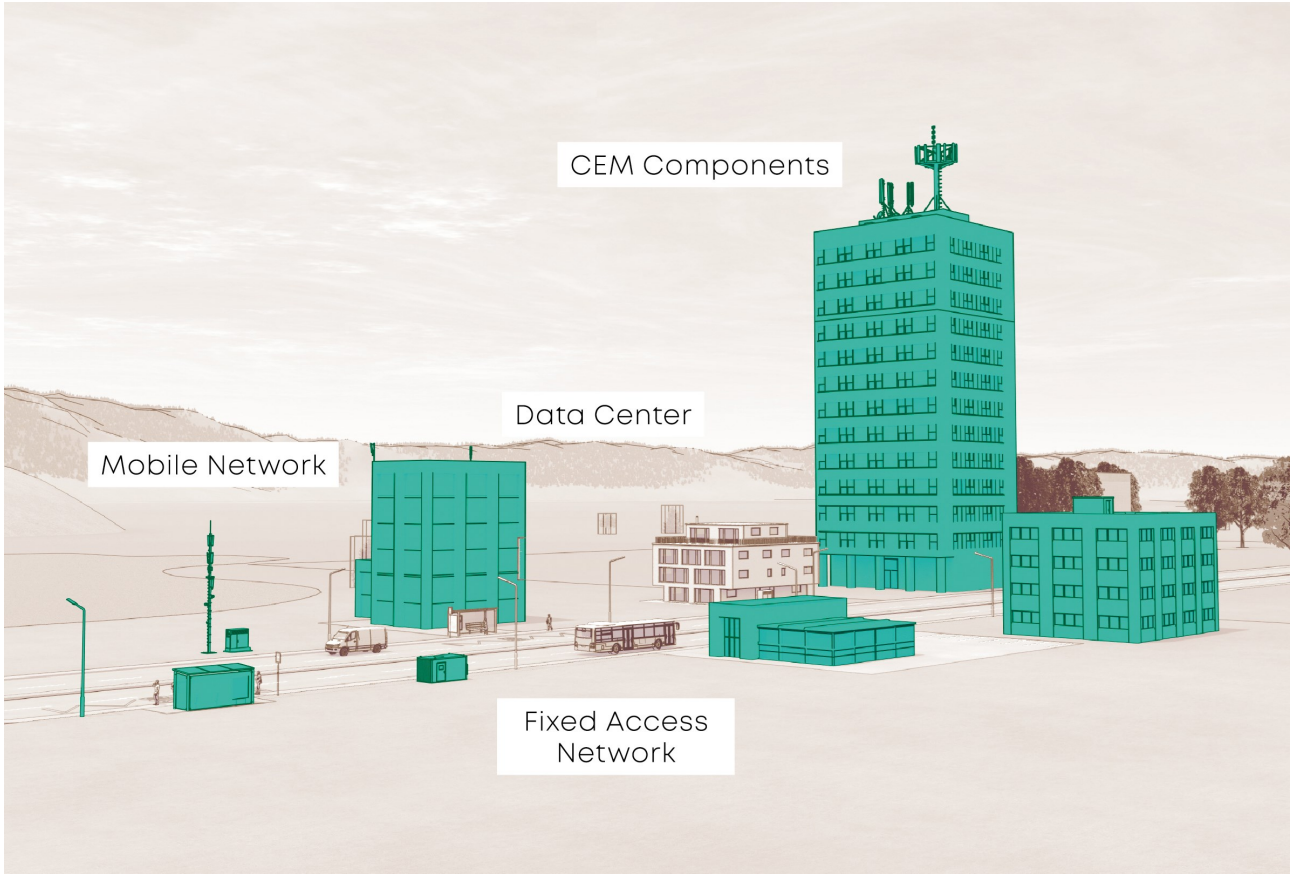
The high order backlog from the previous year, coupled with the expansion of the 5G mobile infrastructure in North America, enabled a significant increase in net sales in the reporting year. However, the momentum in this region slowed in the second half of the year as expected. This was offset by a fresh impetus from the 5G market in Asia.

The data center growth initiative showed a significant overall increase, despite isolated project delays due to the uncertain power supply situation in Europe. The further expansion of the fixed network infrastructure and the associated need for additional transmission capacities in the fiber optic network also offered opportunities. HUBER+SUHNER provides solutions that address the lack of bandwidth in the fiber optic network either through the use of additional optical fibers or wavelength multiplexer products for existing fibers.

Key figures

		2022	2021	%
Order intake	CHF million	380.6	420.0	(9.4)
Net sales	CHF million	385.9	341.1	13.1
Operating profit (EBIT)	CHF million	34.2	41.5	(17.6)
EBIT margin	%	8.9	12.2	

Our solutions for the Communication market



Net sales growth in Transportation market segment, profitability remaining below expectations

The order intake of CHF 284.4 million in the Transportation market segment was 1.9 % above the previous year (CHF 279.0 million). Net sales grew by 9.8 % to CHF 270.6 million (PY CHF 246.4 million). Almost all of the growth was attributable to the automotive subsegment and driven by the ongoing trend toward electric vehicles. Business with radar antennas for advanced driver assistance systems still accounted for a small share of sales.
In the railway subsegment, the total volume of business reached the previous year's level. High growth rates were achieved for applications relating to the rail communications growth initiative. Thanks to a significant improvement in the second half of the reporting year, the EBIT margin in this market segment again reached 5.1 % (PY 5.1 %).



"In the automotive market, the transition to electric vehicles powered by batteries or fuel cells has accelerated. This development has also had an impact in the commercial vehicle market, where our focus lies. The product advantages offered by our RADOX® technology base have enabled us to increase both our net sales and market share. Changes to the legal framework for road traffic and the need for increased safety and comfort when driving are underpinning the demand for the next generation of advanced driver assistance systems. Over the past financial year, we were able to consolidate our position as the market leader for waveguide antennas in these applications thanks to further appointments by major tier 1 automotive manufacturers.
2022 saw an improvement in the railway market in Europe, while the impacts of the coronavirus pandemic were still being felt in the Asian market. The withdrawal from Russia also reduced our market potential. Over the medium term, we expect investment in the railway market to increase again at the global level."

Drew Nixon, COO Transportation segment

Growth initiatives developing positively – automated driving and electromobility as technology drivers

The two subsegments railway and automotive continued to experience differences in momentum in the reporting year. In the railway market, there remained minimal new rolling stock entering circulation, whereas there was a significant upturn in the rail communications business.

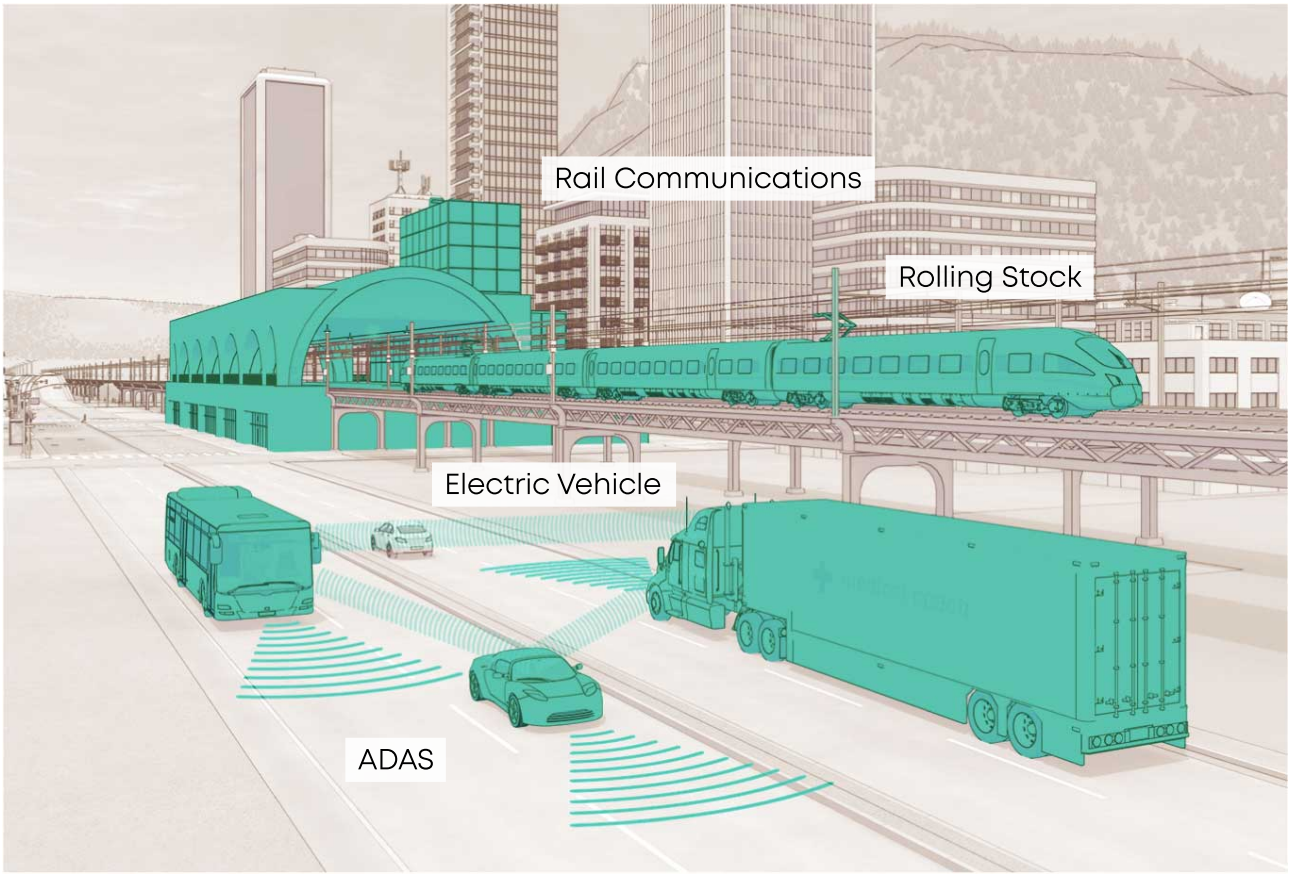
In the automotive subsegment, the reporting year again saw contracts signed with world-leading automotive suppliers and manufacturers for the development and production of distance radar antennas. This underscores the company's competitiveness in the advanced driver assistance system (ADAS) growth initiative, thanks to differentiated technology solutions tailored to customer needs.

The company recorded high growth rates in the electric vehicle growth initiative, where the strategic focus is on commercial vehicles. The high requirements for cost effectiveness and service life in the commercial vehicle business align well with the expertise offered by HUBER+SUHNER. The company can draw upon its strengths in this promising market, based on its long-standing experience in the development of solutions for use in even the most challenging environmental conditions.

Key figures

		2022	2021	%
Order intake	CHF million	284.4	279.0	1.9
Net sales	CHF million	270.6	246.4	9.8
Operating profit (EBIT)	CHF million	13.7	12.5	8.9
EBIT margin	%	5.1	5.1	

Our solutions for the Transportation market



Financial performance from the CFO's perspective



Raising the financial profile over the past years

Substantial investments in innovation, proximity to customers, and operational excellence are the pillars on which HUNER+SUHNER generates long-term value. The solid financing based on a strong balance sheet and the steady cash flow generation provided the grounds for an improved set of financial numbers over the last few years. We achieved strong figures in 2022 in a challenging environment. Net sales grew by 10.6 % with an operating profit (EBIT) margin of 10.8 %. Net liquidity amounted to CHF 151 million as of 31 December 2022, a prerequisite for the company's resilience. With return on invested capital (ROIC), we have added an additional key figure as part of the full-year 2022 financial reporting. Active supply chain management as well as long-standing relationships with key suppliers resulted in an excellent contribution from our Global Sourcing team. They were able to ensure the availability of materials throughout the year which formed the basis of a high delivery reliability for our customers despite the ongoing challenges due to geo-political tension and lockdowns.

Sustainable dividend policy

The solid financing lays the foundation for a sustainable profit-oriented dividend policy with a targeted pay-out ratio of 40–50 % of the Group's net income attributable to shareholders of HUBER+SUHNER AG. The proposed dividend per share for the reporting year 2022 amounts to CHF 2.10, a further increase of 5 % corresponding to a pay-out ratio of 47 %.

Share buyback programme almost completed

HUBER+SUHNER had started a share buyback programme in October 2021. The goal is to buy back up to 5 % of the share capital over a period of maximum three years. By the end of 2022, the company has repurchased over 90 % of the envisaged programme. This provided a positive contribution for the compression of earnings per share.

First Capital Market Day

In September 2022, HUBER+SUHNER held its first Capital Market Day, providing a more in-depth view of our business strategy and a look behind the curtain of the strategic growth initiatives from the three market segments Industry, Communication, and Transportation. Further information can be found on our website.

People and culture from the CHRO's perspective



Make an impact

In 2022, HUBER+SUHNER introduced its new worldwide employer branding initiative. The roll-out of all related activities in spring resonated very well among our Human Resources (HR) business partners from around the world as the fight for talent is of global relevance. Our employees are part of a strong global network that values entrepreneurial spirit and rewards success. Our sustainable approach and genuine respect when interacting with each other are fundamental for the company's growth and long-term success. We look for passionate people who strive to make an impact in diversified teams in order to further develop our connectivity solutions and drive innovation to help connect people – today and beyond.

Employee survey

Our employees' passion and ambition was also reflected in the 2022 employee survey conducted in October at all sites worldwide. The participation rate was remarkably high with 85 % and more than 3600 employees took the chance to voice their opinions. Compared to the last global survey in 2019, results improved across all five dimensions covered. The five dimensions cluster 29 different aspects such as structures and procedures, customer orientation, workplace and job content. None of the 29 aspects scored lower than in 2019, while in 23 aspects employees scored the company's performance better than in the previous survey.
Four new questions about agility, commitment, diversity and digitalisation were added and therefore have no reference scores yet. In the two aspects of customer orientation (score 83 out of 100) and knowledge about company strategy (score 75 out of 100), our score remained unchanged.

Significant improvements were recorded in the categories "employer attractiveness" (score 73 out of 100) and "commitment" (score 84 out of 100) which both increased by six points. Our people are highly motivated as we received a score of 89 out of 100 for "I always strive to perform better", one new aspect from the commitment dimension. In this aspect HUBER+SUHNER scores better than 85 % of the reference group, i.e. Swiss machinery industry and 76 % better than the international reference group for industrial companies. The most significant improvement is the score for "My work allows me to make use of my knowledge and skills", where we gained eight points (score 78 out of 100).

New hires

Across all locations worldwide, we welcomed around 950 new employees in 2022 to HUBER+SUHNER, with the most newcomers in Tunisia, followed by Switzerland, Poland and China. As a purpose-driven company, we aim to create a candidate and employee journey that is fundamentally influenced by attractive employment conditions, our values, our leadership principles, and by acting responsibly when doing business.

Risk management

Management report – Risk Management

Managing financial and non-financial business risks is a continuous and iterative process. At HUBER+SUHNER, we assess actual and identify potential risks, their likelihood and impact on operations. Taking all types of risks into account has become crucial, including non-financial risks associated with business activities or our business relationships, products, and services. Nowadays, risks related to e.g. climate change, have to be considered as they could entail significant financial implications.

Eight top risks

The eight top risks are the following (in alphabetical order): cybercrime, disaster, energy supply shortage and interruptions, exposure to currency fluctuation, exposure to geopolitical conflicts, non-compliance with internal and external standards, serial defects, worldwide pandemic.

Risks are classified and mapped according to their significance with regards to the financial impact they could possibly have on the company, and according to their probability of occurrence.

Governance and risk assessment process

For each identified risk topic, a "sponsor" is assigned from the extended Executive Group Management or other members of senior management. Each sponsor is analysing the risk in her/his responsibility by:

- identifying the relevant risk drivers
- developing a set of conclusions from a Group perspective with regards to the respective risk
- proposing a set of high-level actions to hedge the risk
- further detailing on each of the actions including a timeline and the assignment of the relevant people within the organisation

Each year, the risks are being reviewed for their topicality. Based on the latest assessment the classification is amended if need be. Risks no longer relevant as such are removed from the risk map, whereas risks that have newly emerged are being assessed and, if material, added to the risk map. The designated sponsor is in charge of identifying risk drivers, drawing conclusions and proposing mitigating actions for the respective risk.

The risk report including the defined measures is thereafter submitted to the Board of Directors for review and approval, and made available to the extended EGM including the General Legal Counsel, Area Compliance Officers and the Global Process Owner "Order Fulfilment" for further implementation of measures.

THE HUBER+SUHNER GROUP IN BRIEF

Founded
1969

Employees globally
Close to 4 500

Employees in Switzerland
Close to 1 200



What we do
We design and create connectivity solutions for data and power transmission.

Global presence

Locations	Countries	Countries with representatives	Production sites
39	21	80	18

Customers
Around 4 300

Net sales
CHF 954.6 million

EBIT
CHF 103.2 million

Connecting – today and beyond

The Swiss company HUBER+SUHNER, founded through the merger of two Swiss companies, R. & E. HUBER and SUHNER & Co. AG in 1969, has its headquarters in Herisau (Appenzell Ausserrhoden) and Pfäffikon (Zurich). The company designs and creates connections for data and power transmission. We are specialised in electrical and optical connectivity components and system solutions that deliver high performance, quality, reliability, and a long service life – even under the toughest of conditions. Being connected is a prerequisite for the functioning of our society. The desire to be connected is driven by fundamental human needs:

- to be able to communicate
- to feel safe
- to be mobile
- to act sustainably

With its connectivity solutions, HUBER+SUHNER helps customers bring people closer together and address global megatrends such as security, safety, connectivity, and mobility – today and beyond.

Every day, close to 4 500 employees work in 21 countries and 39 locations to fulfil the HUBER+SUHNER purpose. The global production network includes 18 sites. And through its own sales force complemented by agencies and distributors, HUBER+SUHNER is close to its customers in over 80 countries. Its employees live up to the five company

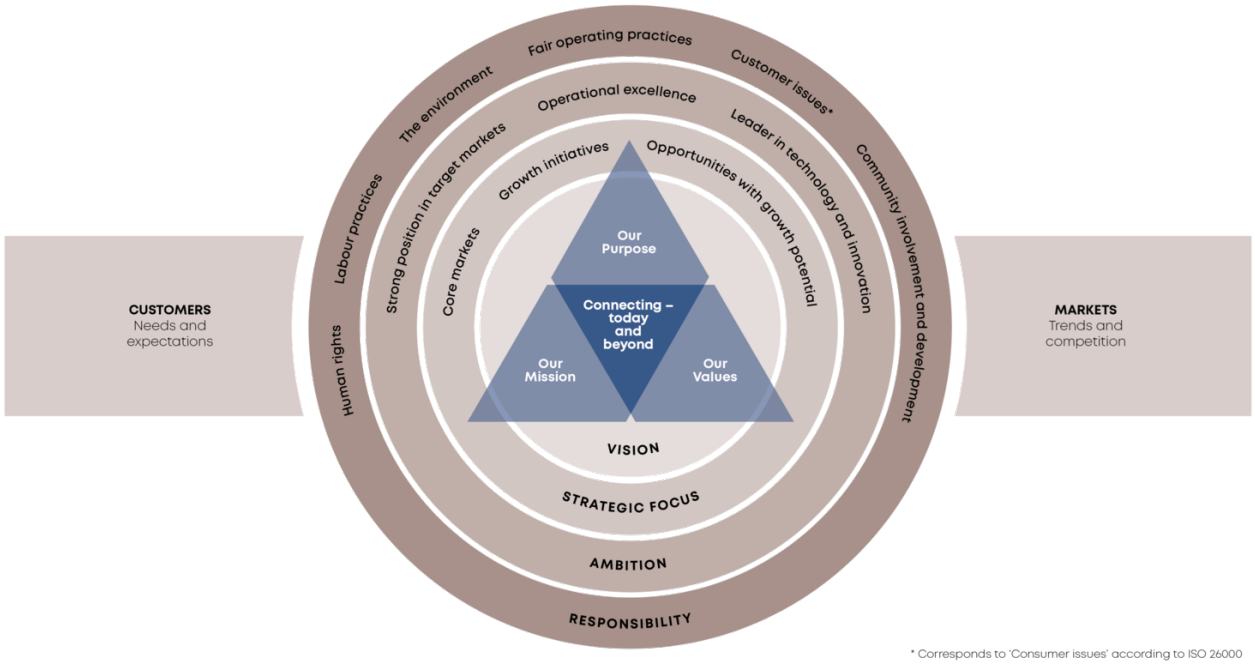
values, namely trust, care, passion, transparency, and accountability which promote the entrepreneurial spirit and are based on respect for people.

Since 2021, HUBER+SUHNER has oriented itself towards three market segments: Industry (31 % of net sales), Communication (41 %) and Transportation (28 %). These three dimensions of our business are addressed with applications from the three technologies of radio frequency, fiber optics, and low frequency. Currently, HUBER+SUHNER serves over 4300 buying customers in Europe, Middle East and Africa (EMEA) with 51 % of net sales, the Americas with 26 %, and Asia-Pacific (APAC) with 23 %.

HUBER+SUHNER is listed on the SIX Swiss Exchange and has around 6100 shareholders (as per 31 December 2022) of which four major shareholders are above the reporting threshold of 3 %. In 2022, net sales amounted to CHF 954.6 million and operating profit (earnings before interest and taxes [EBIT]) was CHF 103.2 million.

Our fundamentals

"Connecting – today and beyond" stands at the basis of everything we do. Our aspiration is to satisfy important basic human needs such as the ability to communicate, to be mobile, to feel safe, and to act sustainably. As a company, we interact with our employees, customers, shareholders, suppliers, authorities, the financial community and others. Each stakeholder group has its own respective requirements or expectations of our organisation. With "Connecting – today and beyond", we have articulated a vision that addresses precisely this.



Our purpose

With our purpose "We help customers bring people closer together" we express how HUBER+SUHNER positively contributes to global issues with often-invisible products that, despite their small size, ensure highest precision and connectivity. Considering the social and environmental impacts, we fully embrace the approach to go far beyond purely selling products or solutions. We strive to create a workplace where employees can make an impact and experience how meaningful their contributions are. HUBER+SUHNER constantly monitors trends and competition in the market and drives innovative connectivity solutions that meet these needs and expectations by contributing to reliable communication, ecological mobility, dependable security and responsible business conduct.

Our five values

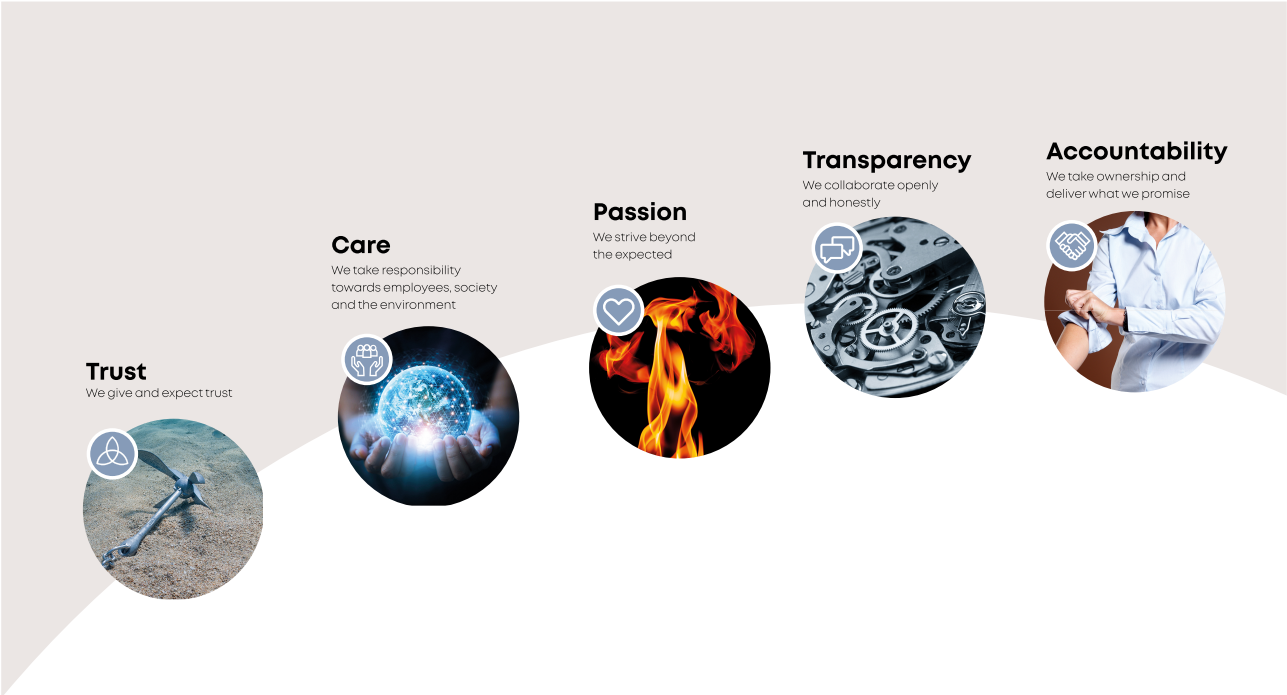
At HUBER+SUHNER, respect for people and cultivating an entrepreneurial spirit as well as nurturing talents at every level are integral parts of the company's commitment to being a hub of innovation. Our values reflect our business and support our employees in the way they interact with each other and towards stakeholders.

- Trust: We give and expect trust.
- Care: We take responsibility towards employees, society, and the environment.
- Passion: We strive beyond the expected.

- Transparency: We collaborate openly and honestly
- Accountability: We take ownership and deliver what we promise.

The five values are also the basis of the company's leadership principles, a framework of actions that leaders can take to enable others to jointly work towards a common goal.

They provide guidance on how to succeed in a continuously evolving business environment.



Our five leadership principles

A leader's main role in today's work environment is to feel the pulse of people, to know how to allocate and to leverage the hard and soft skills of team members, to create energy and momentum, especially in a challenging environment. The five HUBER+SUHNER leadership principles serve as a basic guideline to all employees. People in leadership positions are expected to fulfil two roles – navigators and coaches – in order to give direction to teams and people so they can explore their full potential. We expect everyone to take leadership initiative when the situation requires it and to be able to:

- inspire people
- get the big picture
- foster psychological safety
- empower teams
- enable people

With our products, applications and solutions, everyone at HUBER+SUHNER contributes to innovating and improving connections between humans, places and systems which are essential to a functioning society and which contribute to a more sustainable world. This is only possible when we all feel responsible and empowered to lead in our spheres of influence, striving to succeed in a continuously evolving business environment.

Our purpose, mission and values are built around our core and describe the mission. They give us direction and guide our actions every day with our shareholders and multiple stakeholders.

Our mission

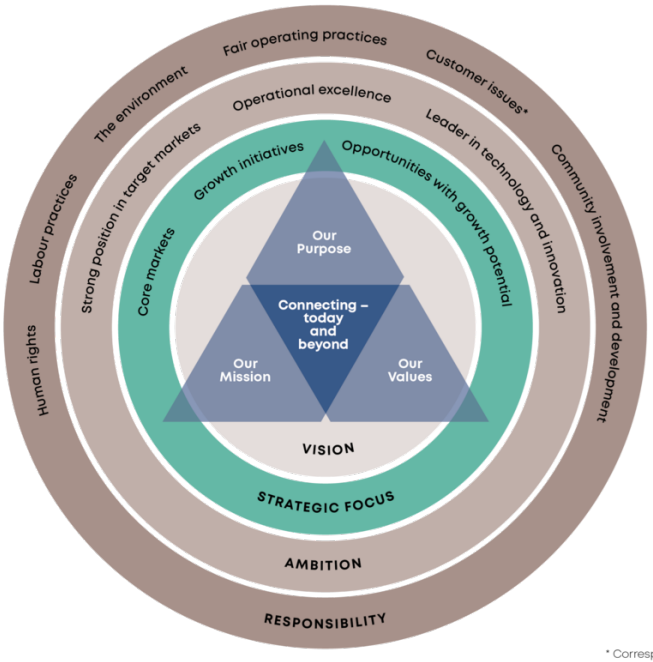
We are striving every day to achieve our vision, “Connecting – today and beyond.” Our mission is set forth according to nine goals:

1. With a three-dimensional approach, we consistently focus on the three main markets industry, communication, and transportation with the three technologies radio frequency, fiber optics and low frequency. Our reach includes three main regions: Europe, Middle East and Africa (EMEA), the Americas, and Asia-Pacific (APAC).
2. The company is permanently adapting to relevant trends.
3. We create sustainable added value with a long-term focus for stakeholders.
4. With a strong position in target markets, we are close to our customers.
5. As a leader in innovation, we master key technologies and present differentiated, convincing solutions.
6. We create value for our customers, enabling them to perform.
7. A powerful supply chain helps us to continuously improve processes and services.
8. Thanks to our company culture, our people share common values and are enabled to live their full professional potential.
9. High ambitions drive us to surpass set goals.



The vision of HUBER+SUHNER is therefore composed of all above elements, and sets the direction of where we want to go, how we want to work and stay on track in order to achieve our goals. The vision further helps to guide business decisions, inspire employees and establish customer loyalty.

Strategic focus



* Corresponds to 'Consumer issues' according to ISO 26000

The long-term financial health and commercial success of HUBER+SUHNER are the result of our value creation through a clear strategic focus and strong relationships with our employees, customers, investors, local communities, and other stakeholders.

HUBER+SUHNER builds its sustainable growth on a diversified but focussed business approach with market verticals that together form a highly attractive portfolio and which can be grouped in three different states of maturity: core markets and focused market verticals, growth initiatives, opportunities with growth potential. In 2022, some allocations of these market verticals were changed for strategic reasons.

Core markets and focused market verticals are the basis of today's business. Their turnover is crucial to secure the company in its current size and setup. The aim is to be in attractive core markets which allow the company to use all its strengths to maintain a strong position. Their contribution is essential to reach today's goals and fund the growth initiatives.

The five core markets HUBER+SUHNER serves, are:

- Test and measurement (Industry segment)
- Mobile network (Communication segment)
- Communication equipment manufacturer (CEM) components (Communication segment)
- Fixed access network (Communication segment)
- Rolling stock (Transportation segment)

The category of focused market verticals includes a range of highly attractive niche applications in smaller-sized markets such as:

- Energy (Industry segment)
- Medical device (Industry segment)
- High power charging (Industry segment)

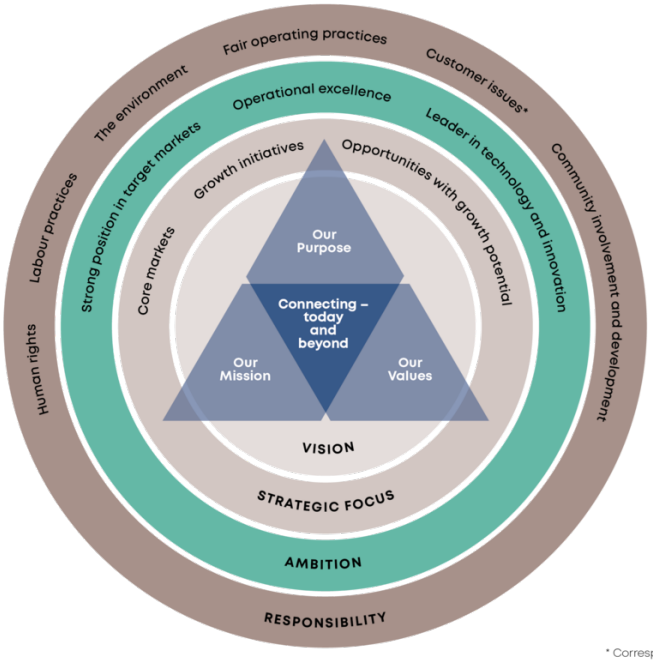
Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit:

- Aerospace and defense (Industry segment)
- Data center (Communication segment)
- Rail communications (Transportation segment)
- Electric vehicle (Transportation segment)
- Advanced driver Assistant system (ADAS) (Transportation segment).

To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Growth initiatives are expected to grow faster than the company and the markets. They should have the potential in size and attractiveness to become core markets of the future.

Opportunities with growth potential are attractive business ideas at an early stage. The company identifies these business ideas by following megatrends associated with basic human needs and then providing connectivity solutions that help satisfy those needs. The business ideas either develop into growth initiatives or interesting niche businesses, or they are not pursued further if the opportunity is not sustainable. Therefore, the company strives to always have a broad range of such opportunities in the pipeline.

Ambition



* Corresponds to 'Consumer issues' according to ISO 26000

Three strengths form our ambition:

1. Leader in technology and innovation
Mastery of the applicable technologies and the necessary innovative strength are essential to open new markets and defend existing markets. At HUBER+SUHNER, innovation takes place in three areas to ensure the high degree of differentiation of the company's solutions: exploring new technologies and business fields, developing new product generations and applications, and improving existing products in terms of cost and performance.

We are customer-focused and specific because the starting point for innovation at HUBER+SUHNER is quite often a customer problem that needs to be solved. However, it can also be a technological trend that helps to improve an

existing solution or generate an additional benefit. In this case, the company strives to be among the first to take advantage of a technological trend and set the standard. Proximity to customers and markets is a basic prerequisite for HUBER+SUHNER to live up to the ambition to be a technology leader. The research and development teams are another essential building block: they combine theory, practice and creativity, both in product and process development. This enables the company to position itself as a reliable innovation partner for its customers.

HUBER+SUHNER also cooperates with public research institutes and universities. In this way, we ensure technological progress beyond existing boundaries that does not focus exclusively on immediate economic benefit.

2. Operational excellence
Through operational excellence spanning production processes as well as logistics and the supply chain, HUBER+SUHNER sustains and extends its market positions. By continuously optimising its operations and entire supply chain, the company ensures a superior end-to-end customer experience, which is essential to establish long term partnerships with customers.

At HUBER+SUHNER, operational excellence goes beyond these fundamental issues. Sustainability issues are gaining importance. It starts with the production sites' carbon footprint, which depends mainly on electricity consumption. The amount of waste and the consumption of heating energy also play an important role. That is why operational excellence is also about energy-efficient processes, reduction of scrap, and energy-optimised buildings which at the same time ensure a good indoor climate for employees in their workplaces.

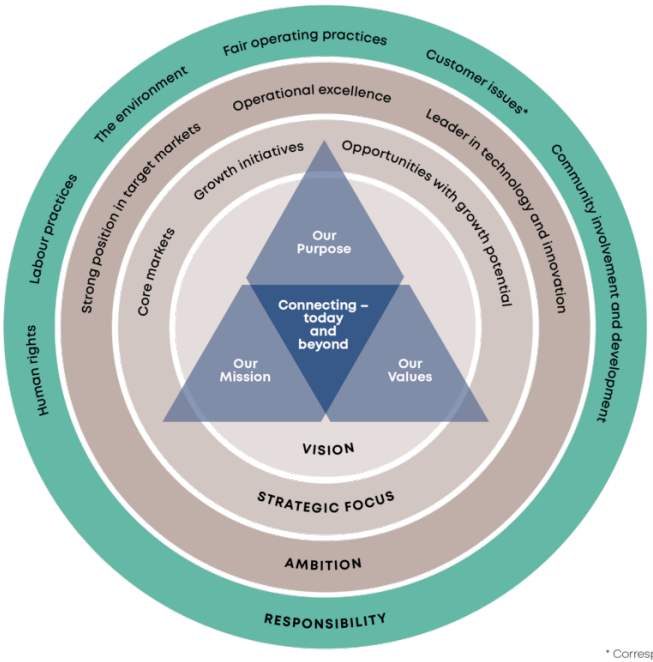
Transport also plays an important role in operational excellence. Optimised logistics ensure shorter delivery times and reduce the associated environmental impact. Proximity of suppliers of raw materials and piece parts are located close to the production sites whenever possible. In addition, greater vertical integration at one location is pursued in case this setup is more environmentally friendly than spreading production steps over many sites.

Finally, the production sites' geographical proximity to key customers is better for the environment due to the shorter transport distances in outbound logistics and at the same time is a competitive advantage.

The topic of product and transport packaging is also part of operational excellence. Here, the focus of HUBER+SUHNER lies on reusable packaging and packaging materials with a low environmental and carbon footprint.

3. Strong position in target markets
HUBER+SUHNER uses its strong position, long lasting relationships, and solid reputation in existing market verticals to tap into new, related markets. Having entered a new market with its products and solutions, the company fortifies its position by establishing and intensifying partnerships with customers. In doing so, we capitalise on our innovative strength to offer customers added value and support them to become relevant market players. In justified cases, we take the decision to step out of a market vertical.

Responsibility



* Corresponds to 'Consumer issues' according to ISO 26000

Whatever we do and plan to advance our strategy and performance is linked to our commitment of conducting business responsibly with regard to our material environment, social, and governance (ESG) topics:

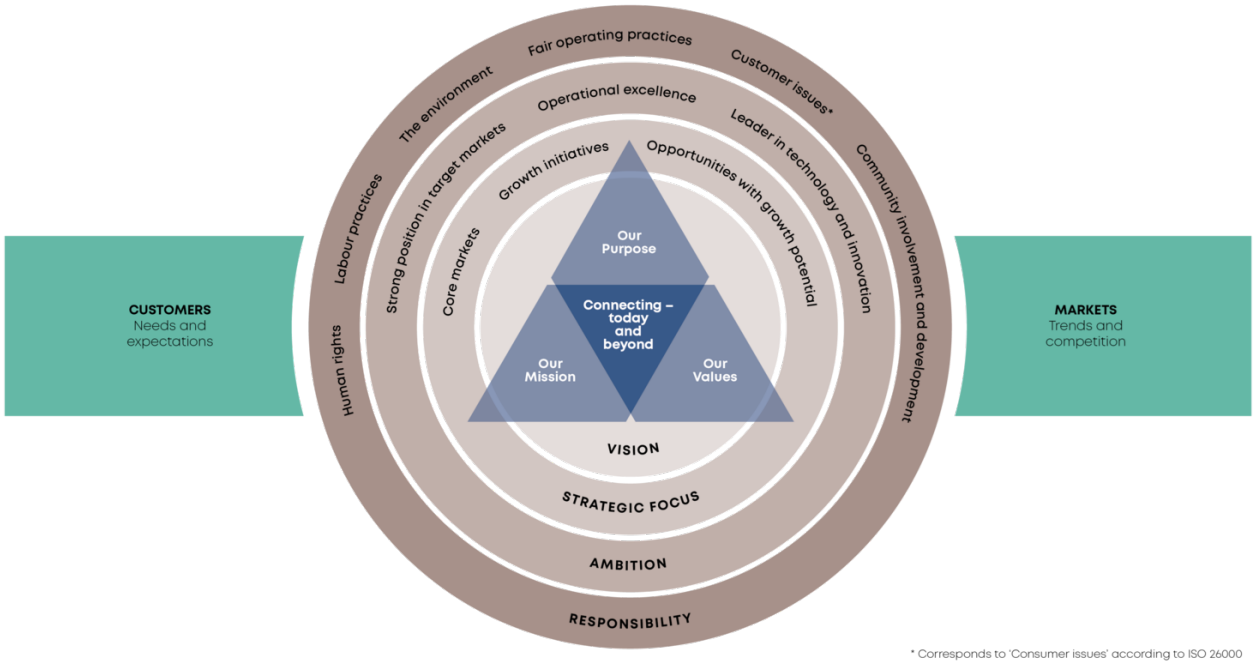
- Human rights
- Labour practices
- The environment
- Fair operating practices
- Customer issues
- Community involvement and development

Our continuous journey and commitments are to improve our economic performance and to analyse and transform existing business and production processes. This is a prerequisite to address the challenges which society is confronted with: humanitarian crises and conflicts, social and gender equality as well as climate change. HUBER+SUHNER sees its involvement to improve the state of the world as an indispensable part of how we drive business and our corporate responsibility going forward.

We understand that change and constant innovation require time, energy, and focus. HUBER+SUHNER is not a company that opts for the easy route. Our core business keeps teaching us to investigate meticulously and to work relentlessly to provide the best products and solutions that our customers and society need.

We remain committed to the United Nations Global Compact and its ten principles and to the Science Based Target initiative. With pride, we share our improved score in CDP's Climate Change Report, going up from B to A–. We have set ambitious goals which are based on our sustainable business model and we regularly measure our performance. The journey is the destination. This means that only by further embedding and connecting our ambitious corporate responsibility and business goals on management level and with every single employee, we can work towards becoming a truly sustainable business.

Customers and markets



Through our global sales teams we are constantly at the pulse of our customers. This enables us to get profound insights on what our customers need in order to provide them with excellent end-to-end experiences. Thanks to our value assurance process, we are able to allocate competencies and resources as needed. That is how our three market segments are able to define customer-focused business cases for innovation projects. The internal HUBER+SUHNER "Future lab" ensures a constant flow of innovation opportunities and ideas for technology acquisitions.

Through our consulting and support-oriented, agile account management, and the "can-do" mentality of our people, we know clearly what our customers are looking for. Additionally, the engineered solutions of HUBER+SUHNER exhibit the high degree of differentiation that customers often need, such as:

- deep understanding of their needs
- strong position in essential markets
- superior product and technology expertise and leadership
- operational excellence to meet and exceed their expectations

With our more than 400 sales resources worldwide, HUBER+SUHNER has global yet local representation which again contributes to our high understanding of and proximity to our customers.

How we create and distribute value

Human existence today is based on connections – connections between humans, places and systems. They are essential for the functioning of our society.

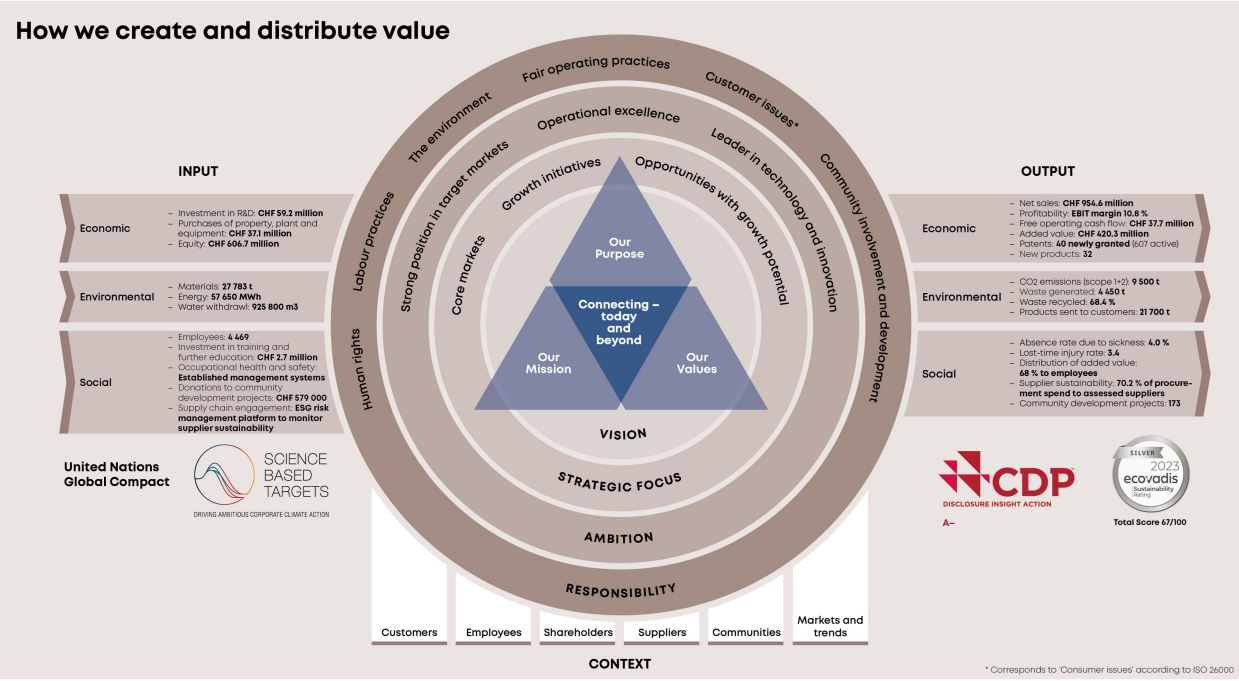
Our customers make these connections happen by building networks and means of transport that carry people, data and energy. This enables humans everywhere to stay in touch, be mobile and safe, and contribute to a more sustainable world.

To continuously maintain and secure these networks, our customers need a reliable partner who offers stable and suitable connectivity solutions. At HUBER+SUHNER, we develop and produce the often-unseen but crucial parts that keep networks running.

The HUBER+SUHNER sustainable business model

HUBER+SUHNER creates value in multiple dimensions. The business model shows how the company transforms investments, relationships and resources into valuable outputs and out-comes for its shareholders and other stakeholders over time. The model is centered around the company's fundamentals with the vision at its core: Connecting – today and beyond. The model builds on markets, trends, and the five key stakeholder groups, namely employees, customers, shareholders, suppliers, and communities (which neighbour the company's sites). A surrounding circle is embracing the three circles of the fundamentals, representing the core subject areas of corporate responsibility: human rights, labour practices, the environment, fair operating practices, customer issues, and community involvement and development.

HUBER+SUHNER strives to maintain its technology and innovation leadership and achieve strong positions in target markets through the constant exchange between internal resources, external markets and society at large. In all business activities, the Group focuses on its ability to sustain and create value in the short, medium and long term.



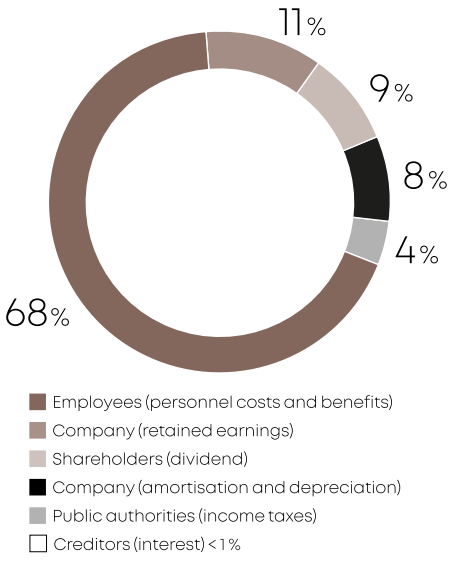
Value distribution

The added value indicates how much value HUBER+SUHNER created. It is calculated from profit before tax and depreciation plus personnel costs minus other financial results. The following chart discloses how the added value benefits the various stakeholders or is retained within the company. In 2022, the added value amounted to CHF 420.3 million (+1 % compared to 2021).

68 %
of added value
distributed to employees

In 2022, 68 % of the global added value (PY 67 %) directly or indirectly benefitted employees, and 4 % (PY 4 %) the public sector in the form of income taxes. Shareholders received 9 % (PY 9 %) of the added value, while 19 % (PY 20 %) remained in the company in the form of amortisation, depreciation, and retained earnings.

Distribution of added value 2022



Corporate Responsibility and our material topics

During the initial phase of its corporate responsibility initiative, the HUBER+SUHNER Group brought together diverse perspectives from different locations and cultures within the organisation and compiled a selection of 13 material topics and grouped them into three areas: business, relationships, and the environment.

The Executive Group Management (EGM) selected three of the material topics to be taken into special focus: sustainable growth, greenhouse gas emissions and climate change, and community involvement and development. For these focus topics, the EGM defined clear targets for the coming years.

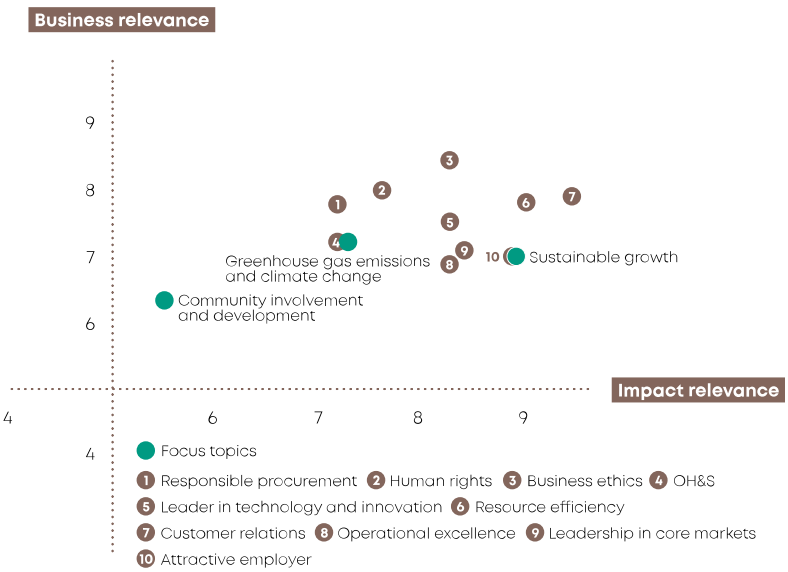
In their annual review of the material topics, the EGM reassessed the business relevance (outside-in perspective) as well as the impact relevance (inside-out perspective) of all 13 material topics. The result is shown in the graph below. The reassessment revealed that the differences between the topics are rather small, which confirms that all topics are indeed essential. To make the small differences more visible, the graph only shows the upper right quadrant of the assessment matrix. The rating scales actually range from 0-10. Based on the result of the reassessment, the EGM saw no need to change the focus topics.

Sustainable growth is a prerequisite for investments in favour of the environment and society, which in turn are an indispensable part of corporate responsibility.

Greenhouse gas emissions and climate change is a top priority in the environmental area since climate change poses substantial risks to a functioning economy and the human society.

Community involvement and development is important to all sites of the HUBER+SUHNER Group striving to be good "corporate citizens."

Material topics assessed for their business and impact relevance



Focus topics: performance and targets

Sustainable growth

The financial health and commercial success of HUBER+SUHNER are the result of its value creation, long-term and customer-focused innovation, and strong relationships with its employees, customers, shareholders, suppliers, local communities, and other stakeholders. Financial strength and economic success are prerequisites for investing in the interests of the environment and society, which in turn is an indispensable part of corporate responsibility.

The business strategy includes four components that synergistically influence and strengthen each other: the entry into new markets, the ambition to strong positions in target markets, the development of innovative products and technologies, and the ability to sustain these positions through operational excellence. HUBER+SUHNER builds its sustainable growth on diversified market verticals in three different states of maturity: core markets and focused market verticals, growth initiatives, and opportunities with growth potential.

Core markets and focused market verticals are the basis of today's business. Their turnover is crucial to secure the company in its current size and setup. The aim is to be in attractive core markets which allow the company to use all its strengths to take a strong position. Their contribution is essential to reach today's goals and fund the growth initiatives. The five core markets HUBER+SUHNER serves are test and measurement, mobile network, communication equipment manufacturer (CEM) components, fixed access network, and rolling stock. The category of focused market verticals includes a range of highly attractive niche applications in smaller-sized markets such as energy, high power charging, medical device, and process industries.

Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit: aerospace and defense, data center, and rail communications, electric vehicle, and advanced driver assistance system (ADAS). To succeed, HUBER+SUHNER ensures a dedicated approach, pre-investments in resources and the formation of highly committed teams. Growth initiatives are expected to grow faster than the company and the markets. They have the potential in size and attractiveness to become core markets of the future.

26 %
of net sales from growth initiatives

In 2022, net sales share from growth initiatives was 26.0 % (minus 1.8 percentage points y-o-y including the new growth initiatives ADAS and rail communications). The reason for this slight decrease is the lower net sales in the largest growth initiative aerospace and defense as well as the strong performance of some of the core markets. The goal of reaching 33 % of net sales from growth initiatives in 2023 remains unchanged. This objective will, however, be diffucult to achieve as long as the core markets continue to grow at the same pace as in 2022.

Opportunities with growth potential are attractive business ideas at an early stage. The company identifies these business ideas by following megatrends associated with basic human needs and then providing connectivity solutions that help satisfy those needs. The business ideas either develop into growth initiatives or interesting niche businesses or they are not pursued further if the opportunity is not sustainable. Therefore, the company strives to always have a broad range of such opportunities in the pipeline.

Greenhouse gas emissions and climate change

The Executive Group Management decided to make greenhouse gas (GHG) emissions and climate change a focus topic because it considers this topic as one of, if not the greatest challenge of mankind presently. In 2017, the company had two greenhouse gas emissions reduction targets approved by the Science Based Targets initiative (SBTi). CEO Urs Ryffel officially signed the net-zero commitment at SBTi. In 2023, the company plans to have new interim targets approved by SBTi, one of which is to reach net-zero GHG emissions in scope 1+2 by 2030. In 2022, HUBER+SUHNER managed to further reduce its scope 1+2 GHG emission by 17 % (year-on-year) to 9500 t.

Community involvement and development

Community involvement and development became a focus topic because it stands out due to its many aspects. It includes the promotion of education, culture, and sports, as well as support for groups at the edge of social and workplace exclusion in the catchment area of our sites. Open, honest, and fair dealings with local and regional administrative authorities are also part of this complex topic. In 2022, HUBER+SUHNER supported 173 community development projects with a total CHF 579 000 in the form of cash or contributions in kind as well as in paid leave hours of employees engaging in such projects.

Score card

Focus topic	2022	Target	Time horizon
Sustainable growth	26 % of net sales from growth initiatives	> 33 % of net sales from growth initiatives	2023
Greenhous gas emissions and climate change	9 400 t CO2-eq (scope 1+2)	8 400 t CO2-eq (scope 1+2)[1] Net zero CO2-eq emissions (scope 1+2)	2025 2030
Community involvement and development	CHF 579 000 spent on 173 community development projects	The company sets aside and spends at least 0.5 % of the budgeted EBIT or CHF 500 000[2] , whichever is higher, for community development projects as a matter of principle	Annual target

* This SBTI approved target will be replaced by new science-based targets in the course of 2023, reflecting the company's official commitment to net zero in July 2022.

** The funds will be provided from the operating business as well as from the Swiss-based Huber + Suhner Foundation (see chapter Community involvement and development).

Corporate Governance

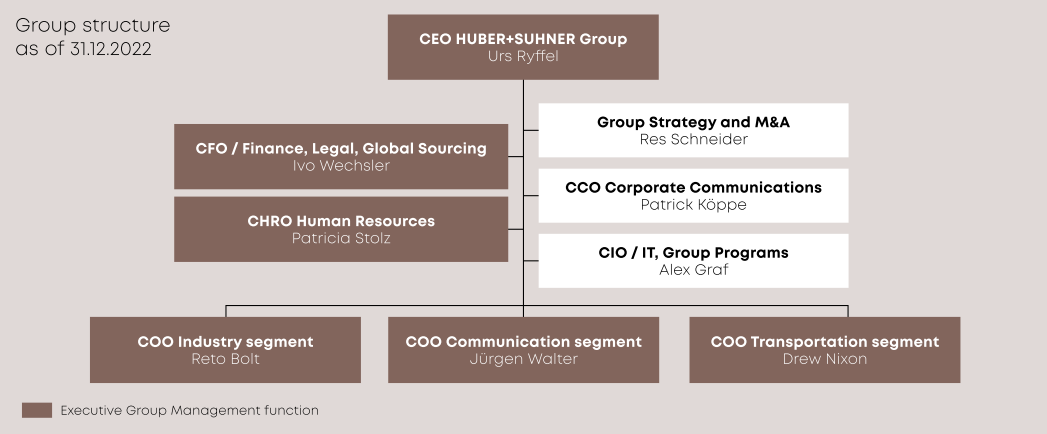
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Corporate Governance

The term “Corporate Governance” refers to all of the principles and rules aimed at safeguarding sustainable company interests. These principles are intended to guarantee transparency and a healthy balance of management and control while maintaining decision-making capability and efficiency at the highest level of a company.

The following Corporate Governance report is structured in accordance with the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange. All information presented reflects the situation on 31 December 2022, unless otherwise stated.

1 Group structure and shareholders



1.1 Group structure

The operational management of the HUBER+SUHNER Group consists of the Chief Executive Officer (CEO) and five other Executive Group Management members. It is structured according to the three market segments Industry, Communication and Transportation, and in addition two functional units Finance, Legal, Global Sourcing and Human Resources. At Group level, three further service units – Group Strategy and M&A, Corporate Communications and Information Technology including Group Programs – assist the CEO.

Listed Group company

HUBER+SUHNER AG, domiciled in Herisau AR, Switzerland, is the parent company of the HUBER+SUHNER Group. It is incorporated under Swiss law and its shares are listed on the SIX Swiss Exchange in Zurich (Swiss Reporting Standard, VALOR number: 3038073; ISIN: CH0030380734). The market capitalisation as per 31 December 2022 amounted to CHF 1600 million. Further key share data is provided in the chapter Share Data.

Non-listed Group companies

The directly and indirectly held companies consolidated in the Group accounts of HUBER+SUHNER AG are shown in the chapter Group Companies.

1.2 Significant shareholders

Based on the information available to the company, the following shareholders held 3 % or more of HUBER+SUHNER shares at the end of the fiscal year:

Shareholder	Country	% of shares
EGS Beteiligungen AG	CH	9.24%
S. Hoffmann-Suhner	CH	6.18%
Huwa Finanz- und Beteiligungs AG	CH	3.25%
BlackRock, Inc. (Mother Company) [1]	US	3.08%

[1] according to the published disclosure notification as of 21 April 2022

The company holds 1655 799 treasury shares (726 640 treasury stock, 928 084 treasury shares as part of the running share buyback programme 2021, 1075 other treasury shares for remuneration purposes).

HUBER+SUHNER AG has published eight disclosures in connection with shareholder participation in the year under review. Significant shareholder disclosures can be viewed at: Significant shareholders.

The HUBER+SUHNER Board of Directors is not aware of any shareholders' agreements or other arrangements with significant shareholders concerning the registered shares they hold in HUBER+SUHNER or the exercise of their shareholder rights.

1.3 Cross-shareholdings

The HUBER+SUHNER Group has no cross-shareholdings of capital or other voting rights with any other company.

2 Capital structure

2.1/2.2 Capital/Authorised and conditional capital in particular

The HUBER+SUHNER AG share capital, as on the balance sheet date, is fully paid in and stands at CHF 5 050 000. HUBER+SUHNER AG has no authorised or conditional capital.

On 29 October 2021 HUBER+SUHNER AG launched a share buyback programme over a maximum period of three years, for up to 5 % of the registered shares. The shares are being repurchased via a second trading line on the SIX Swiss Exchange for the purpose of capital reduction.

More information regarding the share capital is presented in the Notes to the Financial Statements of the Group, under note Share Capital.

2.3 Changes in capital

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

2.4/2.5 Shares and participation certificates/Dividend-right certificates

The share capital is divided into 20 200 000 registered shares, each with a nominal value of CHF 0.25. Each registered share represents one vote. HUBER+SUHNER has issued neither participation nor dividend right certificates.

2.6 Limitations on transferability and nominee registrations

In line with the Articles of Association, only persons who are registered in the share register shall be deemed to be shareholders or beneficiaries with voting rights. The Board of Directors may refuse to recognise an acquirer as a registered shareholder with voting rights in the company if:

a) the acquirer, as a recognised shareholder, were to directly or indirectly acquire more than 5 % of the total number of registered shares;

b) insofar as, and as long as, the recognition of the acquirer as a shareholder could, on the basis of information available to it, hinder the company from providing shareholder composition information as required by federal law;
c) the acquirer, following a request by the company, fails to expressly declare that he has acquired and will hold the shares in his own name and for his own account.

Natural persons, legal entities and business partnerships which are associated with each other through capital, voting rights, management, or in some other manner, as well as all natural persons, legal entities and groupings coordinated for the purposes of circumventing the registration limitations in any way are to be considered as one single acquirer. These limitations shall also apply in cases where shares are acquired following the exercise of pre-emptive rights, options or conversion rights. The rescindment of or alterations to the rules regarding registration limitations to registered shares requires a resolution of the Annual General Meeting passed by at least two-thirds of the voting shares present and an absolute majority of the nominal value of the shares represented.

In line with the regulations for registering HUBER+SUHNER AG shareholders in the share register, the Board of Directors may, in exceptional cases, waive the 5 % limit, in particular to facilitate the tradability of registered shares and in connection with corporate mergers and the increase of shareholder stability through new anchor shareholders. In the year under review, the Board of Directors did not grant any exceptions.

Further, in accordance with the regulations for registering HUBER+SUHNER AG shareholders in the share register the registration of nominee as shareholder with voting rights is not admitted.

2.7 Convertible bonds and options

HUBER+SUHNER AG does not have any outstanding convertible bonds or any shareholder or employee options on its books.

3 Board of Directors

3.1/3.2 Members of the Board of Directors/Other activities and vested interests

The Board of Directors of HUBER+SUHNER AG must consist of at least five members. All members of the Board of Directors are non-executive. They do not participate in the executive management of the Group. They also do not have any significant business relationships with HUBER+SUHNER AG or other Group companies. No member of the Board of Directors has served as a member of HUBER+SUHNER Executive Group Management or one of its Group companies in the three financial years preceding the period under review.

At the Annual General Meeting on 6 April 2022 six acting members of the Board of Directors were re-elected.

On 31 December 2022 the Board of Directors comprised the following six members:



Urs Kaufmann
Chairman of the Board of Directors since April 2017 and Board of Directors since 2014

1962, Swiss citizen

Education and professional background

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich. Senior Executive Program IMD, Lausanne. Project Manager, Production Manager and Head of Sales of Zellweger Uster AG, Uster and USA, 1987 to 1993. Joined HUBER+SUHNER in 1994: Managing Director of Henry Berchtold AG, a former subsidiary of HUBER+SUHNER AG, 1994 to 1997. Division Head and member of the Management Board of HUBER+SUHNER AG, 1997 to 2000. Member of Executive Group Management since 2001; Chief Executive Officer from 2002 to 31 March 2017.

Other activities and vested interests

Chairman of the Board of Directors of Schaffner Holding AG, Luterbach (until 10 January 2023). Member of the Board of Directors of SFS Group AG, Heerbrugg; Vetropack Holding AG, Bülach as well as Müller Martini Holding AG, Hergiswil. Executive committee member of Swissmem and the Swiss Employers' Association.



Dr. Beat Kälin

Deputy Chairman of the Board of Directors (Chairman 2015 - until April 2017) and Board of Directors since 2009

1957, Swiss citizen

Education and professional background

Dr. sc. techn., dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich. MBA INSEAD, Fontainebleau. Various management positions with Elektrowatt Group, Stäfa and Zug, 1987 to 1997. SIG Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen am Rheinfall, 1998 to 2004 and member of Executive Group Management as of 1999. Member of the divisional management board for packaging technology at Robert Bosch GmbH, Neuhausen am Rheinfall, 2004 to 2006. COO of the Komax Group, Dierikon, 2006 to 2007; CEO, 2007 to 2015 and Chairman of the Board of Directors, since 2015.

Other activities and vested interests

Chairman of the Board of Directors of Sevensense Robotics AG, Zurich and member of the Board of Directors of CabTec Holding AG, Rotkreuz.



Prof. Dr. Monika Bütler

Board of Directors since 2014

1961, Swiss citizen

Education and professional background

Dipl. math. University of Zurich. Dr. oec. University of St. Gallen. Assistant Professor at the University of Tilburg, Netherlands, 1997 to 2001. Professor at the University of Lausanne, 1999 to 2004. Full Professor of Economics and Public Policy and Director of the Swiss Institute for Empirical Economic Research (SEW) at the University of St. Gallen from 2004 until January 2021. Honorary Professor at the University of St. Gallen from February 2021.

Other activities and vested interests

Member of the Board of Directors of Schindler Holding Ltd., Hergiswil and of Swiss Life Holding, Zurich as well as AC Immune SA, Lausanne. Vice President of the Foundation Board, Gebert Rüf Stiftung, Zurich.



Rolf Seiffert

Board of Directors since 2010

1958, Swiss citizen

Education and professional background

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich. Product development and product management posts with ABB Transportation/Adtranz, Zurich, 1988 to 1998. Various line functions in product development and sales at Siemens Switzerland, Rail Automation, Wallisellen, 1999 to 2010. Vice President Sales at duagon AG, Dietikon, 2011 to 2013. Head of Sales at Ruf Telematik AG, Schlieren, 2013 to 2015. Managing Director at Kummler+Matter AG, Zurich, 2015 to 2017 and Head of Railway Signaling until 2018. Managing Director of BBR rail automation Swiss AG, Lucerne, 2019 to 2021. CEO of AlpRail GmbH, Gais, since 2014.

Other activities and vested interests

None



Dr. Franz Studer

Board of Directors since 2019

1965, Swiss citizen

Education and professional background

Dr. iur. University of Zurich. Admitted to the Zurich bar. MBA from the University of St. Gallen and International Directors Programme at INSEAD, Fontainebleau. Many years of industry experience in various legal and commercial management positions. Bühler AG, Uzwil, 1999 to 2009. CEO/COO aizo group AG, Zurich/Wetzlar, 2010 to 2011. Investment Director and member of the Executive Committee at EGS Beteiligungen AG*, Zürich, since 2012.

Other activities and vested interests

Chairman of the Board of Directors of Kantonsspital Winterthur, Winterthur; FAES AG, Wollerau as well as Roth Gerüste AG, Gerlafingen. Member of the Board of Directors of Sensirion AG, Stäfa.

*Significant shareholder at HUBER+SUHNER AG



Jörg Walther

Board of Directors since 2016

1961, Swiss citizen

Education and professional background

Lic. iur. University of Zurich. Admitted to the Aargau bar. MBA from the University of Chicago. Post-graduate degree from University of St. Gallen in European Economic Law. Advanced Management Program at University of Oxford. Management education in Business Strategy and Finance at Harvard Business School. Acquired many years of industry experience as a legal counsel and M&A expert to various multinational corporations: Danzas Management, Basel, 1991 to 1995. ABB Asea Brown Boveri AG, Baden and Oerlikon, 1995 to 2001. Novartis International AG, Basel, 2001 to 2009. Partner at Schärer Attorneys at Law in Aarau since 2010.

Other activities and vested interests

Vice-Chairman of the Board of Directors of Zehnder Group AG, Gränichen and AEW Energie AG, Aarau. Member of the Board of Directors of SFS Group AG, Heerbrugg; Kraftwerk Augst AG, Augst; Immobilien AEW AG, Aarau as well as swissVR, Rotkreuz.

Honorary chairmen

Marc C. Cappis, 1935
David W. Syz, 1944

3.3 Rules in the Articles of Association on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC (Ordinance against Excessive Compensation at Listed Joint-Stock Companies)

As per Article 30 of the Articles of Association, a Member of the Board of Directors may hold up to 5 posts as a Member of the management board or administrative body of other listed legal entities. In addition, a Member of the Board of Directors may hold up to 20 posts as a member of the management board or administrative body offices of non-listed legal entities and up to 10 posts as a member of the management board of foundations and associations.

3.4 Elections and terms of office

According to the legal provisions, all Members of the Board of Directors, the Chairman and the Members of the Nomination and Compensation Committee are elected annually and individually. The Articles of Association do not allow for any deviation from these election rules. The term of office of a Member of the Board runs until the end of the next Annual General Meeting. Re-election is possible. Please refer to 3.1/3.2 for the first election per member. Members of the Board cannot run for re-election at the Annual General Meeting in the year in which they turn 70 years of age. The Annual General Meeting also appoints the independent proxy representative each year. The term runs until the end of the next Annual General Meeting. Re-election is possible.

3.5 Internal organisational structure

The Board of Directors exercises overall management, supervision and control over the running of the Group. Except for the election of the Chairman and the Members of the Nomination and Compensation Committee by the Annual General Meeting, the Board of Directors constitutes itself. The Board of Directors may appoint the Deputy Chairman from among its members. It may also appoint a Secretary from outside the ranks of the Board.

Working practices of the Board of Directors

The Board of Directors meets as often as business requires, but at least five times a year. The Chairman, or if he is unable to attend, the Deputy Chairman or another Member of the Board, chairs Board meetings. The Chairman convenes Board meetings and sets their agendas. He also ensures that Members receive the agenda at least 10 days in advance of the meeting, and decision material generally one week beforehand. In addition to the CEO, the CFO also attends Board meetings as a representative of Executive Group Management. Depending on the business at hand, other members of Executive Group Management may take part.
Decisions are taken by the Board as a whole. The Board shall constitute a quorum when the majority of its members are present. All decisions require a voting majority. In a tie, the Chairman shall have the casting vote. Voting by proxy is not allowed. All resolutions and agreements are minuted and approved by the Board.

Five regular Board meetings with an average duration of 5 hours, four additional telephone conferences with an average duration of half an hour, as well as one “strategy work-shop” lasting one and a half days, which was also attended by the entire Executive Group Management, were held during the year under review. The meetings took place at regular intervals during the financial year with a 100 % participation rate.

The Chairman of the Board regularly meets with the CEO to discuss current business performance and activities and makes decisions regarding the disclosure of price sensitive facts or the acceptance of posts outside the company by Members of Executive Group Management. In addition, he is responsible for monitoring the implementation and compliance with resolutions taken by the Annual General Meeting and the Board of Directors and keeps the other members of the Board updated in a regular and timely manner. In addition to his core responsibilities, the Chairman performs additional duties for the HUBER+SUHNER Group, including liaising with key stakeholders and with the representative in the Foundation Committee or other organisations.

Committees – composition and working practices

The areas of responsibility and authority of the Nomination and Compensation Committee and the Audit Committee are defined in the appendix to the HUBER+SUHNER Bylaws. These committees support the Board in its supervisory and

control capacities and function mainly as advisory, assessment and preparatory bodies. The members of the committees are as follows:

	Nomination and Compensation Committee	**Audit Committee**
Jörg Walther		Committee Chair** (Member*)
Franz Studer		Member**
Monika Bütler	Committee Chair**	(Committee Chair*)
Beat Kälin	Member** (Committee Chair*)	
Urs Kaufmann	(Member*)	

* until 6 April 2022

** as of 7 April 2022

The committees meet as often as business requires, but at least twice a year. Minutes are taken at each meeting and sent to all meeting participants and to all Members of the Board of Directors. At the subsequent Board meeting, the Committee Chair briefs the Board and puts any motions to it.

The Nomination and Compensation Committee (NCC)

The committee consists of at least two non-executive Members of the Board elected annually by the Annual General Meeting, one of which will be designated as Chair by the Board of Directors. If the office of one of the members elected by the Annual General Meeting becomes vacant, the Board appoints one of its members to replace the departing member for the remainder of the term.

The committee prepares all the relevant decisions relating to nominating and compensating members of the Board of Directors and Executive Group Management and the Group's compensation policy. The Chairman of the Board attends the meetings. The CEO attends the meetings, except if his own performance is under review or his own compensation is under discussion. Where necessary, the CHRO (Chief Human Resources Officer) is also present. The committee held two meetings with an average duration of 2 hours and a 100 % participation rate during the year under review.

The main duties of the Nomination and Compensation Committee are:

- to manage the selection process and to put forward proposals concerning new Board members and the CEO
- to examine the selection process of the other members of the Executive Group Management as well as to examine the main conditions of their employment contracts
- to prepare the compensation report
- to prepare the proposals for the compensation voting to the Shareholders Meeting according to Art. 23 of the Articles of Association for the attention of the Board of Directors
- to examine and propose the individual compensations of the CEO and of the other members of the Executive Group Management in the frame of the maximum aggregate compensations approved by the Shareholders Meeting
- to approve the annual salary adjustment within the Group proposed by the CEO
- to inform the Board of Directors regarding all NCC-relevant events which are not directly within the responsibility of the Board of Directors
- to perform further tasks assigned to the Committee by the Board of Directors.

Audit Committee (AC)

The committee consists of at least two members. The Board of Directors appoints the members and designates the Chair annually. It supports the Board with financial management, supervision of accounting, financial reporting,

internal auditing and cooperation with the external auditor. It decides on urgent technical matters. Areas of authority and responsibility assigned to the Board of Directors by law and by the Bylaws remain wholly within the Board.

The Chairman of the Board, the CEO, the CFO, the Head of Corporate Controlling and the external auditor usually attend committee meetings. Where necessary, the committee addresses certain agenda items with the external auditor alone. The committee held two meetings with an average duration of 3 hours and a 100 % participation rate during the year under review.

The Audit Committee has the following main tasks:

- reviewing accounting functions (applicable accounting procedures, valuation policies, internal and external financial reporting, liquidity and financing management, assessment of evaluation and financing principles) in terms of suitability, reliability and effectiveness and, if necessary, submission of amendments for the attention of the Board of Directors
- checking of the annual and the half-year reports and of the other financial information to be published
- monitoring the evaluation of corporate risks and reviewing the risk management practices
- verifying the controlling system
- supervising business activities with regard to compliance with resolutions of the Board of Directors, internal regulations and guidelines, principles of corporate policy and instructions as well as with regard to the relevant statutory provisions, especially in terms of stock market legislation (compliance)
- reviewing performance, independence and remuneration of the statutory external auditor as well as giving recommendations for elections to the Board of Directors and/or the Shareholders Meeting
- handling of audit reports; consultation regarding all significant findings and recommendations of the external statutory auditor together with the Chief Executive Officer and the Chief Financial Officer as well as with the external auditors
- monitoring of the implementation of recommendations of the external auditors
- determining the internal audit plan
- handling of audit reports; consultation regarding all significant findings and recommendations of the internal audit together with the Chief Executive Officer and the Chief Financial Officer as well as with the internal audit
- informing the Board of Directors regarding all AC-related events which are not directly within the responsibility of the Board of Directors
- executing further tasks assigned to the Committee by the Board of Directors.

3.6 Definition of areas of responsibility

The areas of authority and responsibility of the various bodies are set out in the Bylaws (available under Corporate Governance).

The Board of Directors issues guidelines for business policy and makes decisions about all matters that are not reserved for, or assigned to, the Annual General Meeting or another company body by law, by the Articles of Association or the Bylaws. In particular, the Board of Directors approves the business strategy and organisation proposed by Executive Group Management, as well as budgets, medium-term plans, acquisitions and other businesses which, by its nature or financial impact, is considered strategically significant. Written requests are prepared for all projects that require a decision by the Board. The Board of Directors delegates the Group's operational management to the Chief Executive Officer (CEO), unless statutory regulations or the Bylaws state otherwise. The Bylaws are periodically reviewed and adapted by the Board, most recently on 22 June 2022.

3.7 Information and control instruments vis-à-vis the Executive Group Management

The Board's main information and control instrument is a management information system based on financial accounting according to Swiss GAAP FER. Group financial statements (income statement, balance sheet, cash flow

statement) with budget and previous year comparison, consolidated income statements and key management figures for the three market segments are submitted monthly to all Board members.

Regular reporting to the Board by Executive Group Management consists of a monthly written commentary from the CEO on business activities and the Group's result. It is sent to all Board members along with the monthly financial statements, as well as the minutes of monthly Executive Group Management meetings, which are also submitted to the Chairman of the Board of Directors.

The attendance of Executive Group Management members (especially the CEO and CFO) at the Board of Directors' meetings and its committees is reported in Section 3.5 (Internal organisational structure). During Board meetings, the CEO provides information about the current state of business and major business transactions; the CFO explains the annual and half-year financial statements. Each Member of the Board may also ask for information about all matters pertaining to the HUBER+SUHNER Group.

The Board of Directors is also closely involved in the company's planning cycle. In the third quarter of each year, it receives, for its approval, the results of the strategic mid-term plan, which covers a period of 5 years. In the fourth quarter, the Board approves a detailed budget for the coming year. It also receives a forecast of the annual results twice a year.

Internal auditing at HUBER+SUHNER is within the responsibility of Corporate Controlling. The Head is subordinate to the CFO, but reports directly to the Audit Committee regarding these activities. This solution, tailored to the specific situation and size of HUBER+SUHNER, is cost effective and ensures that internal audit findings are available in their entirety to the Controlling team. Based on financial risk considerations, an annual plan of the companies to be audited is drawn up and submitted to the Audit Committee for approval. The main priorities of the audit are compliance with internal policies, processes, reviews and the implementation of the internal control system. The internal auditors discuss the results of each audit in detail with the companies concerned, and concrete measures are agreed upon. Internal audit reports are submitted, together with suggested improvements, to the Audit Committee, the Chairman of the Board, the CEO, the CFO, the respective COO, the management of the audited company as well as the external Group auditor. Audit reports with significant findings are presented to and discussed in the Audit Committee. The Audit Committee ensures, on an annual basis, that issues and recommendations are dealt with.

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

Risk management of the HUBER+SUHNER Group and all Group companies is laid down in the Board of Directors' risk policy and in the Executive Group Management's guidelines on the risk management process. In the reporting year, the Executive Group Management reviewed the progress and effectiveness of the measures taken and has selected and reassessed the most significant financial, operational and strategic risks at Group level. This was based on its own top-down estimates and on bottom-up data from market segments and corporate functions. The risks were categorised according to their probability of occurrence and potential financial impact. In addition, mitigating measures as well as operational responsibilities were defined for each listed risk. The evaluated risks as well as the ongoing and planned compliance measures were presented in the 2022 Risk Report to the Board of Directors for review and approval. After its review, the Board approved the report on 7 December 2022.

4 Executive Group Management

4.1/4.2 Members of Executive Group Management/Other activities and vested interests

Executive Group Management is the highest management level and it assists the CEO with his operational management tasks. It deals with all business and decisions that are important for the company. On 31 December 2022, Executive Group Management consisted of the following six members:



Urs Ryffel

Chief Executive Officer (CEO)

1967, Swiss citizen

Education and professional background

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich. 1992 to 1999 Head of the Business Development unit at ABB Power Generation Switzerland, Baden and Head of the Hydro Power Plant Service global business unit at ABB Power Generation segment, Zurich. 1999 to 2002 General Manager for the Hydro Power segment at ABB/ALSTOM, Lisbon and for Hydro Power Plants and Systems in Paris. Joined HUBER+SUHNER in 2002 as Head of Rollers business unit. 2004 to 2007 Head of the Cable System Technology business unit. 2007 to 2016, Head of Fiber Optics Division; since 2008 member of Executive Group Management and since 1 April 2017 Chief Executive Officer.

Other activities and vested interests

Member of the Board of Directors of Bergbahnen Scuol AG, Scuol.



Reto Bolt

Chief Operating Officer (COO) Industry segment

1966, Swiss citizen

Education and professional background

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich. Joined HUBER+SUHNER in 1993 as Operations Engineer for coaxial connectors, then held several management positions in the Operations department of the Radio Frequency Division. 2004 to 2007 Head of Global Management Systems, from 2007 to 2012 Head of the Cable Systems business unit within the Low Frequency Division. 2012 to 2020 Head of Radio Frequency Division and since 2021 COO Industry segment. Member of the Executive Group Management since 2012.

Other activities and vested interests

Member of the Board of Directors of Mosmatic AG and Midas AG, Neckertal (from 1 January 2023).



Drew Nixon

Chief Operating Officer (COO) Transportation segment

1965, American citizen

Education and professional background

Bachelor in Business Administration, Babson College, Wellesley Massachusetts, USA. 1988 to 2000 working in various management functions for the American companies Charleswater Products INC, Boston Metal Products Corp, Cerplex Mass INC and Decibel Instruments INC. 2000 to 2004 as Director of Finance and Administration at Zettacom INC, Santa Clara, USA. Joined HUBER+SUHNER in 2004 as Finance Director North America, 2008 to 2012 Managing Director North America, Vermont, 2012 to 2015 Managing Director of the Region North Asia, Shanghai. 2015 to 2020 Chief Operating Officer Global Sales and since 2021 COO Transportation segment. Member of the Executive Group Management since 2015.

Other activities and vested interests

None



Patricia Stolz

Chief Human Resources Officer (CHRO)

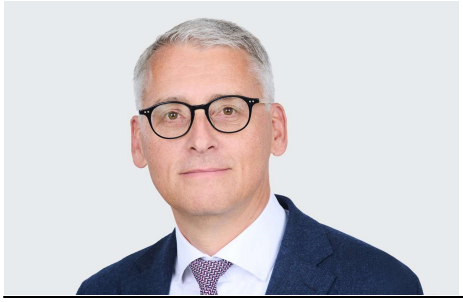
1969, Swiss citizen

Education and professional background

Human Resources Specialist with certificate of competence and EMBA University of Applied Sciences St. Gallen. 1990 to 2003 assistant in Human Resources at NAW Nutzfahrzeuge AG, Arbon. 2003 to 2007 Head of HR Management at Flawa AG, Flawil. Joined HUBER+SUHNER in 2008 as Human Resources Manager of the Fiber Optics Division. Since 2015 Chief Human Resources Officer and member of the Executive Group Management.

Other activities and vested interests

None



Jürgen Walter

Chief Operating Officer (COO) Communication segment

1968, German citizen

Education and professional background

Dipl. Ing. electrical engineering Technical University of Munich. 1995-2000 with Siemens Management Consulting in Munich. 2000 to 2007 various leading positions in the COM division at Siemens AG, Munich. 2007-2009 Head of the Business Unit 'Converged Core', as of 2010 Head of the Segment 'Business Solutions' and member of the Executive Board at Nokia Siemens Network, Munich. 2012 to 2015 at Fujitsu Technology Solutions, as of 2013 CEO Central Europe and Chairman of the Management Board, Munich. 2015 to 2019 with Kathrein Group, as of 2017 COO and member of the Executive Board at Kathrein SE, Rosenheim. 2019 to 2021 COO at Kathrein Mobile Communication, Rosenheim. Since October 2021 COO Communication segment and member of the Executive Group Management.

Other activities and vested interests

None



Ivo Wechsler

Chief Financial Officer (CFO)

1969, Swiss citizen

Education and professional background

Lic. oec. HSG (University of St. Gallen). 1995 to 1997 at Schweizerische Bankgesellschaft (UBS) in Corporate Finance in Zurich/London. 1998 to 2000 Controller and from 1999, Head of Controlling & Treasury at Sunrise Communications, Rümlang. 2001 to 2007 Head Corporate Controlling and from 2005 in addition Head Corporate Treasury, Ascom Group, Bern. Joined HUBER+SUHNER in 2008 as Head Corporate Controlling. Since 2010 Chief Financial Officer and member of the Executive Group Management.

Other activities and vested interests

Member of the Board of Directors of Zehnder Group AG, Gränichen.

4.3 Rules in the Articles of Association on the number of permitted activities pursuant to Art. 12 para. 1 point 1 OaEC

As per article 30 of the Articles of Association, a member of Executive Group Management may hold up to 3 posts as a member of the management board or administrative body of other listed legal entities. In addition, a member of Executive Group Management may hold up to 5 posts as a member of the management board or administrative body of non-listed legal entities and up to 5 posts as a member of the management board of foundations and associations.

5 Compensation, shareholdings and loans

The principles and elements of compensation and shareholding program for the members of the Board of Directors and the Executive Group Management are laid down in Articles 24 to 29 of the Articles of Association and specified in the compensation regulations issued by the Board of Directors. More detailed information about the compensation, shareholding programs as well as loans and the approval procedure by the Shareholder Meeting is set forth in the Compensation Report. Information about the shareholdings of the Board of Directors and Executive Group Management are shown in the Financial Statements HUBER+SUHNER AG, disclosed in note 7.

6 Shareholders' participation rights

6.1 Voting rights restrictions and representation

One share represents one vote. Each shareholder may be represented either by the independent proxy, a representative authorised by written or electronic power of attorney, or by another individual or legal entity by a power of attorney in writing. Proxy holders do not need to be shareholders.
When exercising voting rights, no shareholder representing another shareholder may, with his own shares and the shares he represents, together account for more than 10 % of the entire share capital. Proxy holders who are not shareholders may not control more than 10 % of the total share capital. Individuals, legal entities and groups with joint legal status which are bound by capital or voting rights, by consolidated management or in another manner, or individuals, legal entities and legal communities which coordinate their action to circumvent the above restrictions are to be considered as one single shareholder. The limitation does not apply to the independent proxy. The Board of Directors may decide on exceptions to restrictions on voting rights and representation. In the year under review, the Board of Directors did not grant any exceptions.
According to Article 13 of the Article of Association a resolution for abolishing voting rights restrictions requires the relative majority of the casted votes.
Powers of representation and voting instructions are granted to the independent proxy representative in accordance with legal provisions. The Articles of Association do not foresee the possibility of electronic participation in the Annual General Meeting.

6.2 Quorums required by the Articles of Association

The Annual General Meeting makes its decisions and carries out its elections with a relative majority of votes unless the law determines otherwise. A decision by the Annual General Meeting which assembles at least 2/3 of the represented share votes and the absolute majority of the nominal value of the shares issued, is required for:

1. the alleviating or withdrawal of limitations upon the transfer of registered shares;
2. the conversion of registered shares into bearer shares;
3. the dissolution of the company, followed by liquidation.

6.3/6.4 Convocation of the Annual General Meeting/Inclusion of items on the agenda

Convening the Annual General Meeting and setting the agenda are governed by Articles 699 and 700 of the Swiss Code of Obligations. By way of derogation from the statutory norm, Article 9 of the Articles of Association stipulates that shareholders entitled to vote may place an item of the agenda if they hold shares with a minimum nominal value of CHF 50 000. The Board must be notified of a request to place an item on the agenda and be given the proposals in writing no later than 60 days prior to the Annual General Meeting.

6.5 Entries in the share register

As a general rule, no entries of registered shareholders are made in the share register in the five working days before the Annual General Meeting. The Board of Directors announces the deadline for making entries in the share register in the invitations to the Annual General Meeting. In the year under review the Board of Directors did not grant any exceptions to this rule.

7 Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Association do not entail any rule governing opting-up or opting-out as per the Financial Market Infrastructure Act (FMIA).

7.2 Clauses on changes of control

No contractual clauses governing changes in control exist in the employment contracts with members of either the Board or the Executive Group Management. The share blocking periods are not revoked when members of the Board or Executive Group Management resign. According to the HUBER+SUHNER AG Compensation Policy, the Board may prematurely revoke existing blocking periods only under special circumstances, such as a change of control, and requested by the Nomination and Compensation Committee.

8 Auditors

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

Ernst & Young AG, Basel, has been the independent auditor of HUBER+SUHNER AG and various Group companies since 2018. The current lead auditor, Mr. Iwan Zimmermann, has been in charge since 1 April 2021. As per article 730a(2) Swiss Code of Obligations, his tenure as lead auditor may not exceed seven years. The auditors are elected by the Annual General Meeting for a term of one year.

8.2/8.3 Auditing fees/Additional fees

Ernst & Young (EY) charged CHF 262 000 for auditing the Group Financial Statements and a few individual financial statements of different Group companies during the reporting year, and CHF 59 000 for additional EY services (e.g. independent assurance for sustainability report).

8.4 Information instruments pertaining to the external audit

The Audit Committee informs the Board of the work performed by and working relationship with the external auditor. Each year, the external auditor submits an audit plan, a “confirmation of analytical review” of the half-year and a comprehensive report on the annual financial statements with conclusions on financial accounting, the internal control system, the Compensation Report (Chapter 5) and the audit results for the attention of the Board of Directors and the Audit Committee. The Audit Committee also assesses the scope of the annual audit and the audit plans, and discusses the audit findings with the external auditor. In the year under review, the external auditor was present at both Audit Committee meetings.

The Audit Committee annually assesses the external auditors' performance, independence and fees and recommends to the Board the external auditing company to be nominated by the Annual General Meeting.
This evaluation is based on the reports and presentations provided by the external auditors, the discussions held in the meetings, their objectivity as well as their technical and operational expertise. The Audit Committee reviews the suitability and scope of the additional services rendered by the external auditor. If the planned additional services exceed the monetary limit set by the Audit Committee, the Audit Committee must be informed in advance.

9 Information policy

As a listed company and as a credible and sustainable business partner, HUBER+SUHNER informs its internal and external stakeholders actively, transparently and in good time. Its communication policy is guided by the SIX Swiss Exchange regulations, legal provisions and internal guidelines.
HUBER+SUHNER communicates regularly with its shareholders, the capital market and the public. In accordance with Swiss GAAP FER, Huber+Suhner discloses its business and financial performance on a half-yearly basis in form of an interim report and an annual report which are published electronically in English. Additionally, shareholders receive half-yearly a short printed version of the management letter in German or English. Also, at the end of January of any given year, HUBER+SUHNER announces sales and order intake figures for the past year. Sales and order intake figures for the first nine months from January to September are published at the end of October of any given year.
HUBER+SUHNER held its first Capital Market Day in September 2022 to present the company's strategic orientation to the financial community and to provide practical information on the strategic growth initiatives in greater depth.

The exact dates and more contact information can be found under chapter Key Figures and Financial Calendar.

Additional information which could affect the share price is published during the year in accordance with SIX Swiss Exchange ad hoc publication requirements. Official announcements and company notices are published in the Swiss Official Gazette of Commerce (SOGC).

The CEO is responsible for corporate communications. He is assisted in his investor relations activities by the CFO.

An important source of current in-depth information on the Group, including products and contact details is the H+S website.
Relevant shareholder information, important dates and news can be found using the links below:
Ad hoc news
News
Investor information
Articles of Association
Bylaws
Subscription to information service

10 Quiet periods

At HUBER+SUHNER, the general quiet period starts on the day of the last regular Board meeting of the preceding fiscal year or preceding first half of the fiscal year, as the case may be, and ends two days after the publication of the relevant ad-hoc announcement related to the respective annual report or half-year report.

The following group of persons has signed the "Prohibition of Insider trading" of 22 June 2022 and are affected by the general quiet period:

- Members and Honorary chairmen of the Board of Directors
- Secretariat of the Board of Directors
- Members of the HUBER+SUHNER Executive Group Management including their assistants
- Participants of the Group Meeting*

- Head of Group Strategy and M&A and team members
- Head of Corporate Communications and Global Sustainability and team members
- Head of Finance and Accounting at Huber+Suhner AG
- Head of Corporate Controlling and team members
- Head of Business Controlling and team members
- Head of Treasury
- General Counsel

*EGM plus top ~20 global key positions

The CFO sends a written notification of the dates of the general quiet periods yearly and maintains a list of all affected persons.

During a general quiet period, affected persons are prohibited from trading in HUBER+SUHNER AG securities or financial instruments derived therefrom, for themselves or through third parties. This transaction block also applies to transactions falling within the scope of an asset management mandate, regardless of the structure of the latter and the agent's powers.

In addition to the general quiet period, a project specific transaction block in HUBER+SUHNER AG securities may be imposed by the CEO to employees who are aware of specific confidential projects.

Compensation Report 2022

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Compensation Report

The Compensation Report provides an overview of the remuneration principles and compensation systems of the HUBER+SUHNER Group. It describes how compensation is determined and contains detailed information on the compensation of the Members of the Board of Directors and the Executive Group Management in the fiscal years 2021 and 2022.

The Compensation Report fulfils the requirements of the Ordinance against Excessive Compensation in Listed Companies (OaEC), which has been in effect since January 2014. Furthermore, the Compensation Report fulfils the requirements of the Swiss Code of Obligations and the provisions set forth in the Directive on Information relating to Corporate Governance issued by SIX Swiss Exchange.

1 Guidelines and responsibilities

Guidelines

The HUBER+SUHNER Group's success heavily depends on the quality and commitment of its employees. The compensation policy aims to attract skilled managers and employees and to gear their activities towards the company's goals and a long-term career with HUBER+SUHNER.

Payments are made according to the following principles:

- performance-based remuneration with market-competitive fixed and variable components
- the variable component is based on predefined targets and maximum thresholds
- contribution towards the sustainable success of the company
- transparency and clarity

The principles governing the compensation of Members of the Board of Directors and Executive Group Management are laid down in the following Articles of Association: Article 23 (Compensation Approval); 24 (Compensation of the Board of Directors); 25 (Compensation of Executive Group Management); 26 (Principles of Success and Performance-related Compensation); 27 (Principles for Allocating Shares); 28 (Additional Amount) and 29 (Activities for Group Companies).

For more details, please refer to Corporate Governance.

In accordance with Article 12(2) No. 1 OaEC, credit and loans, as well as benefits outside of the occupational pension scheme may only be granted if a provision to this end is included in the Articles of Association. During the year under review and as per its previous practice, HUBER+SUHNER did not add any such provision in its Articles of Association.

Responsibilities

The Board of Directors is responsible for regulating general questions regarding compensation. The compensation models applicable to the Board of Directors and Executive Group Management are outlined in a compensation policy approved by the Board. The Board of Directors is supported by the Nomination and Compensation Committee. The committee reviews the principles and prepares all relevant decisions concerning compensation of members of both the Board of Directors and the Executive Group Management. The composition, main tasks and working practices of the Nomination and Compensation Committee are laid down in the Corporate Governance Report.

2 Compensation system for the Board of Directors

2.1 Chairman of the Board of Directors

The compensation of the Chairman consists of the following three components:

a) remuneration;
b) long-term oriented compensation in the form of shares;
c) pension and other social security benefits

a) Remuneration

The Chairman receives a fixed fee of CHF 240 000 per annum. This amount also includes the remuneration for serving in Board Committees.

b) Long-term oriented compensation in the form of shares

In addition, the Chairman annually receives a long-term oriented compensation in the form of a fixed number of company shares (2000), with a blocking period of at least three years. The share blocking periods are not rescinded on his retirement from the Board.

c) Pension and other social security benefits

The employer's obligatory contributions to social security and accident insurance schemes and regulatory contributions to pensions from the compensations paid to the Chairman are borne by the company. The Swiss system defines a portion of the pension and social security contribution to be paid by the employee. The employee's contribution to social security and pensions are deducted from the employee's gross salary.

Remuneration payments and share allocations to the Chairman require the approval of the Annual General Meeting, as does all compensation for Board members. The basic remuneration is paid out on a monthly basis, but the shares are allocated only at the end of the Chairman's year in office. The total market value of the shares is accrued in accordance with the accrual principle in the financial statements of the given financial year.

2.2 All other Board Members

Compensation for the other members of the Board of Directors consists of the following three components:

a) remuneration;
b) long-term oriented compensation in the form of shares;
c) social security benefits

a) Remuneration

Each member of the Board receives an equal fixed basic fee of CHF 70 000 per annum. Additionally, members receive an extra allowance for taking on a post as Deputy Chairman (CHF 20 000) or for serving on the Nomination and

Compensation Committee or Audit Committee (CHF 10 000). The responsibility and the increased workload of the various functions are therefore accounted for individually.

b) Long-term oriented compensation in the form of shares

In addition, each Board member receives annually a long-term oriented compensation in the form of a fixed number of company shares (Deputy Chairman: 1200 shares; other members: 800 shares) with a blocking period of at least three years. The share blocking periods are not rescinded on retirement from the Board.

c) Social security benefits

The obligatory contributions towards social security out of the remuneration paid to Board members are also covered by the company. However, no pension fund contributions are made.

Remuneration payments and share allocations require the approval of the Annual General Meeting, as does all compensation for Board members. The basic remuneration including a post-related allowance and the shares are paid out or allocated accordingly at the end of the year in office. In the event of early termination of office, the Board member concerned will receive pro rata compensation. The amount of the remuneration and market value of the shares are accrued in accordance with the accrual principle in the financial statements of the given financial year.

3 Compensation system for the Executive Group Management

The total compensation for a member of the Executive Group Management (EGM) reflects the responsibility assigned, qualifications, complexity of the task, achievement of goals and local market conditions in the machinery and electrical industry.

These comparisons are executed every year, the last time 2022 (based on 2021 compensation reports), to benchmark Executive Group Management's salaries. The fixed and variable elements assessed are short-term incentives (basic salary and bonus), long-term incentives (shares) and complementary benefits (pension fund and other compensation).

In 2022, the comparison of Executive Group Management's salaries included manufacturing industrial companies with registered seat in Switzerland and of similar size (based on net sales, EBIT margin, number of employees and market capitalisation) like Arbonia, Belimo, Bobst, Bossard, Burckhardt Compression, Comet, dormakaba, Kardex, Komax, Landis+Gyr, LEM and SFS.

In addition every three to five years international compensation analyses for selected management positions are conducted. The latest comparison was executed in 2021 by Mercer, a consulting company specializing in international salary benchmarking. It is based on anonymised data and helps to determine Executive Group Management's salaries. The elements assessed are short-term incentives (basic salary and bonus) and long-term incentives (shares).

The comparison mentioned above was made by Mercer using two peer groups. The sample in the two peer groups consisted of (i) manufacturing industrial companies with registered seat in Switzerland and similar size as HUBER+SUHNER (based on annual net sales and number of employees), (ii) direct competitors in the job market in the machinery and electrical industry with registered seat in Switzerland (based on annual net sales and number of employees). In case of companies of bigger size than HUBER+SUHNER, the benchmarking consulting firm compares the salary of managers with comparable responsibility to the one of the HUBER+SUHNER manager whose salary is benchmarked. The benchmarking consulting firm has vast experience in determining which roles are comparable in companies of different sizes. The benchmarking consulting firm does not have any other roles or mandates at HUBER+SUHNER.

Remuneration for the members of the Executive Group Management consists of the following components:

a) fixed basic salary;
b) variable performance components
   b1) cash bonus
   b2) long-term incentive (in the form of shares);
c) pension and other social security benefits

a) Fixed basic salary

Executive Group Management members receive a fixed basic salary which is paid monthly. This is determined individually and takes into account the role and responsibilities of the given Executive Group Management member. It also includes allowances such as child or education allowances, work anniversary compensation and other compensation in connection with relocation for the purposes of conducting business on behalf of HUBER+SUHNER outside the member's country of residence.

b) Variable performance components

b1) Cash bonus

The Executive Group Management variable compensation system is based on the MbO (Management by Objective) process, which also applies to the entire Group. Performance-related compensation is defined based on a set target bonus (this corresponds to 100 % target achievement). The target bonus for Executive Group Management members, which is defined on an individual basis based on the ratio to the fixed basic salary, is between 40 % and 60 % for the CEO and between 20 % and 50 % for all other Executive Group Management members. The weighting of the variable compensation is set as follows:

Target category	Group financial targets	Individual targets	Leader-ship factor
CEO	60%	20%	20%
Other EGM members	40 %-60 %	20 %-40 %	20%

Every year, the Board sets in advance three weighted Group financial targets which are applicable for a one-year period. For the year 2021 the Group financial targets were: net sales, EBIT-margin and inventory turn. In 2022 the Group financial targets were: net sales, EBIT-margin and net working capital (NWC).

The individual targets are three to five market segment or function-specific measurable management targets including at least one Environmental, Social and Governance (ESG) target. These are set and weighted annually in a structured target-setting process by the Chairman of the Board for the CEO, and by the CEO for members of the Executive Group Management.

A leadership factor (leadership, cooperation and conduct) is also included in the calculation of the cash bonus. The leadership performance review is conducted by the Chairman of the Board for the CEO and by the CEO for members of the Executive Group Management.

Failure to reach targets means that no bonus is paid out. Outperforming all targets may increase the bonus to a maximum of 150 % of the agreed target bonus. Payment is made following approval by the Annual General Meeting. The amount of the bonus is accrued in accordance with the accrual principle in the financial statements of the corresponding financial year.

b2) Long-term incentive (in the form of shares)

As long-term compensation, members of the Executive Group Management receive a variable number of HUBER+SUHNER shares each year. The annual number of target shares for the CEO is 4000, and between 800 and 2000 shares for other Executive Group Management members. The number of shares effectively allotted annually (number of target shares multiplied by a factor of between 0.0 and 1.5) is determined by the Board of Directors and is driven by the long-term business success, which is assessed based on the factors "market environment", "strategy implementation" and "financial position" based on macro-economic indicators and benchmarking with relevant customers and competitors.

- Market environment: The Board of Directors evaluates the influence of the market situation on the development in the past year and assesses the progress of HUBER+SUHNER's market positioning in the strategically important target markets. The Key Performance Indicators (KPIs) for determining this factor are the organic sales growth rates and the development of profitability compared to the development of the target markets and, where possible, compared to the development of benchmark companies.
- Strategy implementation: The Board of Directors assesses progress in the implementation of key strategic initiatives both from a Group perspective and in terms of the individual contribution of the members of the Executive Committee compared to the targets set in the annual business planning cycle for a five-year period. The Key Performance Indicators (KPIs), which are based on a multi-year performance review to determine strategy implementation factors, are: sales growth, gross margin development and progress achieved on key strategic action plans.
- Financial position: The Board of Directors assesses the company's financial starting position and financial outlook. The Key Performance Indicators (KPIs) used to determine this factor are free operating cash flow, return on invested capital, liquidity situation, and forward-looking financial planning.

A blocking period of at least three years applies for the allocated shares. The share blocking periods are not rescinded on the resignation of the member concerned.

The Board of Directors deliberately opts for a method without vesting period as the assessment of the long-term incentive is based on a comprehensive analysis of all factors over a period of several years and against an approved five year plan.

As a detailed analysis confirms the average holding period of allocated shares for the current members of the Executive Group Management is more than twice the defined minimum blocking period of three years. This emphasizes clearly the long-term nature of compensation in the form of shares and confirms the alignment of the interests of the Executive Group Management with those of the shareholders.

The shares are only effectively allocated following approval by the Annual General Meeting. The market value of the shares is accrued in accordance with the accrual principle in the financial statements of the corresponding financial year.

c) Pension and other social security benefits

The employer's obligatory contributions to social security and accident insurance schemes and regulatory contributions to pensions from the compensations paid to the members of the Executive Group Management are borne by the company. The Swiss system defines a portion of the pension and social security contribution to be paid by the employee. The employee's contribution to social security and pensions are deducted from the employees's gross salary.

Additional information

The Executive Group Management members' employment contracts provide for a notice period of 6 months; under certain circumstances, this may be extended to a maximum of 12 months by the employer. If the employment relationship is terminated by notice, the person entitled to compensation loses his eligibility for share allocation for the

current financial year, except if otherwise allocated by the Board of Directors. All other entitlements remain in force on a pro rata basis.

Executive Group Management members receive an expense allowance for effective minor expenses as per the expenses policy approved by the appropriate tax authorities.

The Board of Directors can approve additional fixed compensation for Executive Group Management members who are appointed after the Annual General Meeting. In this case, the total amount of approved fixed compensation for Executive Group Management members may be increased by a maximum of 20 % per new Executive Group Management member and by 40 % if a new CEO is appointed.

4 Determining method

At the request of the Nomination and Compensation Committee, the Board of Directors determines in February the compensation for both Board and Executive Group Management members. The compensation is subject to approval by the Annual General Meeting.

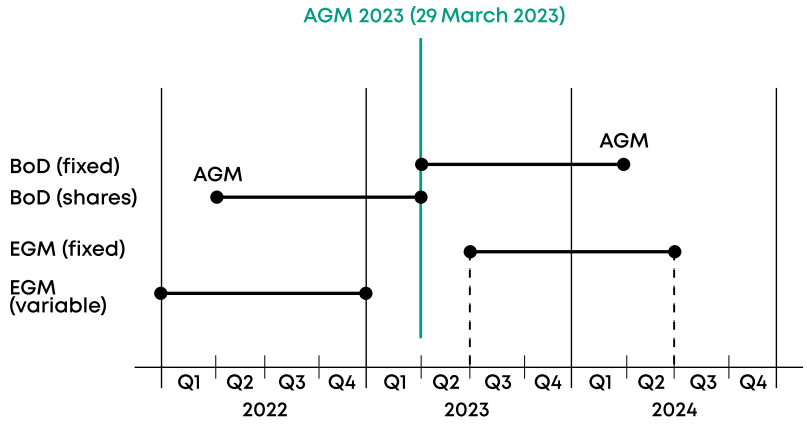
This relates to the amount of the fixed fees and post-related allowances for the members of the Board for the coming term of office and the fixed number of shares for the current term of office. For Executive Group Management members, this is the amount of the basic salary for the period from 1 July to 30 June the following year, the target bonus amount and the number of target shares for the current financial year. In addition, the previous financial year's target attainment (Group financial targets, individual targets, leadership factor as well as the share allocation factor) for Executive Group Management members is assessed and set by the Board of Directors, as proposed by the Nomination and Compensation Committee.

All members are present when the Board of Directors determines compensation for Board members; there are no special rules of abstention. The CEO is present when determining compensation for Executive Group Management members, unless his own target attainment is under review or his compensation is under discussion.

The Annual General Meeting grants final approval of the maximum compensation for the Board of Directors (BoD) and the Executive Group Management (EGM), as follows:

- total amount of fixed compensation to the Board of Directors for the one-year term from the current Annual General Meeting until the conclusion of the next Annual General Meeting (prospective);
- share-based compensation for the Board of Directors for the one-year term of office expiring at the Annual General Meeting (retrospective);
- total amount of fixed compensation to the Executive Group Management for the period from 1 July to 30 June of the following year from the current Annual General Meeting onwards (prospective);
- total amount of variable compensation for the Executive Group Management for the completed financial year (retrospective).

Compensation vote at the 2023 AGM



5 Compensation for the members of the Board of Directors and Executive Group Management for fiscal year 2022

Board of Directors' compensation 2022

The Board of Directors share-based compensation is based on a fixed number of shares: 2000 shares for the Chairman, 1200 shares for the Deputy Chairman and 800 shares for the remaining Members of the Board.

The Members of the Board of Directors received KCHF 731 in fixed compensation for the year under review (previous year: KCHF 693). Share-based compensation amounting to KCHF 611 (previous year KCHF 648) was also awarded. This amount is based on the market value of a total of 6400 shares (previous year: 7250 shares) divided into 1600 shares (previous year: 2450 shares) at a share price of CHF 92.50 from 1 April 2022 (previous year: CHF 73.20) for the period from 1 January to 31 March 2022 and 4800 shares (previous year: 4800 shares) at a share price of CHF 86.30 from 31 December 2022 (previous year: CHF 87.00) for the period from 1 April 2022 to 31 December 2022. No compensation was paid to former Board members.

Total compensation for members of the Board of Directors for the reporting year amounted to KCHF 1342 (previous year: KCHF 1341).

Compensation for the Board of Directors

(BoD)		Fixed compensation[1]		Share-based compensation[2]		Total compensation		Number of allotted shares	
KCHF		**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Urs Kaufmann[a]	Chairman	288	288	196	207	484	495	2 000	2 250
Beat Kälin[b]	Deputy Chairman	114	107	118	128	232	235	1 200	1 400
Monika Bütler[c]	Member	91	84	78	83	169	167	800	900
Rolf Seiffert	Member	70	65	70	74	140	139	800	900
Franz Studer[d] [e]	Member	78	65	70	74	148	139	800	900
Jörg Walther[f]	Member	91	84	78	83	169	167	800	900
Total		**731**	**693**	**611**	**648**	**1 342**	**1 341**	**6 400**	**7 250**

1) The Chairman receives a fixed contractual amount including social security/accident insurance scheme/pension fund contributions. All other members receive a basic remuneration and an extra post allowance (if applicable) including social security contributions. A maximum fixed compensation has been approved in previous Annual General Meetings.

2) Share-based compensation is calculated at a share price of CHF 92.50 (for the part of the allocation approved by the Annual General Meeting 2022) (previous year: CHF 73.20) and at CHF 86.30 (as of year-end 2022) (previous year CHF 87.00) for the outstanding amount including social security. Outstanding shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

a) Chairman and NCC member (until AGM 2022)

b) Deputy Chairman and NCC Chairman (until AGM 2022), NCC member (as of AGM 2022)

c) AC Chairwoman (until AGM 2022) and NCC Chairwoman (as of AGM 2022)

d) AC member (as of AGM 2022)

e) Dr. Franz Studer is a member of the executive committee and investment Director of EGS Beteiligungen AG, a significant shareholder of HUBER+SUHNER AG. His compensation, including cash payments and allocations of shares is made directly to his employer EGS Beteiligungen AG

f) AC member (until AGM 2022) and AC Chairman (as of AGM 2022)

No loans have been granted to current or former Board members. In addition, no compensation, loans or credit have been granted to related parties of the Board of Directors.

An overview of the shareholdings of members of the Board of Directors at HUBER+SUHNER AG can be found in note 7 of the 2022 Financial Report.

In addition to serving on the Board of Directors of HUBER+SUHNER the members hold the following significant mandates:

Urs Kaufmann
Chairman of the Board of Directors of Schaffner Holding AG, Luterbach (until 10 January 2023). Member of the Board of Directors of SFS Group AG, Heerbrugg; Vetropack Holding AG, Bülach as well as Müller Martini Holding AG, Hergiswil. Executive committee member of Swissmem and the Swiss Employers' Association.

Dr. Beat Kälin
Chairman of the Board of Directors of Komax Group, Dierikon and Sevensense Robotics AG, Zurich. Member of the Board of Directors of CabTec Holding AG, Rotkreuz.

Prof. Dr. Monika Bütler
Member of the Board of Directors of Schindler Holding Ltd., Hergiswil; Swiss Life Holding, Zurich as well as AC Immune, Lausanne. Vice President of the Foundation Board, Gebert Rüf Stiftung, Zurich.

Rolf Seiffert
None.

Dr. Franz Studer
Chairman of the Board of Directors of Kantonsspital Winterthur, Winterthur; FAES AG, Wollerau as well as Roth Gerüste AG, Gerlafingen. Member of the Board of Directors of Sensirion AG, Stäfa.

Jörg Walther
Vice-Chairman of the Board of Directors of Zehnder Group AG, Gränichen and AEW Energie AG, Aarau. Member of the Board of Directors of SFS Group AG, Heerbrugg; Kraftwerk Augst AG, Augst; Immobilien AEW AG, Aarau as well as swissVR, Rotkreuz.

Executive Group Management compensation 2022

The Executive Group Management members received fixed compensation of TCHF 2550 for the year under review (previous year: TCHF 2219). Subject to approval by the Annual General Meeting, Executive Group Management was awarded variable compensation of TCHF 2055 (previous year: TCHF 2154). This comprises a cash bonus and a share based compensation. The factors for the variable cash component which is determined individually and depends on the achievement of the Group's financial targets and the individual objectives, range from 105 to 129 %.

The share-based compensation at the market value of the shares amounts to 11 800 shares (previous year: 13 150 shares) at a share price of CHF 86.30 on 31 December 2022 (previous year: CHF 87.00). The Board of Directors determined the share factor for 2022 in its March 2023 meeting. The assessment was based on the criteria as defined under chapter 3, section b) of this document.

Long-term incentive (in the form of shares)

	2022	2021
Market environment	+	+
Strategy implementation	0	++
Financial situation	0	0
Sharefactor*	1.00	1.25

* Calculation of sharefactor:
++ = 150%, + = 125%, 0 = 100%, - = 50%, -- = 0%
The calculation serves as a guiding principle. However, the achievement level for each person will be determined individually and considered from the displayed sharefactor above.

Based on the above assessment, the share factor was set at 1.00. No compensation was paid to former Executive Group Management members.

Total compensation for the Executive Group Management for the year under review was TCHF 4605 (previous year: TCHF 4373). In 2022 the total compensation overall increased by 5.3 %. In order to compare total compensation for the Executive Group Management of the reporting period with 2021, one has to consider:

- The sharefactor 2022 (1.00) was lower than in 2021 (1.25).
- The total compensation 2022 included 6 members of Executive Group Management for the whole year (2021: 5 members for the whole year, 1 member for 3 months).

Compensation for Executive Group Management

	Highest individual compensation[1]		Total Executive Group Management[2]	
	2022	**2021**	**2022**	**2021**
Basic salary[3]	550	540	2 001	1 743
Contributions to social security and pension funds on fixed compensation	161	154	549	476
Total fixed compensation	**711**	**694**	**2 550**	**2 219**
Variable compensation	324	352	911	866
Share-based compensation[4]	345	435	1 018	1 144
Contributions to social security on variable compensation	50	66	126	144
Total variable compensation	**719**	**853**	**2 055**	**2 154**
Total compensation	**1 430**	**1 547**	**4 605**	**4 373**
Number of allotted shares	**4 000**	**5 000**	**11 800**	**13 150**

1) Urs Ryffel, CEO

2) The Executive Group Management consists of 6 members

3) Including allowances

4) Based on the year-end share price of CHF 86.30 (previous year: CHF 87.00). Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

No loans or credits have been granted to current or former Executive Group Management members. In addition, no compensation or loans have been granted to related parties of the Executive Group Management.

An overview of the shareholdings of members of Executive Group Management at HUBER+SUHNER AG can be found in note 7.

In addition to serving on the Executive Group Management of HUBER+SUHNER the members hold the following significant mandates:

Urs Ryffel
Member of the Board of Directors of Bergbahnen Scuol AG, Scuol.

Reto Bolt
Member of the Board of Directors of Mosmatic AG and Midas AG, Neckertal (from 1 January 2023).

Drew Nixon
None.

Patricia Stolz
None.

Jürgen Walter
None.

Ivo Wechsler
Member of the Board of Directors of Zehnder Group AG, Gränichen.

6 Management compensation compared to amounts approved by the Annual General Meetings 2021 and 2022

The below tables provide a comparison of the actual amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

Board of Directors

	Fixed compensation Board of Directors April 1, 2021 - March 31, 2022[1]		Variable compensation Board of Directors April 1, 2021 - March 31, 2022[2]		
	Approved Maximum as applied for	Actual	Approved Maximum as applied for	Approved Maximum based on share price as of allottment date	Actual
Cash, in CHF 1 000	650	650	–	–	–
Number of shares	–	–	6 400	6 400	6 400
Share-based compensation in CHF 1 000[3]	–	–	543	592	592
Social security and pension in CHF 1 000	90	81	57	37	37
Total	**740**	**731**	**600**	**629**	**629**

Executive Group Management

	Fixed compensation EGM July 1, 2021 - June 30, 2022[1]		Variable compensation EGM January 1, 2021 - December 31, 2021[2]		
	Approved Maximum as applied for	Actual	Approved Maximum as applied for	Approved Maximum based on share price as of allottment date	Actual
Cash, in CHF 1 000	2 025	1 893	866	866	866
Number of shares	–	–	13 150	13 150	13 150
Share-based compensation in CHF 1 000[3]	–	–	1 115	1 216	1 216
Social security and pension in CHF 1 000	675	515	219	150	150
Total	**2 700**	**2 408**	**2 200**	**2 232**	**2 232**

1) According to AGM Agenda 2021

2) According to AGM Agenda 2022

3) Share price 84.78 (average 5 days before last board meeting as of February, 23, 2022) compared to share price 92.50 as of April 6, 2022 (allottment date)

Building a better working world

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To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 1 March 2023

Report of the statutory auditor on the audit of the compensation report

Opinion

We have audited the compensation report of HUBER+SUHNER AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables on pages 61 to 65 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and Art. 14-16 VegüV.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables on pages 61 to 65 in the compensation report, the HUBER+SUHNER Group Financial Statements, the Financial Statements of HUBER+SUHNER AG and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Board of Directors' responsibilities for the compensation report
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Iwan Zimmermann
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)

Erik Zeller
(Qualified
Signature)

Licensed audit expert

Financial Report

HUBER+SUHNER Group Financial Statements

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Key Figures

Group

in CHF million	2022	2021	Change
Order intake	975.4	995.6	(2.0%)
Order backlog as of 31.12.	320.0	323.4	(1.1%)
Net sales	954.6	862.9	10.6%
Gross margin	35.7%	38.2%	
EBITDA	135.3	137.6	(1.7%)
as % of net sales	14.2%	16.0%	
EBIT	103.2	104.6	(1.3%)
as % of net sales	10.8%	12.1%	
Financial result	(1.8)	(2.3)	n/m
Net income	85.2	87.3	(2.4%)
as % of net sales	8.9%	10.1%	
Purchases of PP&E and intangible assets	45.3	50.7	(10.8%)
Cash flow from operating activities	87.3	101.7	(14.1%)
Free operating cash flow	37.7	56.6	(33.4%)
Net liquidity as of 31.12.	151.1	219.8	(31.3%)
Return on invested capital (ROIC) in %	20.9%	23.2%	
Equity as of 31.12.	606.7	643.8	(5.8%)
as % of balance sheet total	74.4%	77.2%	
Employees as of 31.12.	4 469	4 588	(2.6%)
Market capitalisation as of 31.12.	1 600.4	1 679.7	(4.7%)

n/m = not meaningful

Data per share

in CHF	2022	2021	Change
Stock market price as of 31.12.	86.30	87.00	(0.8%)
Net income	4.47	4.45	0.5%
Dividend	2.10 [1)]	2.00	5.0%

[1)] Proposed dividend

Segment information

in CHF million		2022	2021	Change
Industry	Order intake	310.5	296.6	4.7%
	Net sales	298.0	275.4	8.2%
	EBIT	63.4	58.4	8.5%
	as % of net sales	21.3%	21.2%	
Communication	Order intake	380.6	420.0	(9.4%)
	Net sales	385.9	341.1	13.1%
	EBIT	34.2	41.5	(17.6%)
	as % of net sales	8.9%	12.2%	
Transportation	Order intake	284.4	279.0	1.9%
	Net sales	270.6	246.4	9.8%
	EBIT	13.7	12.5	8.9%
	as % of net sales	5.1%	5.1%	

Consolidated Income Statement

in CHF 1 000	Notes	2022	%	2021	%
Net sales	5	954 564	100.0	862 947	100.0
Cost of goods sold		(614 085)		(533 473)	
Gross profit		**340 479**	**35.7**	**329 474**	**38.2**
Selling expense		(132 203)		(120 547)	
Administrative expense		(48 354)		(49 456)	
Research and development expense		(59 243)		(55 937)	
Other operating expense		(402)		(2 355)	
Other operating income		2 901		3 398	
Operating profit (EBIT)	**5**	**103 178**	**10.8**	**104 577**	**12.1**
Financial result	6	(1 799)		(2 265)	
Income before taxes		**101 379**	**10.6**	**102 312**	**11.9**
Income taxes	7	(16 187)		(14 996)	
Net income		**85 192**	**8.9**	**87 316**	**10.1**
Attributable to shareholders of HUBER+SUHNER AG		84 253		86 538	
Attributable to minority interests		939		778	

Data per share

in CHF	Notes	2022		2021	
Undiluted / diluted earnings per share	27	4.47		4.45	
Dividend		2.10 [1)]		2.00	

[1)] Proposed dividend

The notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

in CHF 1 000	Notes	31.12.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents	14	151 138		219 845	
Trade receivables	15	162 232		144 424	
Other short-term receivables	16	28 742		26 209	
Inventories	17	193 919		172 019	
Accrued income		4 133		3 454	
Current assets		**540 164**	**66.3**	**565 951**	**67.9**
Property, plant and equipment	19	214 867		212 616	
Intangible assets	20	26 250		21 931	
Financial assets	21	23 208		22 763	
Deferred tax assets	25	10 494		10 267	
Non-current assets		**274 819**	**33.7**	**267 577**	**32.1**
Assets		**814 983**	**100.0**	**833 528**	**100.0**
Liabilities and equity					
Trade payables		76 079		63 876	
Other short-term liabilities	23	66 263		62 458	
Short-term provisions	24	17 175		17 782	
Accrued liabilities		19 452		17 529	
Current liabilities		**178 969**	**22.0**	**161 645**	**19.4**
Other long-term liabilities		2 667		2 656	
Long-term provisions	24	7 778		7 992	
Deferred tax liabilities	25	18 917		17 485	
Non-current liabilities		**29 362**	**3.6**	**28 133**	**3.4**
Liabilities		**208 331**	**25.6**	**189 778**	**22.8**
Share capital	26	5 050		5 050	
Capital reserves		33 480		33 083	
Treasury shares		(75 231)		(13 835)	
Retained earnings		640 058		616 255	
Equity attributable to shareholders of HUBER+SUHNER AG		**603 357**	**74.0**	**640 553**	**76.8**
Minority interests		3 295	0.4	3 197	0.4
Total equity		**606 652**	**74.4**	**643 750**	**77.2**
Liabilities and equity		**814 983**	**100.0**	**833 528**	**100.0**

The notes are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

in CHF 1 000	Notes	2022	2021
Net income		**85 192**	**87 316**
Income taxes		16 187	14 996
Depreciation of property, plant and equipment and intangible assets	12	32 112	33 069
Other non-cash items		1 995	(5 881)
Loss/profit from the disposal of property, plant and equipment		(45)	(177)
Change in trade receivables		(23 242)	(21 936)
Change in inventories		(28 007)	(32 800)
Change in other receivables and accrued income		(2 470)	299
Change in trade payables		15 468	23 973
Change in other liabilities and accrued liabilities		5 826	14 561
Change in provisions		(464)	3 522
Income tax paid		(15 077)	(14 748)
Interest paid		(156)	(544)
Cash flow from operating activities		**87 319**	**101 650**
Purchases of property, plant and equipment	19	(37 107)	(40 097)
Proceeds from sale of property, plant and equipment	19	202	414
Purchases of intangible assets	20	(8 853)	(5 690)
Purchases and disposals of financial assets		(24)	(88)
Interest received		1 456	1 668
Cash outflow from acquisition	3	(5 333)	(1 276)
Cash flow from investing activities		**(49 659)**	**(45 069)**
Payment of dividend		(38 243)	(25 315)
Payment of dividend to minority interests		(640)	(533)
Purchase of treasury shares [1]		(63 140)	(15 805)
Repayment of short-term financial liabilities		–	(629)
Cash flow from financing activities		**(102 023)**	**(42 282)**
Effect of exchange rate changes on cash		(4 344)	1 990
Net change in cash and cash equivalents		**(68 707)**	**16 289**
Cash and cash equivalents at beginning of year		219 845	203 556
Cash and cash equivalents at end of year	14	151 138	219 845
Net change in cash and cash equivalents		**(68 707)**	**16 289**

[1] During 2022, 786 584 treasury shares were purchased as part of the running share buyback programme at an average share price of CHF 80.27 in the amount of CHF 63.1 million. In total 928 084 treasury shares have been purchased so far at an average share price of CHF 80.78 in the amount of CHF 75.0 million, which is 91.9 % of the total programme.

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Equity

in CHF 1 000	Share capital [1]	Capital reserves	Treasury shares	Other retained earnings	Goodwill offset	Translation differences	Retained earnings	Equity attributable to shareholders of H+S AG	Minority interests	Total equity
Balance at 1.1.2021	**5 050**	**33 044**	**(247)**	**725 924**	**(140 682)**	**(34 564)**	**550 678**	**588 525**	**3 103**	**591 628**
Net income	–	–	–	86 538	–	–	86 538	86 538	778	87 316
Dividend paid	–	–	–	(25 315)	–	–	(25 315)	(25 315)	(533)	(25 848)
Purchase of treasury shares	–	–	(15 805)	–	–	–	–	(15 805)	–	(15 805)
Share-based payment	–	39	2 217	220	–	–	220	2 476	–	2 476
Goodwill offset [2]	–	–	–	–	(445)	–	(445)	(445)	–	(445)
Currency translation differences	–	–	–	–	–	4 579	4 579	4 579	(151)	4 428
Balance at 31.12.2021	**5 050**	**33 083**	**(13 835)**	**787 367**	**(141 127)**	**(29 985)**	**616 255**	**640 553**	**3 197**	**643 750**
Net income	–	–	–	84 253	–	–	84 253	84 253	939	85 192
Dividend paid	–	–	–	(38 243)	–	–	(38 243)	(38 243)	(640)	(38 883)
Purchase of treasury shares [3]	–	–	(63 140)	–	–	–	–	(63 140)	–	(63 140)
Share-based payment	–	397	1 744	250	–	–	250	2 391	–	2 391
Goodwill offset [2]	–	–	–	–	(5 853)	–	(5 853)	(5 853)	–	(5 853)
Currency translation differences	–	–	–	–	–	(16 604)	(16 604)	(16 604)	(201)	(16 805)
Balance at 31.12.2022	**5 050**	**33 480**	**(75 231)**	**833 627**	**(146 980)**	**(46 589)**	**640 058**	**603 357**	**3 295**	**606 652**

[1] See note 26
[2] See note 20
[3] See footnote 1) at the end of the consolidated cash flow statement.

The notes are an integral part of the consolidated financial statements.

Notes to Group Financial Statements

1 General

These consolidated financial statements were approved by the Board of Directors on 1 March 2023 and released for publication on 7 March 2023. They are subject to the approval of the shareholders at the Annual General Meeting on 29 March 2023.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the HUBER+SUHNER Group are based on the individual financial statements of the Group companies and were prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. Unless otherwise stated in the consolidation and accounting policies, the consolidated financial statements have been prepared under the historical cost convention.
Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.
The financial year-end date for HUBER+SUHNER AG, all subsidiaries and the Group financial statements is 31 December.

2.2 Scope and principles of consolidation

Investments in subsidiaries are included in the Group financial statements as follows:

- All subsidiaries which HUBER+SUHNER controls are fully consolidated. Control is usually presumed where the Group directly or indirectly owns more than 50 % of the voting rights of the subsidiaries. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Minority interests in the consolidated equity and net income are shown separately. All intercompany transactions and balances as well as intercompany profits in inventory and other assets are eliminated on consolidation.
- Those companies purchased during the reporting year are included in the consolidation as at the date on which control was effectively transferred. All previously recognised assets and liabilities as well as contingent liabilities of the company are valued from the date of transfer of control and at fair value. Companies which have been divested during the reporting year are included in the consolidated financial statements until the date on which control ceased.
- Joint ventures and investments with voting rights of between 20 % and 50 % are recognised using the equity method and with the proportionate equity share as at the balance sheet date. They are reported under financial assets in the balance sheet and as equity investments in the notes. Using the equity method, the proportional share of net income is shown as income (expense) in the consolidated income statement.
- Capital consolidation is based on the purchase method (acquisition method). The net assets acquired are revalued at the acquisition date and compared with the purchase price; only previously recognised assets are revalued. Any resulting goodwill is directly offset against equity. This approach is used for both positive and negative goodwill. If parts of the purchase price are dependent on future results, they are estimated as accurately as possible at the date of acquisition and recognised in the balance sheet. In the event of disparities the goodwill offset in equity is adjusted accordingly.

2.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are prepared in Swiss francs (CHF). CHF is the Group's presentation currency and, unless stated otherwise, the information is given in CHF 1000 (KCHF).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the Group entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, for each balance sheet, are translated at the closing rate on the balance sheet date;
- income and expenses, for each income statement, are translated at average exchange rates of the period;
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, profit and loss are not affected by exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments which are designated as hedges of such investments. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, cheques and fixed-term deposits with an original maturity of three months or less. Cash and cash equivalents are stated at nominal value.

2.5 Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are valued at nominal value less provision for doubtful trade receivables, if any. Indications for provisions for doubtful trade receivables are substantial financial problems on the customer side, a declaration of bankruptcy or a material delay in payment.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of goods comprises direct material and production costs and related production overheads. Borrowing costs are excluded. Early payment discounts are treated as a deduction of the purchase price. The inventory valuation is based on standard costs; these are verified annually. Slow-moving and obsolete stock that have insufficient inventory turnover are systematically value-adjusted, either partially or fully.

2.7 Property, plant and equipment

Property, plant and equipment are stated on the balance sheet at the purchased or manufactured cost less accumulated depreciation and impairment. Using the straight-line method, depreciation is charged over the estimated useful lives of the related assets. Investment properties (including undeveloped property) are held for the purposes of rental income and capital gains. They are valued at purchase cost less accumulated depreciation and

impairment, and are depreciated over their estimated useful life (20 to 40 years) using the straight-line method. Land is not depreciated. Assets under construction, which are not yet available for use, are depreciated when the asset is in use.

Asset category	Useful life in years
Land	not depreciated
Buildings	20-40 years
Technical equipment and machinery	5-15 years
Leasehold improvements	5-10 years
Office furniture and fixtures	3-5 years
IT hardware	3-5 years
Other equipment	3-7 years

2.8 Intangible assets

Software

Acquired computer software and other intangible assets are capitalised on the basis of the costs incurred to acquire and bring the asset to use. These costs are amortised over their estimated useful life (3 to 10 years).
Development costs for software are capitalised on the basis that the asset generates future economic benefits such as revenues or owner-utilisation and that the costs of the asset can be identified reliably. Self-developed intangible assets are not capitalised (including internal costs associated with developing or maintaining computer software).

Other intangible assets

Acquired rights of land use are capitalised on the basis of the acquisition costs incurred. They are amortised on a straight-line basis for the full term of the rights.

2.9 Impairment of assets

Property, plant and equipment and other long-term assets including intangible assets are reviewed for impairment if events or changes in circumstances have occurred that indicate that the book value cannot be recovered. Assets with a book value above the recoverable amount are deemed impaired and are carried at no more than the recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost to sell and value in use. To determine the reduction in value, assets are allocated to specific cash-generating units; cash flows for the latter are determined separately.
If there is an indication that the impairment in the prior period no longer exists or has decreased, the carrying amount is, with the exception of goodwill, increased to its recoverable amount and is recognised immediately in the income statement.

2.10 Financial assets

Financial assets include securities with a long-term investment horizon where the share in equity is less than 20 %, investments in associates and joint ventures as well as loans, assets from employer contribution reserves, long-term rental deposits and re-insurance of retirement plans. As a general rule, marketable securities are valued at the current market price; in some circumstances, they are valued at the cost of acquisition. Investments in associates and joint ventures are accounted for using the equity method. Loans are valued based on the nominal values less any value adjustments. Assets from employer contribution reserves are valued at their current value; long-term rental deposits are valued at their nominal value and are only discounted if material. Re-insurance of retirement plans is accounted for using an actuarial valuation.

2.11 Financial liabilities

Financial liabilities consist of bank debt and are recognised at nominal value.

2.12 Trade payables and other short-term liabilities

Trade payables and other short-term liabilities are recognised at nominal value.

2.13 Provisions

Provisions are made for warranties, personnel expenses, restructuring costs, as well as legal and other miscellaneous operational risks that meet the recognition criteria. They are recognised when the Group has a current legal or constructive obligation as a result of past events and if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.
Warranty provisions are generally measured and recognised based on prior experience. The amount of the provision is measured by the current value of the expected cash outflows insofar as the cash outflow substantially underlies interest effects.

2.14 Off-balance-sheet transactions

Contingent liabilities and other non-recognisable commitments are valued and disclosed at each balance sheet date. If contingent liabilities and other non-recognisable commitments lead to an outflow of funds without a simultaneous usable inflow of funds, and the outflow of funds is probable and can be measured reliably, a corresponding provision is made.

2.15 Employee benefits

Companies in the HUBER+SUHNER Group operate employee pension plans in accordance with the regulations of the country where the given company is domiciled.
The economic impact of these pension plans on the HUBER+SUHNER Group is determined annually. For Swiss pension plans, economic benefits and/or economic obligations are determined on the basis of the annual financial statement, which is prepared in accordance with Swiss GAAP FER 26. The economic impact of foreign pension plans is determined according to the methods applied in the given country.

An economic benefit is capitalised if it is permissible and the intention is to use the pension plan funds to cover the company's future pension expense. An economic obligation is recognised when the conditions for the recognition of a provision are met. Existing employer contribution reserves are recognised as a financial asset. Changes in the economic benefit or the economic obligation are recognised in the income statement as personnel expenses incurred during the reporting period.

2.16 Share-based payment

Members of the Board of Directors and Executive Group Management are partly compensated in HUBER+SUHNER AG shares. These are issued with a blocking period of at least three years. The allocation of shares is subject to approval by the Annual General Meeting; the valuation of the share-based payment is determined at the grant date (i.e. the date at which the share allocation was approved by the Annual General Meeting). Share-based payment transactions which have not yet been approved by the Annual General Meeting are valued at the year-end share price.
The market value of the shares is fully recognised in equity based on the accruals principle and the one-year vesting period in the accounts of the respective year under review. Any subsequent variances between the year-end share price and the share price at the date of the retroactive approval by the Annual General Meeting are recorded in the income statement of the following year.

2.17 Revenue recognition

HUBER+SUHNER generates revenues mainly from the sale of products and systems. Revenues from these sales are recognised upon delivery to the customer. Depending on the terms of the sales contract, delivery is made when the risks and rewards of the sold products are transferred to the customer or when the service has been performed. Sales are shown as a net amount in the income statement. They represent the total value of invoices to third parties less sales taxes, credits for returns and revenue reductions (primarily rebates and discounts).

2.18 Gross profit

The income statement is presented by function, whereby gross profit represents net sales less the cost of goods sold.

2.19 Income taxes

Income taxes are accounted for on the basis of the income for the reporting year, less the use of tax losses carried forward, using expected effective (local) tax rates. Income tax receivables and payables outstanding at the balance sheet date are disclosed under other short-term receivables or other short-term liabilities. Deferred income tax is calculated using the liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Deferred income tax is measured at tax rates that are expected to apply to the period when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates/laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred income tax is provided for temporary differences on investments in subsidiaries and associates, except when the Group can control the timing of the reversal of the temporary difference or the reversal is not probable in the foreseeable future.

2.20 Alternative Performance Measures

Alternative Performance Measures are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. For the definition of Alternative Performance Measures please visit Publications.

3 Changes in the scope of consolidation and other changes

On 31 October 2022 HUBER+SUHNER acquired Phoenix Dynamics Ltd., a provider of customised, assembled cable solutions, electro-mechanical assemblies, concept design and consulting for the industrial markets in Europe and North America. Based in Staffordshire, UK, Phoenix Dynamics has been active in the aerospace and defense markets for 25 years. The company that also serves customers in industries such as automotive, energy, industrial, marine, medical, rail and security has been renamed in HUBER+SUHNER Phoenix Dynamics Ltd..

At the time of acquisition, the fair values of net assets acquired according to Swiss GAAP FER were as follows:

Effect of acquisition	**Fair Value**
Cash and cash equivalents	584
Trade receivables	763
Other short-term receivables	41
Income tax receivable	50
Inventories	435
Accrued income	197
Property, plant and equipment	46
Deferred tax asset	51
Trade payables	(157)
Other short-term liabilities	(51)
Accrued liabilities	(321)
Acquired net assets	**1 638**

The goodwill from the acquisition of Phoenix Dynamics Ltd., which was offset with equity, is CHF 5.9 million. The total purchase price (including acquisition costs) is CHF 7.5 million. After the deduction for purchased net cash (CHF 0.6 million) and the ouststanding payments (CHF 1.8 million) the net cash outflow is CHF 5.1 million. Phoenix Dynamics Ltd. is reported in the Industry segment.

From the acquisition of ROADMap Systems Ltd., Cambridge, UK, in 2021, the remaining payment of CHF 0.2 million was paid in April 2022.

On 30 April 2021 HUBER+SUHNER acquired ROADMap Systems Ltd., a technology start-up located in Cambridge, UK, through an asset deal. The company is developing the next generation of highly integrated wavelength-selective switch technology and is integrated into the Communication segment. At the time of acquisition, the fair values of net assets acquired according to Swiss GAAP FER were as follows:

Effect of acquisition	**Fair Value**
Property, plant and equipment	44
Deferred tax asset	230
Acquired net assets	**274**

In 2021 the goodwill from the acquisition of ROADMap Systems Ltd., which was offset with equity, was CHF 1.2 million. The total purchase price (including acquisition costs) was CHF 1.5 million. Considering the remaining payment of total CHF 0.3 million, the net cash outflow was CHF 1.2 million in 2021. This business is reported in the Communication segment.

In 2021 the remaining outstanding payment of CHF 0.6 million for the acquisition of Kathrein SE, Germany (acquired in 2019), was fully derecognized as the criteria for deferred payment were not achieved and the goodwill was reduced by CHF 0.5 million (net of taxes) accordingly (see note 20). This business is reported in the Industry segment.

In 2021 a final payment of CHF 0.1 million was made for the acquisition of Inwave Elektronik AG, Reute, Switzerland (acquired in 2017) and the goodwill was reduced by CHF 0.3 million, as the deferred purchase price was CHF 0.4 million. This business is reported in the Industry segment.

A complete list of all Group companies can be found in chapter Group Companies.

4 Exchange rates for currency translation

The following exchange rates were used for the Group's main currencies:

	Spot rates for the consolidated balance sheet		Average rates for the consolidated income and cash flow statement	
	31.12.2022	**31.12.2021**	**2022**	**2021**
1 EUR	0.99	1.04	1.00	1.08
1 USD	0.93	0.92	0.95	0.92
100 CNY	13.29	14.42	14.10	14.21
1 GBP	1.12	1.23	1.17	1.26
100 INR	1.12	1.23	1.21	1.24
1 PLN	0.21	0.23	0.21	0.24
1 HKD	0.12	0.12	0.12	0.12
1 AUD	0.63	0.66	0.66	0.69

5 Segment information

The segment reporting of HUBER+SUHNER consists of three market segments and Corporate.

Industry segment

HUBER+SUHNER utilises its expertise in electrical and optical connectivity in developing advanced and differentiated solutions for demanding applications in a variety of industrial markets. Customers benefit from a wide range that encompasses components such as cables, connectors, cable assemblies, antennas, lightning protection and resistive components – all of which can be customised to meet specific requirements. This comprehensive portfolio features products specifically designed to withstand the extreme environments of space and offshore applications, ensure data integrity and connectivity to safeguard protective forces, guarantee accuracy and repeatability for test and measurement systems, maintain safe-handling in high power electric car charging, provide lifetime data transfer and control for wind energy and industrial automation, and deliver the precision and flexibility necessary for medical applications in improving lives.

Markets served: test and measurement, energy, high power charging, medical device, process industries, aerospace and defense.

Communication segment

HUBER+SUHNER is a strategic partner to the communication market combining profound technical expertise with extensive customer intimacy to meet the needs of mobile networks, fixed access networks, data centers and communication equipment manufacturers. Customers benefit from a comprehensive and customisable portfolio of physical layer connectivity products and systems that are based on fiber optic and radio frequency technologies. HUBER+SUHNER provides an extensive range of reliable, future-ready solutions that pull from products including harsh environment connectivity, antenna transmission, residential access, video overlay, bandwidth expansion, cable systems, cable management, hardware interconnection, optical switching and wavelength-selective switching. Each solution is designed and engineered to provide the highest performance, density and scalability for today and far into the future.

Markets served: mobile network, fixed access network, data center, communication equipment manufacturer.

Transportation segment

HUBER+SUHNER develops comprehensive and sustainable connectivity solutions for the transportation market by combining three in-house technologies into innovations. The solutions in the transportation segment address the mobility needs of today and tomorrow in the railway and automotive markets. These needs also include the addition of communication solutions and thus the possibility of being mobile while being connected. The portfolio includes an extensive range of cables, cable assemblies, hybrid cables and cable systems, as well as antennas, radar and connectors. By specialising in polymer compounds using a patented formula developed in-house for high-quality cable insulation, and in combination with electron beam cross-linking technology, low frequency cable products offer competitive advantages of space and weight savings, and long lifetime, even under extreme conditions. Altogether, customers benefit from efficient electrical transmission, high-speed data transfer, and autonomous control in future-ready transportation concepts.

Markets served: railway (rolling stock, rail communications), automotive (electric vehicle, advanced driver assistance system).

Corporate

This segment chiefly covers the expenses of corporate functions in Switzerland and all business activities that cannot be allocated to one of the three market segments.

Net sales by segment

	2022	2021
Industry	298 026	275 398
Communication	385 917	341 108
Transportation	270 621	246 441
Total net sales	**954 564**	**862 947**

Net sales by region (sales area)

	2022	2021
Switzerland	41 955	40 673
EMEA (Europe, Middle East and Africa [excl. CH])	450 410	419 384
APAC (Asia-Pacific)	216 199	185 624
Americas (North and South America)	246 000	217 266
Total net sales	**954 564**	**862 947**

Operating profit (EBIT)

	2022	2021
Industry	63 360	58 387
Communication	34 164	41 459
Transportation	13 673	12 558
Corporate	(8 019)	(7 827)
Total operating profit (EBIT)	**103 178**	**104 577**

Impacts of the exit from Russian business

HUBER+SUHNER stopped all Russia-related activities as of 26 February 2022, shortly after Russian troops invaded the Ukraine. As a result, HUBER+SUHNER misses out on about two and a half percent of prior-year net sales. Around three quarters of the HUBER+SUHNER business in Russia has been in the railway market in the Transportation segment. In the Annual Report 2022, the order backlog has been adjusted for orders from Russia, amounting to CHF 4.9 million. The write-off for trade receivables and the costs for the exit from the Russian business amounted to CHF 1.9 million in the reporting period.

6 Financial result

	2022	2021
Interest income	1 940	1 870
Foreign exchange gains incl. derivative financial instruments	2 843	1 401
Other financial income	2	–
Total financial income	**4 785**	**3 271**
Interest expense	(173)	(547)
Foreign exchange losses incl. derivative financial instruments	(4 399)	(2 487)
Other financial expense	(2 012)	(2 502)
Total financial expense	**(6 584)**	**(5 536)**
Total financial result	**(1 799)**	**(2 265)**

Other financial expense includes amongst others bank charges and non-refundable withholding taxes on dividend from Group companies.

7 Income taxes

	2022	2021
Current income taxes	(15 230)	(15 513)
Deferred income taxes	(957)	517
Total income taxes	**(16 187)**	**(14 996)**

The differences between the expected and the effective income taxes were as follows:

	2022	2021
Net income before taxes	101 379	102 312
Expected income tax rate	**19.9%**	**19.2%**
Expected income taxes	(20 137)	(19 694)
Effect of utilisation of non-recognised tax losses carry-forward	736	1 414
Effect of non-tax-deductible expenses and non-taxable income	2 019	2 803
Effect of non-recognition of current tax losses	(32)	(348)
Effect of increased/reduced allowance on deferred tax balances	35	82
Effect of changes in tax rates on deferred tax balances	(7)	(335)
Effect of tax credits/debits from prior years and other effects	1 199	1 082
Effective income taxes	**(16 187)**	**(14 996)**
Effective income tax rate	**16.0%**	**14.7%**

The expected Corporate income tax rate corresponds to the weighted average income tax rate based on the net income before taxes and the income tax rate of each individual Group company. The net income before taxes complies with the ordinary result according to Swiss GAAP FER.

In the reporting year, the decrease from 19.9 % in the expected income tax rate to 16.0 % in the effective income tax rate is mainly attributable to the following three factors: Firstly, one legal entity was able to use non capitalised losses due to taxable profits in the reporting year. Secondly, in several countries (Switzerland, China, France, USA, UK) research and development deductions and other tax benefits are available, that can be used by HUBER+SUHNER (shown in the line "effect of non-tax-deductible expenses and non-tax-deductible income"). Thirdly, due to the deviation from the assumed income tax rate and the effective income tax rate in Switzerland and prior-year true-ups (shown in the line "effect of tax credits/debits from prior years and other effects") .

The capitalised deferred tax assets on losses carried forward amount to CHF 0.8 million (previous year: CHF 1.2 million). The unrecognised tax loss carried forward was CHF 22.1 million (previous year: CHF 21.5 million). This corresponds to a potential tax asset of CHF 5.9 million (previous year: CHF 5.6 million). In 2022 no tax losses carried forward expired (previous year: CHF 0.0 million).

The valuation of related tax assets on losses carried forward is generally based on business plans. The capitalisation of usable tax losses carried forward is assessed on a yearly basis. Tax losses carried forward are recognised only to the extent that it is probable that future taxable profits will be available and therefore allow the assets to be utilised. In countries and for subsidiaries where the use of tax losses carried forward is not foreseeable, tax loss is not capitalised. For the calculation of deferred income taxes in the consolidated balance sheet, the expected tax rate per tax subject is applied.

8 Personnel expenses

Personnel expenses included in the income statement amount to:

	2022	2021
Total personnel expenses	**286 602**	**280 807**

9 Post-employment benefits

According to local law, autonomous pension funds bear the risks relating to the defined benefits. In the event of restructuring measures, the employer must pay an additional contribution alongside its normal contributions. Through the HUBER+SUHNER AG pension fund, HUBER+SUHNER AG provides pension benefits for its employees in the event of retirement, invalidity and death.
The leading body administering the fund is the Board of Foundation, which comprises an equal number of employee and employer representatives. The Board of Foundation establishes an Investment Committee, which is responsible for investing the funds held by the pension plan in accordance with the investment regulations defined by the Board of Foundation. All insured persons can claim their pension or part thereof in the form of either capital or retirement pension payments. HUBER+SUHNER AG also has two paternal foundations.

Most HUBER+SUHNER subsidiaries operate defined contribution pension plans. As a general rule, these involve employees and employer paying into pension funds administered by third parties. The HUBER+SUHNER Group has no payment obligations beyond these defined contributions, which are recognised as personnel costs in the profit and loss. The economic obligation recognised in the balance sheet for pension plans without own assets (mainly for a few retired executives) concern pension plans operated in Germany and the USA.

Employer contribution reserves (ECR)

	Nominal value	Waiver of use	Accu-mulation	Balance sheet		Income statement impact from ECR	
	31.12.2022	2022	2022	31.12.2022	31.12.2021	2022	2021
Employer contribution reserves [1]	17 902	–	677	17 902	17 225	677	296
Total	**17 902**	**–**	**677**	**17 902**	**17 225**	**677**	**296**

[1] The ECR are based on the annual reports of the paternal fund from the previous year. The economic benefits/economic obligations are assessed at each balance sheet date. In 2022 as well as in 2021, interest on the paternal fund of the ECR is recognised as financial income.

Economic benefit/economic obligation and pension benefit expenses

	Funding surplus	Economic part of the organisation		Change from prior year with income statement impact	Change from prior year with no income statement impact	Contribu-tions for the period	Pension costs within personnel expenses	
	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2022	2021
Paternal fund [1]	76 345	–	–	–	–	–	–	–
Pension plans with surplus [1]	83 334	–	–	–	–	(9 073)	(9 073)	(8 843)
Pension plans without own assets	–	1 480	1 612	(22)	154	–	(22)	(144)
Total	**159 679**	**1 480**	**1 612**	**(22)**	**154**	**(9 073)**	**(9 095)**	**(8 987)**

[1] The paternal fund and the funding surplus of the pension plan of HUBER+SUHNER AG are based on annual reports issued by the corresponding institutions for the previous year. The economic benefits / economic obligations are assessed at each balance sheet date.

10 Share-based payment

Compensation and remuneration for members of the Board of Directors and for members of the Executive Group Management includes, amongst others, long-term incentives in the form of shares (see Compensation Report, Notes 2 and 3).

The members of the Board of Directors annually receive a long-term incentive in the form of a fixed number of HUBER+SUHNER AG shares, with a blocking period after assignment of at least three years.

As long-term compensation, the members of Executive Group Management receive a variable number of HUBER+SUHNER AG shares each year. The number of shares that are effectively granted is determined by the Board of Directors and driven by long-term business success, which is assessed according to three factors: market environment, strategy implementation and financial situation. The shares are allocated also with a blocking period of at least three years.

Share-based compensation is calculated based on the year-end share price of CHF 86.30 (previous year: CHF 87.00). In the year under review, 23 100 shares (prior year: 24 775 shares) were allocated. Expenses, which included social security, in the amount of CHF 2.2 million (prior year: CHF 2.4 million) are recognised accordingly in the income statement. Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

11 Related party transactions

In 2022 and 2021 no services were purchased from related parties.

Pension contributions to the HUBER+SUHNER AG pension plan are disclosed in Note 9, line item 'Pension plan with surplus'.

12 Depreciation and amortisation

Depreciation and amortisation expenses included in the income statement are as follows:

	2022	2021
Depreciation of property, plant and equipment	27 691	26 993
Amortisation of intangible assets	4 421	6 076
Total depreciation and amortisation	**32 112**	**33 069**

13 Liabilities from operating lease

Some Group companies lease a number of offices, warehouses and cars under operating lease contracts which cannot be cancelled at short notice.

Liabilities from operating lease

	31.12.2022	31.12.2021
Less than 1 year	5 837	5 513
Between 1 and 5 years	14 725	15 637
More than 5 years	12 009	14 583
Total liabilities from operating lease	**32 571**	**35 733**

14 Cash and cash equivalents

	31.12.2022	31.12.2021
Cash at bank and on hand	78 747	98 769
Term deposits < 3 month term, in CHF	50 000	94 998
Term deposits < 3 month term, in other currency	22 391	26 078
Total cash and cash equivalents	**151 138**	**219 845**

15 Trade receivables

	31.12.2022	31.12.2021
Trade receivables from third parties	165 225	146 927
Provision for doubtful trade receivables	(2 993)	(2 503)
Total trade receivables, net	**162 232**	**144 424**

16 Other short-term receivables

	31.12.2022	31.12.2021
Other short-term receivables	28 226	25 424
Derivative financial instruments	516	785
Total other short-term receivables	**28 742**	**26 209**

Other short-term receivables include value-added and withholding tax receivables, current income tax receivables, received letters of credit, and other short-term receivables such as a receivable relating to prepayments and other current assets.

17 Inventories

	31.12.2022	31.12.2021
Raw materials and supplies	95 869	84 019
Work in progress	13 939	12 814
Finished goods	125 313	109 854
Total inventories, gross	**235 121**	**206 687**
Inventory provision	(41 202)	(34 668)
Total inventories, net	**193 919**	**172 019**

18 Derivative financial instruments

To hedge exposure related to fluctuation in foreign currencies, the Group uses derivative financial instruments, in particular forward exchange contracts. Derivative financial instruments used for hedging balance sheet items are recognised at current value and at the date a derivative contract is entered into. They are recorded as other short-term receivables or other short-term liabilities. Derivatives are subsequently re-measured, based on current market prices, to their fair value at each balance sheet date; unrealised gains and losses are recognised in the income statement.

Derivative financial instruments

	Positive market value	Negative market value	Purpose	Positive market value	Negative market value	Purpose
	31.12.2022			31.12.2021		
Foreign exchange	516	333	Hedging	785	42	Hedging
Total	**516**	**333**		**785**	**42**	

19 Property, plant and equipment

	Unde-veloped property	Land and buildings	Technical equipment and machinery	Other equip-ment	Assets under construc-tion	Total
Cost at 1.1.2021	**2 080**	**203 933**	**341 834**	**81 641**	**27 075**	**656 563**
Additions	–	1 017	4 678	3 216	35 179	44 090
Disposals	–	(227)	(11 331)	(2 289)	(1)	(13 848)
Reclassifications	–	1 614	28 354	4 234	(34 202)	–
Change in consolidation scope	–	–	44	–	–	44
Currency translation differences	–	502	2 419	(298)	(388)	2 235
Cost at 31.12.2021	**2 080**	**206 839**	**365 998**	**86 504**	**27 663**	**689 084**
Additions	479	937	4 437	3 414	26 735	36 002
Disposals	–	(98)	(2 253)	(1 627)	(273)	(4 251)
Reclassifications	429	17 278	8 216	4 492	(30 415)	–
Change in consolidation scope	–	27	16	3	–	46
Currency translation differences	(17)	(3 369)	(5 296)	(1 410)	(762)	(10 854)
Cost at 31.12.2022	**2 971**	**221 614**	**371 118**	**91 376**	**22 948**	**710 027**
Accumulated depreciation and impairment at 1.1.2021	**–**	**(120 103)**	**(272 095)**	**(69 255)**	**–**	**(461 453)**
Additions	–	(5 240)	(16 903)	(4 850)	–	(26 993)
Impairments	–	–	–	–	–	–
Disposals	–	35	10 920	2 078	–	13 033
Reclassifications	–	–	–	–	–	–
Currency translation differences	–	117	(1 317)	145	–	(1 055)
Accumulated depreciation and impairment at 31.12.2021	**–**	**(125 191)**	**(279 395)**	**(71 882)**	**–**	**(476 468)**
Additions	–	(4 865)	(16 982)	(5 844)	–	(27 691)
Impairments	–	–	–	–	–	–
Disposals	–	82	1 810	1 524	–	3 416
Reclassifications	–	(9)	22	(13)	–	–
Currency translation differences	–	1 182	3 459	942	–	5 583
Accumulated depreciation and impairment at 31.12.2022	**–**	**(128 801)**	**(291 086)**	**(75 273)**	**–**	**(495 160)**
Net book value at 1.1.2021	**2 080**	**83 830**	**69 739**	**12 386**	**27 075**	**195 110**
Net book value at 31.12.2021	**2 080**	**81 648**	**86 603**	**14 622**	**27 663**	**212 616**
Net book value at 31.12.2022	**2 971**	**92 813**	**80 032**	**16 103**	**22 948**	**214 867**

[1] Other equipment includes vehicles as well as IT, measurement and testing equipment.

20 Intangible assets

	Software	Other	Total
Cost at 1.1.2021	**80 163**	**1 377**	**81 540**
Additions	6 606	–	6 606
Disposals	(874)	–	(874)
Change in consolidation scope	–	–	–
Currency translation differences	(11)	86	75
Cost at 31.12.2021	**85 884**	**1 463**	**87 347**
Additions	9 254	8	9 262
Disposals	(443)	–	(443)
Change in consolidation scope	–	–	–
Currency translation differences	(89)	(114)	(203)
Cost at 31.12.2022	**94 606**	**1 357**	**95 963**
Accumulated amortisation and impairment at 1.1.2021	**(59 967)**	**(251)**	**(60 218)**
Additions	(6 044)	(32)	(6 076)
Disposals	892	–	892
Impairments	–	–	–
Currency translation differences	1	(15)	(14)
Accumulated amortisation and impairment at 31.12.2021	**(65 118)**	**(298)**	**(65 416)**
Additions	(4 389)	(32)	(4 421)
Disposals	44	–	44
Impairments	–	–	–
Currency translation differences	57	23	80
Accumulated amortisation and impairment at 31.12.2022	**(69 406)**	**(307)**	**(69 713)**
Net book value at 1.1.2021	**20 196**	**1 126**	**21 322**
Net book value at 31.12.2021	**20 766**	**1 165**	**21 931**
Net book value at 31.12.2022	**25 200**	**1 050**	**26 250**

Other intangible assets include amongst others the land use right in Changzhou, China.

Theoretical movement schedule for goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The theoretical amortisation of goodwill is based on the straight-line method over the useful life of five years. The carrying amounts of goodwill at the time of conversion from IFRS to Swiss GAAP FER on 1 January 2016 have been included in the theoretical movement schedule below; closing rates on 1 January 2016 were applied. Goodwill from new acquisitions is set in Swiss francs and calculated based on the closing rate at the acquisition date. This procedure means that the movement schedule no longer has to include foreign exchange differences. The impact of the theoretical capitalisation and amortisation of goodwill is presented below:

Cost

	2022	2021
Balance at 1.1.	141 127	140 682
Additions from acquisitions	5 853	1 177
Reduction of goodwill	–	(732)
Balance at 31.12.	**146 980**	**141 127**

For the changes in goodwill see note 3.

Accumulated amortisation

	2022	2021
Balance at 1.1.	(115 328)	(104 463)
Amortisation expense	(9 004)	(10 865)
Balance at 31.12.	**(124 332)**	**(115 328)**
Theoretical net book value at 31.12.	**22 648**	**25 799**

Impact on balance sheet

	31.12.2022	31.12.2021
Equity according to the balance sheet	606 652	643 750
Theoretical capitalisation of goodwill	22 648	25 799
Theoretical equity incl. net book value of goodwill	**629 300**	**669 549**

Impact on income statement

	2022	2021
Net income	85 192	87 316
Amortisation of goodwill	(9 004)	(10 865)
Theoretical net income	**76 188**	**76 451**

21 Financial assets

	31.12.2022	31.12.2021
Assets from employer contribution reserves	17 902	17 225
Others	5 306	5 538
Total financial assets	**23 208**	**22 763**

Others include rental deposits and re-insurance from retirement plan obligations.

22 Restrictions on the title to assets

An asset with a carrying amount of CHF 1.1 million (previous year: CHF 1.1 million) was pledged to secure a bank loan and is in the process of being relieved. The pledged asset consists of a building.

23 Other short-term liabilities

	31.12.2022	31.12.2021
Accrual for personnel expenses	32 678	33 754
Advance payments from customers	2 122	2 882
Derivative financial instruments	333	42
Current income tax liabilities	15 015	14 961
Other liabilities	16 115	10 819
Total other short-term liabilities	**66 263**	**62 458**

24 Provisions

	Retirement plan obligations	Employee-related provisions	Order-related provisions	Other provisions	Total
Balance at 1.1.2021	**2 281**	**4 643**	**11 285**	**4 631**	**22 840**
Additions	146	1 886	4 421	224	6 677
Releases	–	(181)	(350)	(27)	(558)
Utilisation	(770)	(825)	(1 406)	(223)	(3 224)
Change in consolidation scope	–	–	–	–	–
Currency translation differences	(44)	(28)	99	12	39
Balance at 31.12.2021	**1 613**	**5 495**	**14 049**	**4 617**	**25 774**
Additions	111	924	2 972	235	4 242
Releases	(89)	(240)	(738)	(2)	(1 069)
Utilisation	(83)	(1 579)	(1 656)	(380)	(3 698)
Change in consolidation scope	–	–	–	–	–
Currency translation differences	(71)	(56)	(155)	(14)	(296)
Balance at 31.12.2022	**1 481**	**4 544**	**14 472**	**4 456**	**24 953**
Short-term provisions	–	2 605	12 880	2 297	17 782
Long-term provisions	1 613	2 890	1 169	2 320	7 992
Total provisions at 31.12.2021	**1 613**	**5 495**	**14 049**	**4 617**	**25 774**
Short-term provisions	–	1 844	13 349	1 982	17 175
Long-term provisions	1 481	2 700	1 123	2 474	7 778
Total provisions at 31.12.2022	**1 481**	**4 544**	**14 472**	**4 456**	**24 953**

Retirement plan obligations include liabilities in connection with defined contribution plans (pension plans without own assets) and primarily concern specific former employees.
Employee-related provisions mainly include length-of-service rewards and obligations to employees.
Order-related provisions are directly related to services arising from product deliveries and projects, and are formulated based on the experience and estimation of each project. Order-related provisions relate to warranties, customer claims, penalties and other guarantees.
Other provisions include obligations which do not fit into the aforementioned categories, such as current or possible litigations arising from divestments, licence agreements or duties as well as other constructive or legal obligations.

Due to the nature of the long-term provisions, the timing of the cash outflows is uncertain. However, a partial cash outflow can be expected within two to three years, on average.

In both the reporting and the prior-year period, there were no restructuring provisions.

25 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities
Balance at 1.1.2021	**11 119**	**19 094**
Additions	734	283
Releases / utilisation	(1 604)	(1 670)
Releases through equity	(73)	–
Reclassifications	(221)	(220)
Change in consolidation scope	230	–
Currency translation differences	82	(2)
Balance at 31.12.2021	**10 267**	**17 485**
Additions	1 572	1 485
Releases / utilisation	(1 045)	(1)
Releases through equity	–	–
Reclassifications	–	–
Change in consolidation scope	51	–
Currency translation differences	(351)	(52)
Balance at 31.12.2022	**10 494**	**18 917**

26 Share capital

As at 31.12 2022, 20 200 000 (previous year: 20 200 000) registered shares, with a nominal value of CHF 0.25, were outstanding. The Company has no authorised or conditional capital. Reserves which are not disposable or distributable amount to CHF 2.5 million as at 31 December 2022 (previous year: CHF 2.5 million).

The following table shows transactions and balances relating to treasury shares:

	Quantity	Transaction price (Ø) in CHF	Purchase cost	Quantity	Transaction price (Ø) in CHF	Purchase cost
	2022			2021		
Balance at 1.1.	**893 140**		**13 834**	**727 640**		**246**
Purchases of treasury shares	786 584	80.27	63 140	196 425	80.46	15 805
Disposals of treasury shares	(23 925)	72.89	(1 744)	(30 925)	71.69	(2 217)
Balance at 31.12.	**1 655 799**		**75 231**	**893 140**		**13 834**

Out of the total purchases of treasury shares of 786 584 (previous year: 196 425), in 2022 786 584 (previous year: 141 500) treasury shares have been purchased as part of the running share buyback programme and no (previous year: 54 925) treasury shares for remuneration purposes.

In total 928 084 treasury shares have been purchased as part of the running share buyback programme, which are 4.6 % of registered shares and 91.9 % of the share buyback programme target (max. 5 % of the registered shares).

As at the balance sheet date, foundations related to the HUBER+SUHNER Group hold 274 716 shares in HUBER+SUHNER AG (previous year: 274 716). Pension funds connected with the HUBER+SUHNER Group hold no shares in HUBER+SUHNER AG.

27 Earnings per share

	2022	2021
Net income attributable to shareholders of HUBER+SUHNER AG	84 253	86 538
Average number of outstanding shares	18 832 614	19 440 610
Undiluted / diluted earnings per share (CHF)	**4.47**	**4.45**

The average number of outstanding shares is calculated based on issued shares less the weighted average of treasury shares. There are no conversion or option rights outstanding; therefore, there is no dilution of earnings per share.

28 Future commitments

The Group companies have committed to various capital expenditures essential for the day-to-day business operations. At year-end there were commitments for the purchase of property, plant and equipment and intangible assets amounting to CHF 23.4 million (previous year: CHF 27.3 million).

29 Contingent liabilities

As at 31 December 2022 parent guarantees in the amount of CHF 8.5 million (previous year: CHF 6.4 million) exist in favour of a third party for a long-term lease agreement and in favour of a third party repayment of an advance payment. This amount represents the maximum amount of the obligation assumed. HUBER+SUHNER Group has not given any other guarantees in respect of its business relationships with third parties.

30 Events after the balance sheet date

No events occurred between the balance sheet date and the date these consolidated financial statements were approved by the Board of Directors (1 March 2023) which affect the annual results or require any adjustments to the Group's assets and liabilities.

Group Companies

Companies at 31.12.2022 (all fully consolidated)		Domicile		Capital stock in 1 000	Ownership	Purpose
Switzerland	HUBER+SUHNER AG	Herisau	CHF	5 050	parent company	▲ ■
Australia	HUBER+SUHNER (Australia) Pty Ltd.	Frenchs Forest, New South Wales	AUD	5 000	100%	▲ ■
Brazil	HUBER+SUHNER América Latina Ltda.	São José dos Campos	BRL	39 197	100%	—
Canada	HUBER+SUHNER (Canada) Ltd.	Ottawa	CAD	2 350	100%	—
China	HUBER+SUHNER (Hong Kong) Ltd.	Hong Kong	HKD	12 325	100%	◆ ■
	HUBER+SUHNER (Shanghai) Co. Ltd. [1]	Shanghai	CNY	19 970	100%	■
	HUBER+SUHNER CCT (Shanghai) Co. Ltd. [1]	Shanghai	CNY	27 854	100%	■
	HUBER+SUHNER CCM (Changzhou) Co. Ltd. [1]	Changzhou	CNY	126 246	100%	▲
Costa Rica	HUBER+SUHNER Astrolab Costa Rica S.r.l. [2]	San José	USD	0	100%	▲
France	BKtel photonics SAS [3]	Lannion	EUR	10	57%	▲ ■
	HUBER+SUHNER (France) SAS	Voisins-le-Bretonneux	EUR	200	100%	■
Germany	HUBER+SUHNER BKtel GmbH	Hückelhoven	EUR	600	100%	▲ ■
	HUBER+SUHNER GmbH	Taufkirchen	EUR	3 068	100%	◆ ■
	HUBER+SUHNER Cube Optics AG [4]	Mainz	EUR	590	100%	▲ ■
India	HUBER+SUHNER Electronics Pvt. Ltd. [5]	New Delhi	INR	170 000	100%	▲ ■
Japan	BKtel Pacific Rim (Japan) Inc. [3]	Yokohama	JPY	10 000	51%	■
Malaysia	HUBER+SUHNER (Malaysia) Sdn Bhd [6]	Kuala Lumpur	MYR	2 500	100%	▲ ■
Netherlands	HUBER+SUHNER B.V.	Rosmalen	EUR	200	100%	—
Poland	HUBER+SUHNER Sp. z o.o.	Tczew	PLN	5 600	100%	▲
Singapore	HUBER+SUHNER (Singapore) Pte Ltd.	Singapore	SGD	3 000	100%	◆ ■
Spain	HUBER&SUHNER (Spain) [7]	Madrid	EUR	3	100%	▲
Tunisia	HUBER+SUHNER (Tunisie) SARL	Sousse	TND	100	100%	▲
United Kingdom	HUBER+SUHNER (UK) Ltd.	Bicester	GBP	4 000	100%	▲ ■
	HUBER+SUHNER Polatis Ltd.	Cambridge	GBP	700	100%	▲ ■
	Phoenix Dynamics Group Ltd. [8]	Staffordshire	GBP	3	100%	◆
	HUBER+SUHNER Phoenix Dynamics Ltd. [9]	Staffordshire	GBP	10	100%	▲ ■
	Phoenix Dynamics (Lake) Ltd. [9]	Staffordshire	GBP	0	100%	—
	Phoenix Dynamics Optics Ltd. [9]	Staffordshire	GBP	0	100%	—
USA	HUBER+SUHNER (North America) Corp.	Charlotte, North Carolina	USD	1	100%	◆
	HUBER+SUHNER, Inc. [10]	Charlotte, North Carolina	USD	50	100%	▲ ■
	HUBER+SUHNER Astrolab, Inc. [10]	Warren, New Jersey	USD	12 000	100%	▲ ■

1) Subsidiary of HUBER+SUHNER (Hong Kong) Ltd.
2) Subsidiary of HUBER+SUHNER Astrolab, Inc.
3) Subsidiary of HUBER+SUHNER BKtel GmbH
4) Subsidiary of HUBER+SUHNER GmbH
5) Subsidiary of HUBER+SUHNER AG and of HUBER+SUHNER B.V.
6) Subsidiary of HUBER+SUHNER (Singapore) Pte Ltd.
7) Subsidiary of HUBER+SUHNER Cube Optics AG
8) Subsidiary of HUBER+SUHNER (UK) Ltd.
9) Subsidiary of Phoenix Dynamics Group Ltd.
10) Subsidiary of HUBER+SUHNER (North America) Corp.

◆ Holding/Finance companies
▲ Production and assembly plants
■ Sales organisations
— Dormant / in liquidation

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To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 1 March 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements HUBER+SUHNER AG and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of equity and notes to the group financial statements including a summary of significant accounting policies, for the year ended 31 December 2022.

In our opinion, the consolidated financial statements (pages 70 to 93) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor's responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to

address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 70 to 93).

Valuation of inventories

Area of focus	As of 31 December 2022, inventories amounted to CHF 193.9 million, representing 23.8% of the Group's total assets. As indicated in Note 2.6 to the consolidated financial statements, inventories are valued at the lower of cost and net realisable value. Cost is determined according to the standard costing method. For slow-moving and obsolete stock the Group recognizes an inventory allowance based on the inventory turnover. Due to the significance of the carrying values of inventories and the degree of management judgment involved in determining production costs, write-downs and fair value less cost to sell, this matter was considered significant to our audit.
Our audit response	Our audit procedures included, amongst other: • We gained an understanding of the inventory valuation process, the valuation method, as well as the underlying assumptions applied. • On a sample basis we analysed the standard cost calculations and verified the differences between the standard and actual costs. • We challenged the estimates made by Management regarding write-downs by assessing whether they are in line with historical experience. • We reviewed inventory ratio's and audited underlying data of the inventory ageing list. • We verified compliance with the principle of net realisable value for finished goods by comparing production costs with the expected net sale proceeds. Our audit procedures did not lead to any reservations regarding to the valuation of inventories.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the HUBER+SUHNER Group Financial Statements, the Financial Statements of HUBER+SUHNER AG, the tables on pages 61 to 65 in the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Iwan Zimmermann
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)

Erik Zeller
(Qualified
Signature)

Licensed audit expert

Five-Year Financial Summary

in CHF million	2018	2019	2020	2021	2022
Order intake	**915.2**	**800.9**	**748.2**	**995.6**	**975.4**
change in % over prior year	10.8	(12.5)	(6.6)	33.1	(2.0)
Order backlog as of 31.12.	**246.9**	**213.6**	**195.5**	**323.4**	**320.0**
change in % over prior year	7.1	(13.5)	(8.5)	65.4	(1.1)
Net sales	**885.0**	**830.6**	**737.9**	**862.9**	**954.6**
change in % over prior year	14.3	(6.1)	(11.2)	16.9	10.6
Gross margin	**34.6%**	**36.2%**	**35.4%**	**38.2%**	**35.7%**
EBITDA	**116.4**	**111.8**	**89.3**	**137.6**	**135.3**
as % of net sales	13.2	13.5	12.1	16.0	14.2
EBIT	**82.5**	**80.5**	**61.2**	**104.6**	**103.2**
as % of net sales	9.3	9.7	8.3	12.1	10.8
change in % over prior year	41.9	(2.4)	(24.0)	70.9	(1.3)
Financial result	**(2.8)**	**(1.7)**	**(0.6)**	**(2.3)**	**(1.8)**
Net income	**61.4**	**62.8**	**52.3**	**87.3**	**85.2**
as % of net sales	6.9	7.6	7.1	10.1	8.9
change in % over prior year	45.6	2.3	(16.7)	66.9	(2.4)
Purchases of PP&E and intangible assets	**27.0**	**37.5**	**37.7**	**50.7**	**45.3**
change in % over prior year	(28.5)	38.9	0.4	34.6	(10.8)
Cash flow from operating activities	**99.6**	**129.1**	**86.5**	**101.7**	**87.3**
change in % over prior year	88.0	29.7	(33.0)	17.5	(14.1)
Free operating cash flow	**71.7**	**45.1**	**50.2**	**56.6**	**37.7**
change in % over prior year	259.2	(37.1)	11.3	12.7	(33.4)
Net liquidity as of 31.12.	**198.8**	**190.2**	**202.9**	**219.8**	**151.1**
change in % over prior year	30.3	(4.3)	6.7	8.3	(31.3)
Return on invested capital (ROIC) in % [1]	**–**	**–**	**–**	**23.2%**	**20.9%**
Equity as of 31.12.	**620.8**	**587.7**	**591.6**	**643.8**	**606.7**
as % of balance sheet total	80.7	78.4	79.9	77.2	74.4
Employees at year-end (permanent employees)	**4 456**	**4 823**	**4 410**	**4 588**	**4 469**
change in % over prior year	6.1	8.2	(8.6)	4.0	(2.6)
Employees, yearly average (permanent employees)	**4 352**	**4 636**	**4 726**	**4 466**	**4 608**

[1] as from 2022 onwards ROIC is disclosed as an additional KPI including the prior year 2021 (see APM ROIC).

Alternative Performance Measures

HUBER+SUHNER uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. HUBER+SUHNER uses the following definitions, which may differ from the one other companies use.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures issued by SIX Exchange Regulation Ltd.

Organic sales development

The organic sales development is calculated by adjusting the reported net sales for the impact of currency effects, copper price effects as well as portfolio effects (acquisitions and disposals). When determining the currency effects, the functional currency that is valid in the respective country is used.

Order intake

A new order is recognised as an order intake only when the contract creates enforceable obligations between the Group and its customer. When this condition is met, the order is recognised at the contract value.

Book-to-bill

The book-to-bill is the ratio of total order intake third to total net sales third.

Order backlog

The order backlog represents the amount of booked orders not yet delivered/invoiced at a closing date. The order backlog is calculated as follows:

- order backlog at the beginning of the year;
- plus order intake during the reporting period;
- less cancellations of orders recorded;
- less sales recognised during the reporting period.

EBIT

EBIT is calculated by subtracting cost of goods sold and operating expenses from net sales.

	2022	2021
Net sales	954.6	862.9
Cost of goods sold	(614.1)	(533.4)
Gross profit	**340.5**	**329.5**
Selling, administrative and research and development expense	(239.8)	(225.9)
Other operating expense / income	2.5	1.0
EBIT (= operating profit)	**103.2**	**104.6**

EBITDA

The EBITDA corresponds to the operating profit (EBIT) before depreciation of property, plant and equipment and amortisation of intangible assets.

	2022	2021
EBIT (= operating profit)	**103.2**	**104.6**
Depreciation of property, plant and equipment	27.7	27.0
Amortisation of intangible assets	4.4	6.0
EBITDA	**135.3**	**137.6**

Return on invested capital (ROIC)

The return on invested capital (ROIC) measures how efficiently the invested capital is used. It is defined as net operating profit after taxes (NOPAT) divided by the average invested capital. The average is calculated by adding the invested capital at the beginning of the period to that at the end of the period and dividing the sum by two.

Invested capital and NOPAT are defined as follows:

	2022	2021
Trade receivables	162.2	144.4
Other short-term receivables (excl. derivative financial instruments)	28.2	25.4
Inventories	193.9	172.0
Accrued income	4.1	3.5
Property, plant and equipment (excl. undeveloped property)	211.9	210.5
Intangible assets	26.3	21.9
Deferred tax assets	10.5	10.3
Operating assets	**637.2**	**588.1**
Trade payables	(76.1)	(63.9)
Other short-term liabilities (excl. derivative financial instruments)	(65.9)	(62.4)
Short-term provisions	(17.2)	(17.8)
Accrued liabilities	(19.5)	(17.5)
Other long-term liabilities	(2.7)	(2.7)
Long-term provisions (excl. retirement plan obligations)	(6.3)	(6.4)
Deferred tax liabilities	(18.9)	(17.5)
Operating liabilities	**(206.5)**	**(188.1)**
Invested capital	**430.6**	**399.9**
Average invested capital	**415.3**	**383.8**
EBIT (= operating profit)	**103.2**	**104.6**
Effective income tax rate	16.0%	14.7%
Effective income taxes	(16.5)	(15.4)
NOPAT (= net operating profit after taxes)	**86.7**	**89.2**
Return on invested capital (ROIC) in % = NOPAT / average invested capital	**20.9%**	**23.2%**

Free operating cash flow

Free operating cash flow is defined as cash flow from operating activities less cash flow from investing activities.

	2022	2021
Cash flow from operating activities	87.3	101.7
Cash flow from investing activities	(49.7)	(45.1)
Free operating cash flow	**37.7**	**56.6**

Free cash flow

	2022	2021
Free operating cash flow	37.7	56.6
Payment of dividend	(38.2)	(25.3)
Payment of dividend to minority interests	(0.6)	(0.5)
Purchase of treasury shares	(63.1)	(15.8)
Free cash flow	**(64.4)**	**14.9**

Net liquidity

	2022	2021
Cash and cash equivalents	151.1	219.8
Short-term financial liabilities	0	0
Net liquidity	**151.1**	**219.8**

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.

Financial Report

Financial Statements HUBER+SUHNER AG

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Income Statement

in CHF 1 000	Notes	2022	2021
Net Sales		461 207	431 087
Other operating income	3.1	27 770	50 470
Change in semi-finished and finished goods		6 251	11 888
Total operating income		**495 228**	**493 445**
Material expenses		(218 338)	(215 824)
Personnel expenses		(148 582)	(147 371)
Other operating expenses		(67 138)	(52 985)
Depreciation and amortisation		(28 762)	(46 426)
Total operating expenses		**(462 820)**	**(462 606)**
Operating profit (EBIT)		**32 408**	**30 839**
Financial income		1 772	4 272
Financial expense		(3 674)	(579)
Income from investments	3.2	44 821	44 997
Expense from investments	3.2	–	(3 200)
Non-operating income		1 048	923
Non-operating expenses		(638)	(527)
Extraordinary income	3.3	–	252
Income before taxes		**75 737**	**76 977**
Income taxes		(3 741)	(3 816)
Net Income		**71 996**	**73 161**

Balance Sheet

in CHF 1 000	Notes	31.12.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents		96 571		148 930	
Trade receivables third party		23 146		23 456	
Trade receivables group companies		42 819		32 249	
Other short-term receivables third party		7 674		7 114	
Other short-term receivables group companies		2 122		1 314	
Inventories	3.4	51 900		39 050	
Accrued income		2 031		1 618	
Current assets		**226 263**	**43.6**	**253 731**	**46.9**
Property, plant, equipment and intangible assets	3.5	103 695		105 597	
Investments in subsidiaries	3.6	149 161		149 161	
Long-term loans group companies		39 924		32 828	
Non-current assets		**292 780**	**56.4**	**287 586**	**53.1**
Assets		**519 043**	**100.0**	**541 317**	**100.0**
Liabilities and equity					
Trade payables third party		23 406		17 986	
Trade payables group companies		10 635		11 262	
Other short-term liabilities third party		18 933		18 918	
Short-term provisions		1 463		2 365	
Accrued liabilities		4 656		4 636	
Current liabilities		**59 093**		**55 167**	
Long-term provisions		28 662		27 615	
Other long-term liabilities		2 590		2 590	
Non-current liabilities		**31 252**		**30 205**	
Liabilities		**90 345**	**17.4**	**85 372**	**15.8**
Share capital	3.7	5 050		5 050	
Legal reserves		40 271		40 271	
General reserves		90 993		90 597	
Retained earnings		367 620		333 867	
Treasury shares	3.8	(75 236)		(13 840)	
Equity		**428 698**	**82.6**	**455 945**	**84.2**
Liabilities and equity		**519 043**	**100.0**	**541 317**	**100.0**

Notes to Financial Statements

1 General

The financial statements of HUBER+SUHNER AG, domiciled in Herisau, are prepared in accordance with the Swiss Code of Obligations (OR).

2 Accounting policies

2.1 General

These financial statements were prepared in accordance with the commercial accounting provisions of the Swiss Code of Obligations. The accounting of major balance sheet and income statement positions is disclosed hereinafter.

2.2 Foreign currency translation

All assets and liabilities denominated in foreign currencies are converted into Swiss francs at the year-end exchange rates according to the imparity principle. Income and expenses as well as transactions in foreign currencies are converted at the conversion rate valid at the transaction date. The resulting foreign exchange differences are recognised in the income statement.

2.3 Revenue recognition

Revenues from the sale of products are recognised when the risks and rewards of the products sold have been transferred to the customer.

2.4 Trade receivables

Trade receivables are measured at nominal value less allowances. Indications of impairment are substantial financial problems on the customer side, a declaration of bankruptcy or a material delay in payment. In addition, a fiscally permitted allowance is recognised in the remaining trade receivables.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of goods comprises direct material and production costs and related production overheads. The valuation of the inventory is based on standard costs that are verified annually. Slow-moving and obsolete stock that have insufficient inventory turns are systematically revaluated, either partly or fully. In addition, a fiscally permitted allowance is recognised in the remaining inventories.

2.6 Property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets are stated at the purchased or manufactured cost less fiscally permitted accumulated depreciation. If there are indications that the carrying amount is overstated, property, plant, equipment and intangible assets are reviewed for impairment and, where necessary, written down to the recoverable amount.

2.7 Investments in subsidiaries

Investments are initially recognised at cost. Investments are assessed annually and individually.

2.8 Provisions

Provisions are made for warranties, personnel expenses, restructuring costs, as well as legal and other miscellaneous operational risks that meet the recognition criteria. They are recognised when the company has a present legal or constructive obligation as a result of past events and if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Warranty provisions are generally measured and recognised based on experience values. Additional provisions may be made if permitted under tax regulations.

2.9 Treasury shares

Treasury shares are stated at acquisition cost and presented as a negative position in the shareholders' equity. No subsequent valuation is made. If the treasury shares are disposed of later, the resulting gain or loss is recognised in the reserves.

3 Details to individual positions

3.1 Other operating income

Other operating income includes income from other activities such as the sale of scrap, miscellaneous services, the capitalisation of internally produced capital goods, the release of provisions and miscellaneous, not periodical, operating revenues from third parties.

3.2 Income and expense from investments

Income from investments includes dividend payments from subsidiaries in the amount of KCHF 44 821 (previous year: KCHF 44 997). No impairments of investments were recognised (previous year: KCHF 3200) or reversed (previous year: no reversal).

3.3 Extraordinary income

No extraordinary income was recognised in the current year (previous year: KCHF 252).

3.4 Inventories

in CHF 1 000	31.12.2022	31.12.2021
Raw materials and supplies	18 069	12 653
Work in progress	8 795	7 157
Semi-finished and finished goods	67 895	61 644
Inventory provision	(42 859)	(42 404)
Total	**51 900**	**39 050**

3.5 Property, plant, equipment and intangible assets

in CHF 1 000	31.12.2022	31.12.2021
Land	6 225	6 225
Buildings	44 200	35 116
Technical equipment and machinery	16 889	20 960
Other equipment	746	629
Assets under construction	7 933	18 677
Investment property	2 080	2 080
Intangible assets	25 622	21 910
Total	**103 695**	**105 597**

3.6 Investments in subsidiaries

Directly and indirectly held subsidiaries are listed in chapter Group Companies of the Group Financial Statements.

3.7 Share capital

Both at 31 December 2022 and at 31 December 2021 the share capital was composed of 20 200 000 registered shares, with a nominal value of CHF 0.25 each.
The composition of capital stock is disclosed in the Notes to the Group Financial Statements (see Note 26).

The company holds 1655 799 treasury shares (726 640 treasury stock, 928 084 treasury shares as part of the running share buyback programme 2021, and 1075 other treasury shares for remuneration purposes).

On 29 October 2021 HUBER+SUHNER AG launched a share buyback programme over a maximum period of three years, for up to 5 % of the registered shares. The shares are being repurchased via a second trading line on the SIX Swiss Exchange for the purpose of capital reduction.

3.8 Treasury shares

	2022	2021
Number at 1.1.	893 140	727 640
Purchases	786 584	196 425
Allotment	(23 925)	(30 925)
Number at 31.12.	1 655 799	893 140

For details of transactions and balances relating to treasury shares see note 26 of the Notes to Group Financial Statements.

4 Contingent liabilities

in CHF 1 000	31.12.2022	31.12.2021
Parent guarantee for long-term lease	6 489	6 429
Parent guarantee for repayment of an advance payment	1 973	–

5 Liabilities to pension funds

in CHF 1 000	31.12.2022	31.12.2021
Total liabilities to pension funds	–	–

6 Net release of undisclosed reserves

in CHF 1 000	2022	2021
Total net release of undisclosed reserves	–	–

7 Significant shareholders/shareholdings of Board of Directors and of Executive Group Management

Shares of votes and capital	31.12.2022	31.12.2021
EGS Beteiligungen AG	9.24%	9.24%
S. Hoffmann-Suhner	6.18%	6.18%
Huwa Finanz- und Beteiligungs AG	3.25%	3.25%
BlackRock, Inc.	3.08%	n/a

n/a = not applicable (no significant shareholder in that year)

Information about published disclosure notices in accordance with Article 20 BEHG are included in Corporate Governance, chapter 1.2 Significant shareholders.

According to the Ordinance against Excessive Compensation in Listed Companies (OaEC), which has been in force since 1 January 2014, details of compensation for members of the Board of Directors and Executive Group Management are presented in a separate Compensation Report (see Compensation Report).
In accordance with Article 663c of the Swiss Code of Obligations (OR), shareholdings in the company by members of Board of Directors and by members of Executive Group Management are as follows:

Shareholdings of Board of Directors

(Number of shares at 31 December 2022)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares[2)]	Total share of votes[3)]
Urs Kaufmann	Chairman	91 200	400	91 600	51 600	40 000	0.49%
Beat Kälin	Deputy Chairman	25 700	–	25 700	16 500	9 200	0.14%
Monika Bütler	Member	6 800	–	6 800	3 600	3 200	< 0.10%
Rolf Seiffert	Member	14 233	–	14 233	11 033	3 200	< 0.10%
Jörg Walther	Member	6 800	–	6 800	–	6 800	< 0.10%
Franz Studer[1)]	Member	–	–	–	–	–	–
Total shareholdings BoD 2022		**144 733**	**400**	**145 133**	**82 733**	**62 400**	**0.78%**

Shareholdings of Board of Directors

(Number of shares at 31 December 2021)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares[2]	Total share of votes[3]
Urs Kaufmann	Chairman	89 200	500	89 700	45 700	44 000	0.46%
Beat Kälin	Deputy Chairman	24 500	–	24 500	12 500	12 000	0.13%
Monika Bütler	Member	6 000	–	6 000	2 400	3 600	< 0.10%
Rolf Seiffert	Member	13 433	–	13 433	9 833	3 600	< 0.10%
Jörg Walther	Member	6 000	–	6 000	–	6 000	< 0.10%
Franz Studer[1]	Member	–	–	–	–	–	–
Total shareholdings BoD 2021		**139 133**	**500**	**139 633**	**70 433**	**69 200**	**0.72%**

[1] The figures stated do not include the participation of EGS Beteiligungen AG, where F. Studer is a member of the executive board and Investment Director. Further information on the shareholdings by EGS Beteiligungen AG is provided in this Note above.

Shareholdings of Executive Group Management

(Number of shares at 31 December 2022)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares[2]	Total share of votes[3]
Urs Ryffel	CEO	39 100	–	39 100	25 100	14 000	0.21%
Reto Bolt	Member	14 080	–	14 080	80	14 000	< 0.10%
Drew Nixon	Member	12 330	–	12 330	5 130	7 200	< 0.10%
Patricia Stolz	Member	6 720	–	6 720	1 820	4 900	< 0.10%
Jürgen Walter	Member	400	–	400	–	400	< 0.10%
Ivo Wechsler	Member	17 600	–	17 600	6 000	11 600	< 0.10%
Total shareholdings EGM 2022		**90 230**	**–**	**90 230**	**38 130**	**52 100**	**0.49%**

Shareholdings of Executive Group Management

(Number of shares at 31 December 2021)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares[2]	Total share of votes[3]
Urs Ryffel	CEO	34 100	–	34 100	20 100	14 000	0.18%
Reto Bolt	Member	14 570	–	14 570	2 570	12 000	< 0.10%
Drew Nixon	Member	10 330	–	10 330	1 530	8 800	< 0.10%
Patricia Stolz	Member	4 970	–	4 970	70	4 900	< 0.10%
Jürgen Walter	Member	–	–	–	–	–	< 0.10%
Ivo Wechsler	Member	17 600	–	17 600	3 600	14 000	< 0.10%
Total shareholdings EGM 2021		**81 570**	**–**	**81 570**	**27 870**	**53 700**	**0.42%**

[2] Shares with remaining lock-in periods of up to ten years

[3] Shares in % of shares entitled to a dividend

Allotted number of shares to:

	2022	2021
Board of Directors	6 400	7 250
Executive Group Management	11 800	13 150
Employees	4 900	4 375

Allotted shares

in CHF 1 000	2022	2021
Expensed amount in Income Statement	1 994	2 155

Outstanding shares are effectively assigned in the following year. For members of Board of Directors and Executive Group Management, the issue is subject to approval by the Annual General Meeting. The expense amount, which exclude social security, in the Income Statement is based on the 2022 year-end share price of CHF 86.30 (previous year: CHF 87.00).

8 Full-time positions

As in the previous year, HUBER+SUHNER AG had over 250 employees (full-time-equivalent) in 2022.

9 Equal pay analysis

HUBER+SUHNER AG has performed an equal pay analysis based on the reference month March 2021, as required by Article 13a of the Gender Equality Act. The analysis concluded that the employee pay-related gender effect is clearly within the tolerance threshold.

10 Leasing obligations not recorded in the balance sheet

At the balance sheet date there are neither short-term obligations with a duration of less than one year (previous year: KCHF 0.0) nor obligations in excess of one year (previous year: none).

11 Events after the balance sheet date

There were no events after the balance sheet date which affect the annual results or would require an adjustment to the carrying amounts of the HUBER+SUHNER AG assets and liabilities.

12 Additional disclosures, cash flow statement and management report

Pursuant to Article 961d para. 1 of the Swiss Code of Obligations, no additional disclosures are made, as HUBER+SUHNER AG prepares Group Financial Statements in accordance with generally accepted accounting principles (Swiss GAAP FER).

Recommendation for Appropriation of Earnings

The Board of Directors of HUBER+SUHNER AG recommends to the Annual General Meeting the following appropriation of available earnings for the year 2022:

in CHF 1 000	**2022**	**2021**
Prior-year retained earnings	295 624	260 706
Net income for the year	71 996	73 161
Total retained earnings	**367 620**	**333 867**
Dividend	(38 943)	(38 243)
Total appropriation	**(38 943)**	**(38 243)**
Retained earnings carried forward	**328 677**	**295 624**

If this recommendation is accepted the following amounts will be valid for each registered share, with a nominal value of CHF 0.25 each:

	CHF	**CHF**
Gross dividend	2.100	2.000
Less 35 % withholding tax	0.735	0.700
Net dividend	**1.365**	**1.300**

Building a better working world

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To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 1 March 2023

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of HUBER+SUHNER AG (the Company), which comprise the income statement, balance sheet and notes to the financial statements, including a summary of significant accounting policies, for the year ended 31 December 2022.

In our opinion, the financial statements (pages 102 to 110) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 102 to 110).

Valuation of inventories

Area of Focus	As of 31 December 2022, inventories amounted to CHF 51.9 million, representing 10.0% of HUBER+SUHNER AG's total assets. As indicated in Note 2.5 of the notes to the stand-alone financial statements of HUBER+SUHNER AG, inventories are valued at the lower of cost and net realisable value. Cost is determined according to the standard costing method. For slow-moving and obsolete stock the entity recognizes an inventory allowance based on the inventory turnover. Due to the significance of the carrying values of inventories and the degree of Management judgment involved in determining production costs, write-downs and fair value less cost of sales, this matter was considered significant to our audit.
Our audit response	Our audit procedures included, amongst other: • We gained an understanding of the inventory valuation process, the valuation method, as well as the underlying assumptions applied. • On a sample basis we analysed the standard cost calculations and verified the differences between the standard and actual costs. • We challenged the estimates made by Management regarding write-downs by assessing whether they are in line with historical experience. • We reviewed inventory ratio's and audited underlying data of the inventory ageing list. • We verified compliance with the principle of net realisable value for finished goods by comparing production costs with the expected net sale proceeds. Our audit procedures did not lead to any reservations regarding to the valuation of inventories.

Valuation of investments to subsidiaries and loans to group companies

Area of Focus	As of 31 December 2022, the HUBER+SUHNER AG holds investments in subsidiaries of CHF 149.2 million and loans to group companies of CHF 39.9 million, which corresponds to 28.7% and 7.7% respectively of total assets. The investments in subsidiaries are disclosed in the note "Group Companies" of the consolidated financial statements of HUBER+SUHNER AG. Investments in subsidiaries and loans to group companies are material to the entity and may be subject to changes in value. Accordingly, Management performs regular impairment considerations and calculations to determine the value of each investment and loan. The investments in subsidiaries and the loans to group companies were considered significant to our audit as the amounts concerned are material and the assessments involve judgment in preparing the underlying key assumptions for the valuation.

Our audit response	Our audit work for the valuation of the investments in subsidiaries and loans to group companies consisted of auditing Management's valuation assessments and the underlying key assumptions. We also assessed the historical accuracy of the Company's estimates and long-term business plans. Our audit procedures did not lead to any reservations regarding to the valuation of investments in subsidiaries and loans to group companies

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the HUBER+SUHNER Group Financial Statements, the Financial Statements of HUBER+SUHNER AG, the tables on pages 61 to 65 in the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Iwan Zimmermann
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)

Erik Zeller
(Qualified
Signature)

Licensed audit expert

Share Data

HUBER+SUHNER AG is a company listed in Switzerland and whose shares are traded on the SIX Swiss Exchange, and which has the following listing details:

Registered office	9100 Herisau, Switzerland
Listing	SIX Swiss Exchange, Swiss Reporting Standard
Security number	3'038'073
ISIN	CH0030380734
Security symbol	HUBN
Nominal value	CHF 0.25

Registered shares at 31.12. (nominal value CHF 0.25)	**2018**	**2019**	**2020**	**2021**	**2022**
Number of issued shares	20 200 000	20 200 000	20 200 000	20 200 000	20 200 000
Number of shares entitled to a dividend	19 453 360	19 464 860	19 472 360	19 306 860	18 544 201
Number of shareholders at 31.12.	4 116	4 702	5 365	6 861	6 054
Stock market price (in CHF)					
high	74.90	85.90	77.80	88.00	95.60
low	50.90	60.80	47.80	69.00	71.50
year-end	65.50	76.80	69.90	87.00	86.30
Amounts per registered share[1] (in CHF)					
Net income	3.15	3.22	2.66	4.45	4.47
Ordinary dividend	1.50	1.60	1.30	2.00	2.10[3]
Anniversary dividend	1.00	–	–	–	–
Total dividend	**2.50**	**1.60**	**1.30**	**2.00**	**2.10[3]**
Pay-out ratio	79%	50%	49%	45%	47%
Market capitalisation[2]					
in CHF million	1 274	1 495	1 361	1 680	1 600
as % of net sales	144	180	184	195	168
as % of shareholders' equity	205	254	230	262	265

1) Based on the average outstanding shares
2) Stock market price at year-end × number of shares entitled to a dividend
3) Proposed dividend

For further information on the HUBER+SUHNER Group, please visit www.hubersuhner.com.

Relationships

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Relationships

This section describes the company's relationships with its important stakeholders. Supported by facts and figures, it aims to show how HUBER+SUHNER interacts with these stakeholders and how we address the related material topics.

Providing a helping hand for Ukrainian refugees and people who stayed back in the country was close to the heart of employees of HUBER+SUHNER in Europe, the United States of America and Costa Rica. **Involve**, **Welcome** and **Integrate** was our defined joint action plan.



Andrzej Milewski from our Tczew site pictured in Iwano-Frankiwsk, Ukraine together with the director of a children's hospital.

"I will always remember the moment when we arrived at a local clinic in the city of Iwano-Frank to hand over our goods. They asked us to wait and came back with presents such as local food. I was surprised that they were so kind and friendly being in this dire situation with almost nothing left."

Andrzej Milewski, Product Lifecycle Management operations specialist IT, Tczew, Poland

RELATIONSHIPS PERFORMANCE 2022 AT A GLANCE

Spend for community involvement and development
(PY CHF 459 000)
CHF
579 000

Added value distribution to employees
(PY 67 %)
%
68

Women in managerial positions
(PY 26.4 %)
%
26.1

Absence rate due to sickness
(PY 3.7 %)
%
4

Lost-time injury frequency rate in production
(PY 5.0)
4.1

Cases of the violation of the Code of responsible business conduct
(PY 0)
0

Proportion of addressable spend with suppliers that completed sustainability assessment (new KPI)
%
70

Average time to closure of customer complaints
(y-o-y)
%
–3.7

Compliance and business ethics

Compliance is a fundamental prerequisite for value-driven and ethical business conduct. This applies to both the workplace and when doing business.

As a global player exposed to numerous potential risks, HUBER+SUHNER seeks to promote a visible culture of integrity, ethics and compliance which is built on the HUBER+SUHNER group-wide Code of responsible business conduct[1]. The Code lays out important principles on how we conduct our business in a responsible manner and is the guiding document for every employee of the HUBER+SUHNER Group as well as for all stakeholders which enter into a relationship with our organisation. For certain matters, specific guidelines with more detailed information and instruction have been issued. According to the Code's principles and obligations, HUBER+SUHNER has established a groupwide compliance programme, which specifies the organisation's policies and guidelines, procedures, and actions within a defined process to help prevent risks and detect potential violations.

Governance of compliance within HUBER+SUHNER

The overall responsibility for the implementation of the corporate compliance programme has been assigned by the Board of Directors to the CFO, who in this function vests the position of Group Compliance Officer.

The Group Compliance Officer with the support of the General Counsel is tasked to continuously improve the compliance programme through a set of measurements such as:

- Oversee the global compliance reporting
- Compliance risk identification and mitigation
- Issuance of group-wide compliance rules and guidelines
- Execution of annual compliance risk assessment and adaptation of compliance map
- Compliance reporting to the Board of Directors
- Definition of the annual Group compliance focus and subsequent actions including trainings
- Empowered to mandate or conduct internal and/or external audits regarding actual or suspected violations

The Group Compliance Officer has the power to veto business transactions that may put the Group's reputation at risk as a result of threatened or existing infringements of the Code of responsible business conduct. The final decision about execution however lies with the CEO.

Area Compliance Officers and country managing directors

Twice per year, the Group Compliance Officer meets with the eight Area Compliance Officers who are responsible to ensure compliance within the Group, as well as with the Global Head of Corporate Responsibility to discuss about the following overarching topics:

- Human rights and labour standards
- Product compliance
- Quality
- The environment and Occupational Health and Safety (OH&S)
- IT
- Trade compliance
- Legal compliance
- Financial compliance

The Area Compliance Officers make sure that a top down implementation of control measures is guaranteed by Country Managing Directors and line managers, and is reflected in the HUBER+SUHNER management system. On country level, compliance functions may be established, however, the country managing director is responsible for compliance matters towards local authorities.

The Country Managing Director and line managers have to inform Area Compliance Officers about any suspected or actual non-compliance or emerging topics for assessment and subsequent actions. Through close cooperation with the Global Head of Procurement, it is ensured that the supply chain is equally adhering to our standards. In 2022, HUBER+SUHNER launched a Supplier Code of Conduct in six languages which needs to be signed by every HUBER+SUHNER supplier.

Annual compliance report

An annual compliance report, which is part of the risk report, is being submitted to the Group Compliance Officer for presentation to the Board of Directors in December. The report includes the bottom-up information provided by the Area Compliance Officers, the findings of the other reporting tools such as the Trustline, management reviews, internal quality audit reports and an annual summary on customer audit findings.

Compliance training for employees

Compliance at HUBER+SUHNER is about living the company's values and speaking up when witnessing unethical behaviour or any non-compliance with the Code of responsible business conduct. An online compliance training – developed specifically for HUBER+SUHNER – is available in seven languages and all employees working in an office environment are requested to complete the interactive online course within the first 90 days of their employment with the company as part of their orientation training programme. Employees working at HUBER+SUHNER manufacturing facilities have daily meetings with shift leaders where the topic of compliance in their sphere of influence is included on a regular basis.

96.9 %
of office and indirect production employees globally completed the online compliance training

On a yearly basis, one compliance topic is defined according to its relevance and timeliness. For office employees topics like anti-bribery, conflict of interest and non-competition are regularly addressed in intervals. In 2022, all our office staff as well as employees from production with access to desktop/laptops underwent a thorough training on data protection, making sure everyone understands what it means to keep personal data of employees, customers and suppliers safe. Data protection is an important aspect of our compliance policy, 96.9 % of our office and indirect production employees completed the training successfully.

Uncovering ethical disparities with our whistle-blowing platform Trustline

In 2021, HUBER+SUHNER implemented Trustline, an independent and secure whistle-blowing platform, provided by a third party. The platform offers all employees worldwide, including temporary staff, apprentices and trainees, an additional reporting channel to easily raise alleged violations or breaches of the Code of responsible business conduct by phone or in writing. Trustline can be accessed around the clock. It is available in several languages, and reports can be submitted anonymously. With Trustline, the company has developed guidelines for employees to encourage them to voice their concerns about suspected misconduct within HUBER+SUHNER or in connection with HUBER+SUHNER business relationships with respect to the principles set out in the Code of responsible business conduct.

To address reported issues, HUBER+SUHNER has a SpeakUp Steering Committee, composed of two Area Compliance Officers (Legal compliance, Human rights and labour) and the Head of Global Corporate Responsibility. It is responsible to handle any complaints that are reported via the HUBER+SUHNER Trustline. The Committee is the body towards the independent operator of the platform as well as the person who filed the complaint.

Reported issues in 2022

In 2022, no violations were reported related to the Code of responsible business conduct via the whistle-blowing platform or any other reporting channel or sources (immediate or next line manager, human resources manager, local compliance officer, or local external service provider).

0
cases of violation
of the Code of responsible
business conduct

Product compliance

The purpose of the product compliance team is to ensure that HUBER+SUHNER operates in compliance with all relevant legislation and regulations related to materials used in our products. Establishing a global HUBER+SUHNER product compliance culture is critical to achieve this goal, and we foster this culture through a variety of means.

One key aspect of our material compliance efforts is the creation of a dedicated product compliance team. Its responsibilities include coordinating and overseeing all material-compliance activities at HUBER+SUHNER, including:

- Establishment of a company product compliance guideline
- Creation of an up-to-date material-compliance database and reporting system
- Provision of training, information, and support to ensure involvement and consultation of all employees and business partners.

We plan to work closely with our suppliers and other stakeholders to ensure that all materials used in our products meet the highest compliance standards. This involves regular assessments of our supply chain, the implementation of processes to monitor and track compliance, as well as to work with external experts to ensure that we are always up to date on the latest material-compliance developments.

Overall, our vision for the product compliance team is to create a strong, proactive, and globally focused organisation that is dedicated to ensuring that HUBER+SUHNER is at all times in compliance with relevant material-compliance regulations and standards. By working together and leveraging all stakeholders' expertise, we will be able to achieve this vision and create a culture of compliance that will benefit our company and our customers for today and in the future.

Managing product compliance

At HUBER+SUHNER, we take material compliance seriously and have implemented a number of initiatives to ensure that our products meet all applicable regulations and standards. This includes a robust system to manage compliance with registration, evaluation, authorization, and restriction of chemicals (REACH), restriction of hazardous substances (RoHS), and waste electrical and electronic equipment (WEEE) regulations.

To comply with REACH, we closely monitor the substances used in our products and conduct regular assessments to ensure that they are safe and do not pose any risks to human health or the environment. We also maintain detailed documentation on the materials used in our products and their potential impacts, and we work closely with our suppliers to meet REACH requirements.

In terms of RoHS compliance, we are committed to reducing the use of hazardous substances in our products and have implemented a number of initiatives such as replacing hazardous substances with safer alternatives whenever possible and conducting regular assessments of our products. We also maintain a database of all materials used in our products and their RoHS compliance status, and cooperate with our suppliers to ensure that all materials meet these standards.

With regard to WEEE compliance, we have implemented a number of measures to ensure that our products are properly recycled and disposed of at the end of their life cycles. These measures include working with certified recycling partners, providing clear and accurate labelling on our products to facilitate their proper disposal, and establishing internal processes to track and monitor our compliance with WEEE regulations.

HUBER+SUHNER is committed to upholding the highest standards of material compliance and meeting all applicable regulations and standards.

A global team looking after product compliance

HUBER+SUHNER has had a product compliance officer since 2022, and has established a dedicated, global, cross-functional team. Further, we have a team of material compliance master data specialists in India who are specialised in the topic.

Special substances of very high concern

The company adheres to requirements for substances as outlined in REACH Article 33: Duty to communicate information on substances in articles, including the need to disclose the presence of substances of very high concern (SVHC) above 0.1 % weight by weight (w/w). We are committed to transparency and disclose materials and substances used in our products upon customer requests.

HUBER+SUHNER declares that all of our products are compliant with the substance restrictions of EU Directive 2011/65/EU for RoHS, including the amendment under Commission Delegate Directive (EU) 2015/863. This declaration is based on the best of our current knowledge and on the current law at the date of issue.

Working towards lead-free products

Last year, our company launched an internal development project with the aim of building the necessary engineering and manufacturing skills for lead-free products in response to potential changes in EU RoHS legislation. The directive imposes restrictions on the use of certain hazardous substances, including lead, in the electronic and electrical equipment manufacturing process. While the directive currently allows for some exemptions, there is a possibility that lead will be completely banned in the future. In anticipation of this possibility, we have allocated resources to investigate whether the transition to lead-free radio frequency products is possible and economically viable.

[1] https://www.hubersuhner.com/en/company/sustainability/related-documents

Human rights and labour practices

In our Code of responsible business conduct, HUBER+SUHNER has committed to fully respecting human rights within its sphere of influence. The company does not tolerate any form of child labour or forced labour and is committed to equal and non-discriminatory treatment of employees and their protection from harassment in the workplace. To increase the focus on compliance and the possibility for employees to speak up, we implemented Trustline, a secure whistle-blowing platform, in 2021. The platform is accessible around the clock in all local languages of key HUBER+SUHNER countries. This anonymous way of reporting potential breaches is available in addition to the options of directly reaching out to superiors, Country Managing Directors, the General Counsel, or local Human Resources business partners.

The company constantly monitors to ensure that no form of child labour[1] or forced labour[2], according to the International Labour Organization (ILO) definition, is occurring at any of its sites of operation. Since June 2020, the company has been a signatory to the United Nations (UN) Global Compact adhering to its ten principles[3] of which principles 1 through 6 are related to human rights and labour practices. (See “The Ten Principles of the UN Global Compact” on the last page of this report.)

HUBER+SUHNER employees have the right to join a trade union of their choice within the framework of the applicable laws. Our Group companies have the choice to join collective bargaining in countries where this is common practice[4].

[1] https://www.ilo.org/ipec/facts/lang--en/index.htm

[2] https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm

[3] https://www.unglobalcompact.org/what-is-gc/mission/principles

[4] See Code of responsible business conduct, p. 5 (E. Trade unions and collective bargaining)

Attractive employer

HUBER+SUHNER continuously strives to be a great place to work, where people feel inspired and safe and can develop to unlock their potential. Our goal is to attract new employees and retain our talents. This includes an enticing employer value proposition (EVP). The company offers a strong purpose, regular training and learning opportunities, and a truly diverse, inclusive, international, agile and safe work environment. Strengthening the EVP is part of a global employer branding programme that was rolled out across all sites early 2022. The results are the following four brand personas representing the company's key employee audiences according to various criteria such as gender, age, education, cultural background, aspirations, and needs.



Through the EVP, we also defined five differentiating factors, namely innovation, growth, collaboration, a global network with diversified teams, and entrepreneurial spirit. In the scope of employer branding, we are constantly optimising the candidate and the employee journey across all touchpoints. Besides creating content like testimonial videos which help potential candidates understand what we do at HUBER+SUHNER, we created onboarding material with the HUBER+SUHNER corporate values and leadership principles, enhanced transparency on employee benefits, and launched a CEO welcome video to show appreciation to every new colleague.

Investing in and expanding our work environment

For many years, HUBER+SUHNER has offered employees with jobs in an office environment the opportunity to work remotely. This has enabled the company to efficiently implement officially mandated teleworking obligations at the different sites over the past couple of years. HUBER+SUHNER aims for a balanced mix between working from home and physical presence in the office, thus combining the advantages of in-office and remote work for the benefit of the company and its employees. HUBER+SUHNER continues to invest in a work environment that inspires people, accommodates flexible and safe work requirements and improves productivity and collaboration with internal and external stakeholders.

In Costa Rica, HUBER+SUHNER celebrated the opening of their new and expanded location in November 2022, with a ribbon-cutting ceremony. The new site provides a substantial increase of 2.5 times the previous capacity to support current business levels and strategic initiatives. In Pfäffikon, Switzerland, at our Witzberg site, HUBER+SUHNER celebrated the completion of a brand-new building that is located next to the existing production premises. The total volume of the building amounts to 58 000 cubic meters which equals 68 individual family homes. The surface measures 9600 square meters and will host 50 different production lines. The transition of all production lines will be completed in May 2023.



Outside view of the new production site at Witzberg in Pfäffikon, Switzerland

Celebrating successes together

At HUBER+SUHNER, we think it is important for our team spirit that we celebrate success. In Tczew, Poland, HUBER+SUHNER celebrated its 20th anniversary of the company's activities. More than 500 employees enjoyed an exclusive gala dinner as a sign of appreciation. In the same month, HUBER+SUHNER BKtel had its 25th anniversary in Germany. The HUBER+SUHNER BKtel site celebrated its birthday with a party for all employees and their families.

After two years of Covid-19 measures and in response to the desire of many employees to spend time together, HUBER+SUHNER India planned a family day event for 250 employees and their relatives to show appreciation and to reconnect as a team. The entire day was packed with enjoyable activities, dancing, music and captivating performances by our employees.



250 HUBER+SUHNER employees in India during the family day

Programmes to attract and retain employees

The Human Resources department in Switzerland proposes programmes which can be adopted and adapted as needed by the various sites around the globe in response to country-specific demand. The apprenticeship and trainee programmes are important offerings that attract the next generation of employees. At HUBER+SUHNER Switzerland, we offer 11 different types of apprenticeships to help young people learn essential skills for their chosen vocations through practical and classroom learning. In 2022, we welcomed 20 new apprentices who work across our Swiss sites; 83 apprentices were trained in Switzerland in 2022 in total (87 in 2021). Other sites, including HUBER+SUHNER in the United Kingdom, Germany, India and Malaysia, have initiated apprenticeships or internships for young people and graduates.

83
apprentices worked in Switzerland



One of our 83 apprentices in Switzerland who are employed across our two sites

To engage the youngest generation about career opportunities with the company, each year HUBER+SUHNER in Switzerland participates in the National Future Day, opening office and production site doors for girls and boys who want to get their first taste of working life. A total of 50 children took the opportunity to look behind the scenes in 2022. Girls and boys aged between 10 and 15 were given practical insights into professions and fields of work. The programme included a half-day at a parent's or accompanying person's workplace as well as a half-day in the apprenticeship workshop, where the children were allowed to get hands-on and build something on their own. For us, National Future Day provides a good platform for raising awareness and sparking interest as a possible future employer. HUBER+SUHNER China has a similar offering with "Take Our Kids to Work Day", which took place at our sites in Shanghai and Changzhou. A one-day agenda with several activities was arranged for the kids, which included visiting their parents' office, the production plant, the research and development (R&D) lab, games, and participating in a talent show. Take Our Kids to Work Day empowers families, kids and companies to learn and grow together.



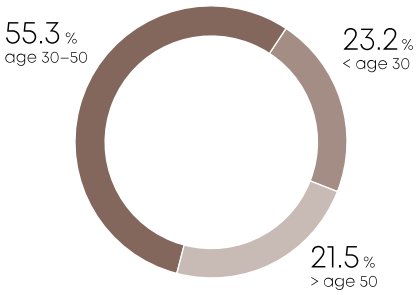
Happy kids at HUBER+SUHNER in China during the "Take Our Kids to Work Day"

For many years, HUBER+SUHNER has also had a strong presence at recruitment fairs and universities in Switzerland, Tunisia and Poland. In addition, the company maintains close partnerships with start-ups as well as universities of applied sciences and universities such as the two renowned Swiss institutes ETH Zurich and EPF Lausanne, for general research and development collaboration and academic theses. These strong links with educational institutions and start-ups drive innovative projects, add to HUBER+SUHNER teams' work satisfaction, and help build strong relationships with potential future employees.

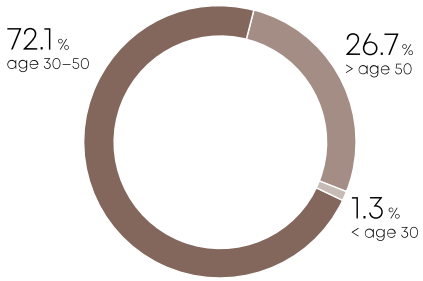
HUBER+SUHNER is also an attractive company for employees above the age of 50, as we value both their work and life experience. The company is part of the founding group of the association Focus 50 Plus, as it is very conscious of the demographic change and how it may result in workforce shortages. It is fundamental to keep employees healthy, motivated, and committed until they retire. Offers such as health and safety services, flexible working and retirement arrangements, and further training opportunities until the last day of work are highly valued by mature employees. These measures help them stay professionally up to date and acquire new skills while preparing for retirement. Moreover, HUBER+SUHNER aims to be an attractive employer for all generations. Therefore, we organised events such as a leadership dialogue where leaders and experts together discussed the needs and aspirations of Generations Y and Z and what they expect from employers and the work environment.

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a ✓ for 2022.

Distribution of age groups ✓



Distribution of age groups in managerial* positions ✓



* Managerial positions are roles in which a person oversees the job functions of another person or a group of people. Managers might also oversee the operation of a specific function within a company. For example, an accounting manager might lead a team of six accountants, whereas a production manager might oversee otherwise unattended automated assembly lines.
Information about the age of the HUBER+SUHNER Board of Directors, and the Executive Committee can be found in the Corporate Governance section of this report.
The category "Distribution of age groups" correspond to GRI disclosure 405-1.

In Switzerland, where around 1200 of our employees are based, HUBER+SUHNER offers many benefits that exceed legal requirements. These include continued salary payments in case of illness or accident and generous pension fund contributions. In addition, HUBER+SUHNER offers discounted lunches thanks to staff canteens, and special conditions for cultural activities. Employees with young children can choose certain nearby day-care centers, which are supported by the HUBER+SUHNER Foundation.

Employee turnover

Again, we registered significantly different turnover rates across our regions due to cultural aspects and the given local framework. Therefore, we designed local target ranges for a stable yet agile workforce. The defined target ranges for countries like Germany or Switzerland are between 8 % and 12 %, whereas China can range between 35 % and 45 %. In total 1160 positions were filled in 2022, 946 of them with new hires. In countries where the value is above the target range, the situation is analysed and subsequent measures to improve the retention are being defined.

Employee turnover rate by country*

Country	2022	Target range
China	27.8%	35–45 %
Germany	13.7%	8–12 %
India	8.2%	10–20 %
Malaysia	7.3%	10–20 %
Poland	20.8%	10–20 %
Switzerland	8.3%	8–12 %
Tunisia	51.9%	20–30 %
UK	19.8%	10–20 %
USA	18.4%	20–30 %

* Target setting and reporting for countries with more than 100 HUBER+SUHNER employees only

Training and continuous education

HUBER+SUHNER invests in individual training opportunities for its employees to ensure professional development. In 2022, our training time for employees summed up 73 257 hours (PY 65 216). This equals 15.6 (PY 14.2) hours of training per employee across all functions. This brings us close to our target figure of 16 hours per employee which we defined as a target for 2023. The training costs (external cost plus cost of hours not worked due to training) rose from CHF 1.7 million to CHF 2.7 million and the average training cost per employee rose from CHF 380 in 2021 to CHF 597 in 2022.

In an environment where change has become a constant, leaders must ensure that everyone is enabled to contribute to overcome challenges and look for opportunities together. The HUBER+SUHNER leadership principles are a common guideline for all our employees and place a high priority on psychological safety and working in diverse teams. Learning from mistakes together and focusing on constructive feedback enables all employees to perform at their best.

In Tczew, Poland, Human Resources designed the “Academy of the Successful Leader”, a programme to further develop and support leaders. The roles of manager, supervisor and project lead require constant development and keeping pace with trends. HUBER+SUHNER Poland decided to run the academy in order to support leaders in times of volatility, uncertainty, complexity, and ambiguity (VUCA) and to implement the leadership principles that were introduced in 2021. HUBER+SUHNER also participates in the Advance mentoring programme that connects women from different companies in mentor and mentee roles. The company nominates and connects mentors and mentees to help strengthen the position of women in business. Overall, feedback on the programme has been very positive, prompting HUBER+SUHNER to expand it for the coming years.



Development of employees is key. In Tcew, Poland the “Academy of the Successul Leader” was designed for leadership teams

The human resources team at HUBER+SUHNER Tunisia was awarded for best training policy, specifically for their approach of introducing and continuously training newly hired and existing employees in 2022. The award ceremony was held by the ARFORGHE organisation and the Konrad Adenauer-Stiftung. Our Managing Director for HUBER+SUHNER Tunisia received the award onstage from the Tunisian Minister of Employment.



The award ceremony where HUBER+SUHNER Tunisia received recognition for the “Best training policy” in the presence of the Tunisian Minister of Employment

In China, 366 of our colleagues participated in the sixth Skills Star Competition, demonstrating the national culture of craftsmanship. The programme was launched in 2017 to improve competitiveness, to find out about the professional skills and talents of our factory workers, and to spark interest in further skills development. Out of all participating colleagues, 302 passed the theoretical exam to compete in the practical part. Finally, 75 employees won the 2022 Skills Star Competition title, and four colleagues were awarded multiple times for excelling in various skills.

26.1 %
women in
managerial positions

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a ✓ for 2022.

Gender distribution ✓

Year	Total workforce		Managerial* positions		Executive Group Management		Board of Directors	
	Female [%]	Male [%]	Female [%]	Male [%]	Female [%]	Male [%]	Female [%]	Male [%]
2020	44.7	55.3	21.7	78.3	12.5	87.5	16.7	83.3
2021	48.0	52.0	26.4**	73.6**	16.7	83.3	16.7	83.3
2022	45.1	54.9	26.1	73.9	16.7	83.3	16.7	83.3

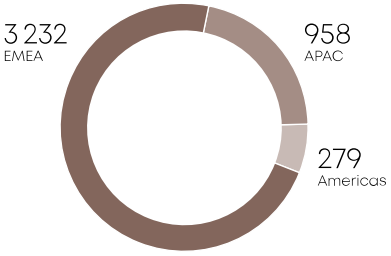
* Managerial positions are roles where a person oversees the job functions of another person or a group of people. Managers also might oversee the operation of a specific function within a company. For example, an accounting manager might lead a team of six accountants, whereas a production manager might oversee otherwise unattended automated assembly lines.

** These figures have been restated due to a change in the geographical scope and data collection process. The figures published in the Sustainability Report 2021 were 23.4% and 76.6% respectively.

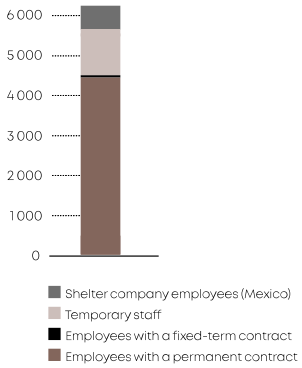
HUBER+SUHNER is convinced that diversity is a key success factor and that different perspectives are an enriching and creative source. This helps to develop innovative products and better solutions for customers. As an attractive employer, HUBER+SUHNER promotes diversity, consistently advocates equal opportunities, and offers attractive and flexible workplaces for different work and life models. The figures on gender distribution correspond to GRI disclosure 405-1.

Also in 2022, HUBER+SUHNER was a proud supporter of St. Gallen Diversity & Inclusion week. We recognise the importance of an inclusive workplace and therefore support students with impairments at Pudong Special Education School in Shanghai, China. Each year, HUBER+SUHNER employees are invited to celebrate Children's Day, donating food and drinks for the occasion. Together with employees, HUBER+SUHNER established the Schooling Donation Project in 2017 through which funds from the company, as well as employees support, flow to various organisations that provide further education for less privileged youth.

Employees by region (HC)



Number of employees by employment type at year-end (headcount)



At the end of 2022, the company had close to 4500 employees globally. Out of the total workforce, 45.1 % were women. The share of women in managerial roles slightly decreased to 26.1 % in 2022 (down 0.3 percentage points y-o-y). Our goal is for women to hold over 30 % of managerial positions by 2030. HUBER+SUHNER strives to promote women in general and particularly into management positions. We committed to raising quotas for upcoming years and submitting data for gender reports. For many years, HUBER+SUHNER has actively promoted equal pay for women and men at its Swiss sites with Landolt & Mächler Consultants. The company continues to be reviewed on a regular basis.

Occupational health and safety

As a manufacturing company, occupational health and safety (OH&S) of employees is a priority and material topic for HUBER+SUHNER. We have a global Health and Safety Policy and apply the principles established by the International Labour Organization (ILO). HUBER+SUHNER strives proactively to prevent its employees from having accidents at work and leisure, as well as from developing occupational diseases and their consequences.

4 %
absence rate due to sickness

We monitor our performance according to three key figures: the absence rate due to sickness, the lost-time injury rate, and the lost-time injury severity rate. In 2022, the absence rate due to sickness[1] was 4.0 % (PY 3.7 %). For comparison: in the Swiss manufacturing sector, the absence rate was 3.3 % in 2021 (most recent available statistics*).

* Source: Swiss Federal Statistical Office (FSO) – Work Volume Statistics (WV)

4.1
lost-time injury frequency rate✓ in production

The lost-time injury rate[2] (according to GRI disclosure 403-9) decreased from 5.0 in 2021 to 4.1 in 2022, with nine sites reporting zero lost-time injuries. The lost-time injury severity rate[3] was recorded for the second time. It showed 16.8 lost working days per lost-time injury. As of 2023, we aim to achieve a lost-time injury rate of 3.0 or fewer per 1 million hours worked. No work-related fatalities were recorded during the reporting period. Data and targets related to lost-time injuries are published only for direct and indirect production employees, as lost-time injuries among office employees are very rare and would skew the published figures.

Year	Lost-time injuries	Number of hours worked in production	Lost-time injury rate ✓
2020	25	6 127 312	4.1
2021	28	5 582 078	5.0
2022	24	5 908 505	4.1

Ernst & Young Ltd performed a limited assurance engagement on selected figures marked with a ✓ for 2022.

Occupational health and safety management

HUBER+SUHNER ensures OH&S through strict adherence to local laws and regulations and to three global processes that were introduced towards the end of 2020 and have been rolled out since then. Every plant has health and safety officers on duty to conduct training and walk-throughs which sensitise employees not only to work-related hazards but also to health-related topics in general. With the participation and consultation of workers, we are able to identify hazards and assess workplace risks and seize opportunities early on in order to eliminate hazards before they become incidents.

Safe and legally compliant handling of hazardous material

To protect our employees as well as the environment when handling hazardous materials such as chemicals, we comply with all applicable laws and regulations in the respective countries. We ensure that manufacturers and importers of hazardous materials provide information and instructions for safe handling. These include the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) hazard pictogrammes, hazard statements and precautionary statements. We request the safety data sheet from the supplier, preferably in the local language. The site's environmental health and safety (EHS) specialist must ensure that Safety Data Sheets (SDS)[4] for all chemicals used are filed in such a way that they are easily accessible to all affected employees.

To constantly minimise risks associated with the handling of hazardous materials, we adhere to the following principles:

- If possible, replace hazardous materials with non-hazardous ones
- Keep stock of hazardous materials as low as possible
- Strictly observe manufacturers' instructions on packaging and SDS, ensure translations into local languages, and train operators
- Organise warehouses in a legally compliant manner (containers, infrastructures, separated storage, stock list, etc.)
- Provide workers with personal protective equipment and ensure it is worn correctly
- For new purchase orders, ensure the most recent SDS is provided/downloaded from the supplier's website
- Check SDS for updates/changes and inform relevant employees accordingly.

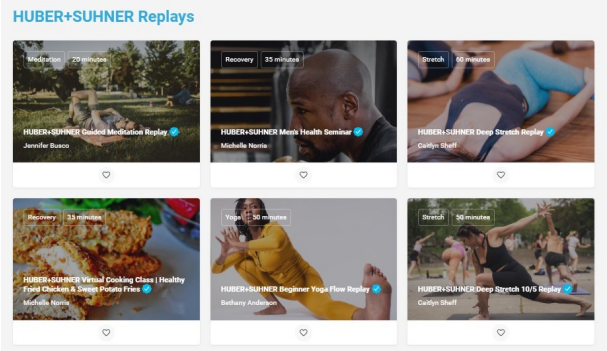
Country initiatives

Since 2018, HUBER+SUHNER India shop floors have started their days with a yoga session and celebrated International Yoga Day by doing yoga with all employees in the years 2018, 2019, 2021, and 2022. In 2022, we also organised our first 21-day yoga challenge to keep staff members physically and mentally well in order to further strengthen the health and wellness goal, which had created the foundation for subsequent physical activities. As a result, our Indian team started a 55-day walking challenge to encourage people to move more with a target of 10 000 steps each day. The challenge's brilliance was that it had a deadline, encouraging all participants to exert a little more effort. Everyone involved experienced the gratifying effects of consistent walking at the end of the 55-day period.



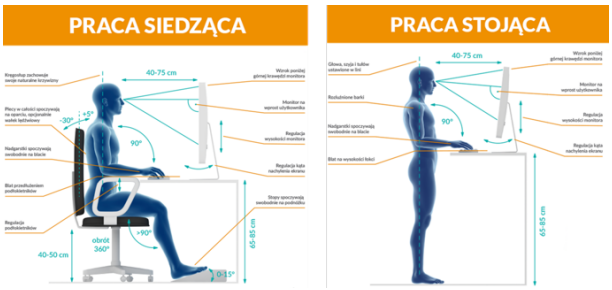
"The 10 000-step challenge and the daily yoga from HUBER+SUHNER are great initiatives. I tried being an active part of these programmes and observed good results for myself – both physically and mentally – which is very essential for a happy life. I have been able to reduce my weight by a couple of kilograms and hope to lose more weight to keep healthy. Previously I have tried being physically active but I couldn't follow through. Now, thanks to the programmes, I took it as a personal challenge and really enjoyed it. Even my family got motivated and started following my routine. I hope we will continue with such events that increase awareness and keep people healthy and happy."

Sriharsha Kanigolla, Software Developer, HUBER+SUHNER, Bangalore



In Charlotte, United States, our colleagues joined forces with SweatNET Corporate Wellness to offer employees a comprehensive wellness programme designed around feedback from a wellness survey conducted in 2022. The programme includes a variety of live virtual fitness classes, live virtual guided meditations, live virtual cooking classes, company-wide challenges and a wellness platform with over 350 streamable fitness classes, 50-plus guided meditations, 250-plus healthy recipes, and more. The goal is to improve the overall well-being of employees, leading everyone to a healthier lifestyle that positively impacts company culture and productivity.

At our site in Nawojowa Gora, Poland, all employees have received information and were given suggestions for exercises to help improve their fitness levels despite spending eight hours at their office desks. Additionally, fresh fruits are provided for everyone on a weekly basis.





In China, safety month took place in June under the motto “Comply with the safe production law, take ownership to act safely”, our colleagues undertook a safe production law training and test, they trained employees in first aid, firefighting and safety knowledge, and new safety posters were issued. Trainings were concluded with knowledge competitions and a management-level safety inspection.

At our site in Tczew, Poland, the team conducted an emergency drill, including first aid for a wounded employee, with the city’s fire brigade. Additionally during the year, employees received a set of practical health and safety trainings including the use of fire extinguishers and the automated external defibrillator (AED) as well as practical first aid training to save lives in case of an emergency.



At our site in Cambridge, United Kingdom, the team updated their evacuation policy. This includes a newly established evacuation process for people with impairments. They also introduced an onsite duty assignment to indicate which fire marshals and first aid personnel were available. One colleague joined the fire marshals and four people became new members of the first-aid team. Various sweep zones were created. The fire marshalls are assigned to a building zone which needs to be physically checked in the event of an emergency. Since 2022, a new role was created with the nomination of a chief fire marshall who coordinates the fire marshals and first-aid teams. Our employees established contacts with other businesses in the shared building for an improved emergency collaboration. Additionally, refresher trainings for the use of the defibrillator unit were held.

A global action plan and process board

The company has developed a global action plan to ensure globally aligned OH&S management. By the end of 2023, all sites with production and/or warehousing activities must establish and maintain an OH&S management system that fulfils the requirements of ISO 45001. Internal auditors are reviewing these management systems. So far, the production sites in Changzhou and Shanghai, China, are TÜV SÜD-certified according to ISO 45001. Following the 2022 surveillance audit by TÜV SÜD, these two sites had six nonconformities identified, all of which minor. Corrective actions were immediately taken and the nonconformities were resolved accordingly.

In 2022, a global OH&S process board was established and regular meetings were held throughout the year. Its aim is to unite the OH&S community and exchange ideas and best practices among the global team. Going forward, all sites with production and logistics activity will set up an annual OH&S target, including an action plan that is implemented and verified through planned audits. The Plan-Do-Check-Act cycle (PDCA) can be further promoted globally. Our goal is for all major production sites to be certified according to ISO 45001 by 2025.

[1] Number of absence hours due to sickness divided by the planned working time (in hours)

[2] Lost-time injury: any injury sustained by an employee while on the job that prevents them from being able to perform their job for at least one day/shift; lost-time injury rate: the number of lost-time injuries that occurred during the reporting period per 1 million hours worked by production employees.

[3] The lost-time injury severity rate was calculated by dividing the number of lost working days by the number of lost-time injuries.

[4] Also called Material Safety Data Sheet (MSDS) or Product Safety Data Sheet (PSDS)

Anti-corruption

Anti-corruption is an important part of the HUBER+SUHNER interactive online compliance training that all employees must complete within the first 90 days of their employment with the company as part of their orientation training programme. The Code of responsible business conduct addresses the topic under the chapter titled “Fair operating practices”: all employees are requested to never directly or indirectly offer, promise or grant public officials, private parties, or contractual business partners any bribe or improper advantage; nor should they receive, tolerate, knowingly benefit from, or accept such bribery or improper advantage. Employees may not accept or provide gifts or favours that could be considered as improper influence. If the exchange of gifts is customary in a cultural area, they may only be of a symbolic nature.

The company does not support money laundering in any way. We maintain business relationships with recognised business partners who conduct legitimate business and whose funds come from legitimate sources.

Whenever personal interests or family or other ties conflict with the interests of our employees, they are obliged to ensure that the interests of HUBER+SUHNER are not affected by their own direct or indirect personal interests. Potential or existing interests must be duly reported to the respective superiors so that HUBER+SUHNER can resolve the matter in a fair and transparent manner.

The Executive Group Management approved a detailed anti-corruption guideline in September 2017. The guideline sets minimum standards within the HUBER+SUHNER Group with respect to anti-corruption, anti-bribery and conflicts of interest. The guideline applies to all HUBER+SUHNER divisions, regions, affiliates and branches.

Employees who find themselves in a conflict of interest or who acknowledge a breach of the Code of responsible business conduct are asked to speak up directly via their local compliance responsible or by phone or in writing via the Trustline which can be accessed around the clock. The Trustline is available in all company languages, and reports can be submitted anonymously. Although there is a high risk of corruption, bribery, and conflict of interest in some countries with HUBER+SUHNER subsidiaries, no cases were detected in 2022.

Responsible procurement

Working with a complex supplier network

In 2022, HUBER+SUHNER purchased more than 22 000 different items from roughly 1 600 active production material suppliers located in 46 sourcing countries. Production materials represent approximately 70 % of the total purchasing volume, with two-thirds being components or semi-finished goods and one-third raw materials such as copper or chemicals.

The most important sourcing regions in terms of purchasing volumes are Western Europe, Central Europe, and Northern Asia.

Region	Share of purchasing expenditure with regional suppliers
AMERICAS	96%
APAC	96%
EMEA	86%

* Suppliers who are in the same region as the receiving site of HUBER+SUHNER

Focus on responsible procurement

At HUBER+SUHNER, over 50 % of turnover is used for Procurement. Therefore, the company aims to make certain that production materials are sourced only from qualified suppliers, ensuring high environmental and social standards throughout our operations to minimise adverse effects on the environment and society. There is increasing governmental pressure, including the German Supply Chain Due Diligence Act which came into force on 1 January 2023, and the Ordinance on Due Diligence and Transparency in Relation to Minerals and Metall from Conflict-Affected Areas and Child Labour (DDTrO) entered into force on 1 January 2022.

In Switzerland through the DDTrO, and in Europe with the EU Supply Chain Law, companies are now legally required to know their supply chain footprints and assess their suppliers with regard to environmental, social and governance (ESG) risks. As of 1 January 2023, companies must introduce comprehensive due diligence measures and report any risks with regards to:

- Human rights and labour practices
- Occupational health and safety
- Responsible sourcing of minerals
- Environmental protection and climate change mitigation
- Fair operating practices.

Stepping up measures for responsible procurement

HUBER+SUHNER appreciates long-standing and stable supplier relationships as key to its business success. This has been further underlined by the global Covid-19 pandemic. We aim to procure according to the “regional for regional” model to strengthen local supplier relationships and ensure short supply chain routes whenever possible.

The company requires its suppliers to acknowledge the HUBERS+SUHNER Code of responsible business conduct, which can be found on the company’s website. Additionally, regular audits are done for strategic suppliers and since 2021, a set of sustainability-related questions were included.

In September 2022, HUBER+SUHNER introduced a specific Supplier Code of Conduct in English, Chinese, French, German, Polish, and Spanish. The Supplier Code of Conduct is an integral part of the agreement between a supplier and HUBER+SUHNER and applies to all critical production material suppliers worldwide. Furthermore, in 2022, we started

onboarding 150 suppliers to our ESG due diligence platform IntegrityNext with the objective of assessing 75 % of our production material spend through the platform by the end of 2023.

70 %
spend done with suppliers that completed the sustainability assessment

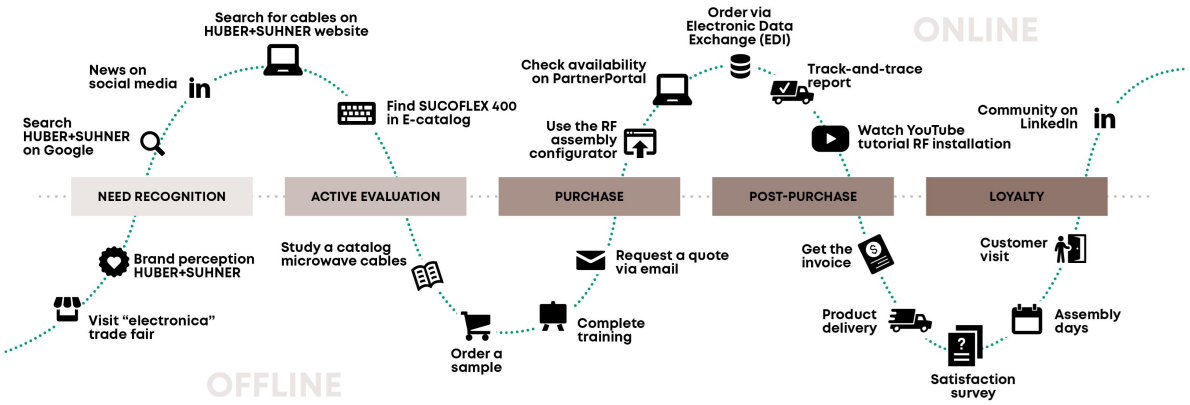
The Procurement team also updated its Procurement Policy, adding information with regard to corporate responsibility and material compliance, and defining what is expected from each supplier in those areas.

Conflict minerals

In its production, HUBER+SUHNER processes the conflict minerals tin and gold. In this regard, the company is mapping its supply chain using the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative. The most recent version of the CMRT is publicly available on the HUBER+SUHNER website.

Customer relations

The success of HUBER+SUHNER is directly linked to our ability to cultivate mutually beneficial and trusting relationships with our customers. In 2022, HUBER+SUHNER served a customer base of approximately 4300 buying customers. However, the major proportion of our sales is linked to key customers with whom the Group has established long-term relationships. Customer relations at HUBER+SUHNER are structured along the company's three market segments Industry, Communication, and Transportation, with dedicated sales teams in key countries and around 400 sales employees.



Driving a seamless customer experience

Offering a valuable customer experience is key for growth (see figure 1: Customer experience journey). Feeling the customers' pulse at decisive moments allows HUBER+SUHNER to consistently understand, follow, improve, and own all the touchpoints (e.g. during an online search, when receiving the company's response to a request, when using our products, or when interacting with the company in the event of a complaint).

HUBER+SUHNER must be a competent partner in engineering, logistics, and supply chain, constantly innovating and looking for highly customised solutions. Our focus on data collection and the evaluation process for an outstanding customer experience has been further developed through a new way of measuring the pulse according to 12 monthly touchpoints. A pilot "mood survey" was done in the first quarter of 2022 to establish all the relevant key performance indicators (KPIs) and to define and implement the necessary improvements.

One of the indicators the company has been measuring is the average number of days until a customer complaint is closed. In 2022, this duration decreased by 3.7 % y-o-y. Focusing on the full customer experience will help HUBER+SUHNER to get a holistic view of the customer experience beyond pure customer satisfaction.

–3.7 %
average time to closure of customer complaint (y-o-y)

Personal interactions remain paramount

Personal contact is crucial to build and maintain close relationships with customers. They typically are assigned a single point of contact at HUBER+SUHNER for all their needs. With the “Godfather Program”, key clients will be assigned a representative from executive management to encourage exchange and mutual trust with top management.

Regulatory and sustainability requirements

As a business-to-business (B2B) company, HUBER+SUHNER mainly faces compliance with regulatory and legal requirements. Therefore, we must be able to anticipate any developments at an early stage in order to develop our products accordingly. Detailed and transparent product information and labelling are therefore key to HUBER+SUHNER. The company also ensures compliance with standards and regulations such as registration, evaluation, authorisation and restriction of chemicals (REACH) and restriction of hazardous substances (RoHS).

By actively managing its environmental, social and governance (ESG) responsibility and by constantly working to enhance its performance, HUBER+SUHNER also contributes to the sustainability of our customers and thus positions the company as a valuable partner beyond technical expertise and product quality. In the past year, we have seen an increasing number of customers requesting information about the CO2 footprint of their purchased products. Other customers ask HUBER+SUHNER to disclose its ESG performance and targets via the EcoVadis, IntegrityNext, and Drive Sustainability platforms.

Additionally, we disclose environmental information to investors and customers annually on the CDP platform.

Community involvement and development

Community involvement and development

In assessing the material issues, the Executive Group Management has made community involvement and development one of three focus topics. Community involvement and development stands out due to its many aspects. It includes the promotion of education, culture, and sports, as well as support for groups at the edge of social and workplace exclusion. Open, honest, and fair dealings with local and regional administrative authorities are also part of this complex topic. The company's investments globally for projects in education, culture, and sports, and for disadvantaged groups can take the form of donations in cash or in kind, as well as vocational training positions or support for employees in their engagement through voluntary work within the community.

579 000 CHF
spent for community involvement and development projects

At the end of 2021, HUBER+SUHNER published its globally binding guidelines on the topic of community involvement and development. As of the 2022 financial year, HUBER+SUHNER will have a total of 0.5 % of budgeted earnings before interest and taxes (EBIT), or at least CHF 500 000, available for the support and initiation of projects. The funds will be provided from the operating business as well as from the HUBER+SUHNER Foundation.

173
projects supported for community involvement and development

In 2022, a total of 67 % of Group companies sponsored or initiated a total of 173 community involvement and development projects, spending around CHF 579 000. With the easing of the Covid-19 pandemic related measures in 2022, HUBER+SUHNER community development activities picked-up again. Another accelerator was the war in the Ukraine which created a sense of urgency to take collective action.

Year	Investment in CHF	Number of projects	Proportion of country organisations
2020	333 000	118	56%
2021	459 000	104	53%
2022	579 000	173	67%



Switzerland
HUBER+SUHNER Foundation

The HUBER+SUHNER Foundation provides benefits to the company's employees in accordance with the foundation's purpose. It also supports social, cultural, and sports related projects in the geographical catchment area of the Swiss HUBER+SUHNER sites in Herisau and Pfäffikon. Depending on the size and nature of the projects, the contributions can range from a few hundred to tens of thousands of Swiss francs.

After a couple of years where the global Covid-19 pandemic had halted or postponed some projects which were funded in 2020 already, the number of 2021 applications was also impacted.

Year	Number of projects
2020	105
2021	86
2022	142

In 2022, the HUBER+SUHNER Foundation, founded in 1947, celebrated its 75-year annniversary. On this occasion, two projects were launched for all employees in Switzerland to celebrate this important milestone.

Getting ready: In May, employees were offered a branded, high-quality soft-shell jacket, the perfect apparel for leisure and sports activities.

Be active and do good: Under this motto, the Foundation emphasized its Corporate Responsibility in the communities where HUBER+SUHNER Switzerland has its premises. During the month of September, all employees were encouraged to take part in a step-counting challenge via Step Coach, an application that let users count steps and sports activities during team challenges. Employees could choose one of the seven selected organisations in the Pfäffikon ZH and Herisau catchment areas, forming seven online teams which had the goal of virtually walking from Pfäffikon to Herisau. All collected steps per team were translated into a financial donation for each of the chosen non-profit organisations.

The seven organisations supported included:

- Winterhilfe Zürcher Oberland
- Winterhilfe Appenzell Ausserrhoden
- PluSport insieme Zürcher Oberland
- PluSport Appenzeller Hinterland

- Stiftung zur Palme Pfäffikon
- Dreischiibe Herisau
- Naturzentrum Pfäffikersee

Six of these organisations are dedicated to and support people with an impairment or from economically disadvantaged backgrounds of various age groups with integration into society via housing, employment, sports or financial support. The last one is dedicated to nature conservation and to sensitise people about the importance of the lake of Pfäffikon and its surrounding areas.

190 colleagues signed up for the challenge and collected steps by walking, running or playing other sports which through the app were converted into addable steps. Step-Coach allowed for everyone to see in real time, how many steps each team had collected and which individual was leading the pack in terms of steps, which gave an extra push to all participants.



Members of the team “PluSport Appenzeller Hinterland” during a physical hike.

At the end of September, HUBER+SUHNER employees collected a total of 58.2 million steps which translates into around 40 700 kilometres, a distance equal to walking once around the globe. Six teams completed and exceeded the virtual route from Pfäffikon to Herisau resulting in CHF 150 000 donated. The allocation of the donation amount was based on the performance of each team during the step-counting challenge.

Organisation	Donation in CHF
PluSport Zurich	25 000
Naturzentrum Pfäffikon	24 000
Winterhilfe Appenzell Ausserrhoden	23 000
PluSport Appenzeller Hinterland	21 000
Stiftung zur Palme Pfäffikon	20 000
Dreischiibe Herisau	19 000
Winterhilfe Zürcher Oberland	18 000
Total	150 000

The organisations expressed their gratitude by sending in thank you notes and even a video to the HUBER+SUHNER Foundation and all employees who got engaged.



Thank you notes and photos from the organisations supported through the 2022 step-counting challenge, commemorating the 75-year anniversary of the HUBER+SUHNER Foundation

Coordinated actions from various countries for the Ukrainian people



Following the onset of the war in Ukraine, HUBER+SUHNER wanted to understand how we can support the Ukrainian people on-site or as they were fleeing the country. Our global and corporate responsibility teams from various departments (such as Human Resources, Procurement, and Corporate Communications) in most affected countries (Poland, Germany, Switzerland and the United Kingdom) defined a three-phase action plan which was approved by Executive Group Management. Colleagues from our locations in the United States and Costa Rica also joined in to offer their support.

The three-phase action plan consisted of:

- **Involve** employees by offering additional paid vacation days to be used for a range of volunteering activities
- **Welcome** refugees by offering accommodation
- **Integrate** refugees by creating or offering existing job opportunities

Involve employees: The Executive Group Management decided to turn 1000 working days into 1000 days of volunteering activities for Ukrainian refugees. The 1000 days were allocated proportionally, taking into account the refugee-to-inhabitant ratio and the number of HUBER+SUHNER employees per country in Poland, Germany and Switzerland. These countries were in scope due to their geographical proximity and the subsequent increasing influx of refugees. Volunteering days could be used to help the people in need, by for example, renovating space to accommodate refugees; work at a humanitarian organisation focusing on Ukrainian refugees; supporting refugees with translation, paperwork or job applications; or by providing or transporting goods.

Involve employees: Our teams in Poland, Germany, Switzerland and the United States got in touch with local organisations to understand how they could support refugees. Very quickly, HUBER+SUHNER took actions as needs were expressed with regard to clothing, furniture and household goods, food, and hygiene and medical supplies, as well as school materials and toys. Other activities included the collection of money and storing goods for organisations in our office buildings.

Colleagues at our two locations in Poland and in Germany organised the transportation of collected materials and food by truck to the boarder of Ukraine to support people in the war zone. In Poland, medical supplies were prepared in agreement with hospitals in Ukraine to supply the most needed items. The supplies were delivered to a local charitable organisation and then transported to Ukraine. Additionally, Polish employees were providing language lessons to refugees to support a fast integration.

In our two United States locations Warren and Charlotte, also supported by HUBER+SUHNER Costa Rica, funds were raised by employees for the Ukrainian American Relief Committee Inc., and matched by the company. Additionally, an in-kind donation to support essential needs of refugees back in Ukraine was organised.

At our Bicester site in the United Kingdom, employee cell phones were upgraded. The old handsets were handed in to the provider or employees could buy them. The money collected from selling the old handsets to the provider or employees was then used to make a donation to an organisation which supported Ukrainian refugees.



In-kind donations collected by teams in Poland, Germany and the United States (from top to bottom)



The support campaign for Ukraine, created by our employees in Mainz, Germany

Welcome refugees: In Poland, Germany and Switzerland, teams inquired about possibilities to accommodate refugees as governments were calling on the population to offer their homes or living spaces to host arriving refugees, mostly women and children.
HUBER+SUHNER looked into options to provide office space, to rent accommodation at our cost, or to allow the refugees the use of company owned employee apartments for free, while hosting our colleagues in hotel rooms. All of

this was done in close cooperation with local authorities. In Pfäffikon, accommodation was not the issue thanks to four available buildings, but internet access had to be provided. Therefore HUBER+SUHNER helped with the infrastructure by donating hotspots and SIM cards so people could get online to communicate with their families, to complete administrative tasks and start their job searches.

Some of our employees opened their own homes to refugees for an indefinite period.



A studio living space rented by our colleagues in Hückelhoven, Germany and access to the internet in Pfäffikon, Switzerland thanks to donated hotspots and SIM cards.

Integrate refugees: In many countries, regulations were eased to quickly offer employment to refugees. In Switzerland, thanks to the newly introduced status “S”, Ukrainians were allowed to work very quickly and children were welcomed into the public education system. Offering employment opportunities via job centers was therefore another way for HUBER+SUHNER to get involved. In several countries, we employed Ukrainian refugees or helped by establishing connections for people to find employment. We also supported childcare, thanks to facilities already used by our own employees. In Poland, a one-week summer camp was offered with the financial support of our Tczew office to 39 Ukrainian and Polish children in order to help them relax and enjoy some normality.



Impressions from the summer camp sponsored by our Tczew site in Poland

Table overview of contributions for Ukraine

Country	In kind donation	Financial donation
Americas (United States and Costa Rica)		
HUBER+SUHNER Inc. (Charlotte) HUBER+SUHNER Astrolab (Warren and Costa Rica)	· Essential needs donation to "United Ukrainian American Relief Committee Inc." [1] from both locations	· Donated by employees and matched by both sites: HUBER+SUHNER Inc. and Astrolab to "United Ukrainian American Relief Committee Inc" [2] · USD 18 000 (CHF 16 573) + USD 12 175 (CHF 2 233)
Poland		
Krzeszowice	· Company food donation and distribution for surrounding locations (main railway station, library in Krzeszowice, monastery in Czerna and Krzeszowice) by the HUBER+SUHNER Polatis team · Supporting refugees to organise appointments with government, doctors etc. · Donation of medical products and transport to crisis regions in the Ukraine	· Donation of food vouchers for refugees
Tczew	· Funding of a playground in Tczew for Ukrainian orphans · Transport and donation of electronic equipment for employees from Ukraine who went to war · Continuous employment for employees from Ukraine who went to war · Providing Polish lessons for Ukrainian children · Gathering candles for the city of Kherson	· Donation to "Pan Wladek" Social Assistance for Children Foundation [3] to purchase food for a convoy to Ukraine · Donation to "Co i To" Foundation for 120 school backpacks for Ukrainian refugee children · Donation of PLN 30 000 (CHF 6 384) for a summer camp for Ukrainian and Polish children · Donation of PLN 10 000 (CHF 2 129) to the Food Bank · Donation to "Co i To" of PLN 10 000 (CHF 2 129) for 1 000 lunches for immigrants
Switzerland		
Herisau	· Allocation of five HUBER+SUHNER business apartments for refugees since May 2022 · Goods drive in both locations	
Pfäffikon	· Acquisition/rental of 16 hotspots and SIM cards for five refugee shelters · Storage of donated goods (mattresses) for local community	
Germany		
Hückelhoven	· Rented a flat to host refugees · Donation and support with transport of goods to the Ukraine.	
Mainz	· Donation of food and medicine to Ukraine with the help of a Russian employee · Donation of food, household items to a charitable organisation in Bonn · Transport of donated furniture to apartments for refugees organised by an employee	· Donation from employees with internal fundraising campaign of EUR 14 000 (CHF 13 924) to a "Eine Welt e. V. Leipzig" [4]
Taufkirchen	· Offering free office space to local Red Cross to welcome refugees	
United Kingdom		
Bicester	· Volunteer work offered to community	· Donation of money collected from old, traded-in company mobile phones and employees buying their old phones

[1] https://www.uuarc.org/about-us/

[2] https://www.uuarc.org/about-us/

[3] http://www.fundacjapanwladek.pl/

[4] https://einewelt-leipzig.de/de/ukraine-wie-wir-weiter-helfen/

Out of the 1000 volunteering days, less than 10 % were reported by employees via our HR system. However, looking at all the actions taken with some still ongoing, we understand that the HUBER+SUHNER team went above and beyond to alleviate the situation for so many Ukrainians over these past months.

Country initiatives

India

Giving a second life to clothes, toys and books



HUBER+SUHNER colleagues lighten up the day for people in need with clothes, toys and books during “Diwali”

Diwali, the festival of lights, is one of the most loved festivals in India. It symbolises victory of good over evil, light over darkness, and knowledge over ignorance. Our colleagues at HUBER+SUHNER India brought light, care and happiness to people in need and whose lives are a struggle during Diwali and every day as they work hard to feed their families. Our employees came together to bring light to people’s faces by distributing clothes, toys and books to families in the vicinity of our offices. For HUBER+SUHNER employees, it was a great joy to know that they could help and support fellow citizens with goods they no longer used but which meant a lot to someone else.

China



Employees of HUBER+SUHNER China are providing donations for the two students, supported by the "Aiyi Sunschine Student Aid Association"

Supporting the education of young people in the community, HUBER+SUHNER in China has been contributing to the educational careers of two students since 2017 through the Aiyi Sunshine Student Aid Association, a non-profit organisation which focuses on poor students. Thanks to this financial support, the pupils will be able to complete their further studies and finish high school graduation. Our Chinese employees were asked to raise money and the company matched the donation. The amount of RMB 22 758 (around CHF 3091) was then transferred to Aiyi.

Poland

Running for people with a physical impairment

On 4 September, five employees from our HUBER+SUHNER site in Krzeszowice joined together to participate in the 11th edition of the Poland Business Run 2022 in Krakow. More than 32 000 runners from over 1500 companies signed up to participate. The Fundacja Poland Business Run, held annually, is a 5x4 kilometre relay race. Next to the physical participation, teams could also run virtually using a smartphone application. Not only the pandemic demanded for a hybrid event but the increasing amount of runners asked for it, too. Each participating company will help some 100 people from all over Poland who have a physical impairment or had to undergo a mastectomy.



Four of our five colleagues from our Krzeszowice site who participated in the charitable “Poland Business Run 2022”

Every year in December, organisations, institutions, and individuals are awarded prizes at the Tczew County Volunteering Gala for their community involvement efforts and support for social initiatives. Volunteers, enterprises and organisations are nominated in four different categories, one of them being “Community-friendly company”. The team from our site in Tczew earned the award in this category in 2022 due to their proactive attitude, the commitment to the local community, and good cooperation with regional organisations. Amongst their 2022 involvements were the financing of sporting events in the Powiat and Pomeranian region, participation in sporting events, and through the founding of a new award for young musicians.



The award recevied for our community involvement and development efforts in Tczew, Poland

Americas

HUBER+SUHNER, Charlotte

Bringing joy to families with the Virtual Angel Tree Program during the holidays The Salvation Army, with which HUBER+SUHNER Inc. as had a decades-long relationship, offers underprivileged children gifts for the holiday season. The Virtual Angel Tree Program is an opportunity for companies and employees to spread joy by providing toys and clothing to children of less fortunate families. On the Salvation Army's community websites, wish lists of children named "Angels" are published. Our colleagues selected the wish lists of two children and shared them with employees so that volunteers could buy the desired items. These items were then delivered to the Salvation Army for distribution. The parents of the two youngsters were provided with the toys and clothes so they could wrap them and surprise their angels with the longed-for presents.

HUBER+SUHNER, Warren

Contributing to the "Giving Garden Project"

The Wagner Farm Arboretum Foundation seeks to enrich, educate and inspire the community by increasing environmental awareness and recreational opportunities. At the same time, the farm produces vegetables dedicated to feed families, individuals, and elderly who do not have the resources to acquire nutritional, healthy, and fresh meals. The "Giving Garden Project" (GGP) is a service and educational programme operated entirely by volunteers. The Foundation's vegetable beds are maintained throughout the growing season by volunteers who perform specific tasks under the direction of seasoned lead gardeners. There is always need for small groups to come once a season to help tend several beds. This is what some of our employees in Warren did by braving the elements to spread mulch and turnover soil on over 50 vegetable beds in order to prepare them for the winter.



HUBER+SUHNER Astrolab employees, turning over the soil of 50 vegetable beds at the Wagner Arboretum Foundation

Financial and in-kind donations to several charitable organisations

Also this year, HUBER+SUHNER Astrolab provided financial and in-kind support to various organisations in their vicinity: On World Hunger Day in June, the team organised a food drive, collecting 155 kilograms of edible items. The Habitat for Humanity of South-Central New Jersey received a financial donation for giving Tuesday. Through the "Toys for Tots" of the US Marine Corp's employees participated in a charitable toy drive for children in need during the holidays.

Environment

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Environment

This section zooms in on the company's responsibility towards the environment in which we operate. Supported by facts and figures, it aims to show how HUBER+SUHNER works to keep its environmental impact as low as possible. This includes ambitious reduction targets for our greenhouse gas emissions.

Bhagyashree Tajan, our colleague from India, created this drawing inspired by her father's teachings as well as a quote from Ernest Hemingway: "The earth is a fine place and worth fighting for."



"My father taught me when I was child 'Vasudhaiva Kutumbaka.' In Sanskrit, 'Vasudha' means earth, 'iva' means emphasize and 'Kutumbakam' means family. The message is that the entire world is my family," she said. "And just like we protect and nurture our family, we need to extend the same gratitude to our habitat. In my drawing, I want to show how we have to care for the whole ecosystem. As a conscious human being, we have the power to make the world beautiful or to destroy it."

Bhagyashree Tajan, Technical Product Coordinator, GBSS, HUBER+SUHNER India

ENVIRONMENTAL PERFORMANCE 2022 AT A GLANCE



Environmental management

HUBER+SUHNER considers care for the environment an important and vital aspect of its corporate responsibility. As stated in our environmental policy, we strive to continuously improve our environmental performance and make the most efficient use possible of raw and auxiliary materials, energy, and water. HUBER+SUHNER also aims to avoid air and water pollution as well as to minimise the use and disposal of toxic and hazardous chemicals.

Although environmental stewardship has been a HUBER+SUHNER priority for many years, we have intensified our efforts to improve environmental performance over the past few years. As early as 1999, the company implemented an environmental management system according to ISO 14001 and obtained certification for its sites in Switzerland. Today, almost two-thirds of all production sites are certified, including the four largest: Pfäffikon and Herisau in Switzerland, Changzhou in China, and Tczew in Poland. ISO 14001 certification is planned in 2023 for another three production sites: Warren in New Jersey, United States, Cambridge, United Kingdom, and Krzeszowice, Poland. The certification of the site Mainz, Germany, has been postponed to 2024.

Since 2009, HUBER+SUHNER has used life cycle analysis (LCA) to determine its environmental performance annually on a quantitative basis and, since 2019, the significant environmental aspects as required by the ISO 14001 standard. The procedure is described in one of the company's environmental management processes. It is based on the LCA phases according to ISO 14040.

In 2022, for the first time, all sites under the full operational control of HUBER+SUHNER AG (head office) provided at least data on energy consumption and employee commuting. The data on raw materials and commercial goods, transport of goods within the Group and to customers as well as business travel were taken from central systems. Based on the number of production employees and the manufacturing activities carried out, it is estimated that more than 95 % of the company's environmental impact has therefore been recorded.

HUBER+SUHNER has applied an inventory analysis based on input-output models. Each production site is considered a unit into which energy and materials enter (input) and from which emissions, waste, wastewater, and products are generated (output). Where company-specific data are not available, data from established service providers have been used. The life cycle impact assessment (LCIA) was conducted using an internationally recognised LCIA method which allows a fully aggregated assessment (single score indicator) to simplify communication and interpretation.

Scope and methodology

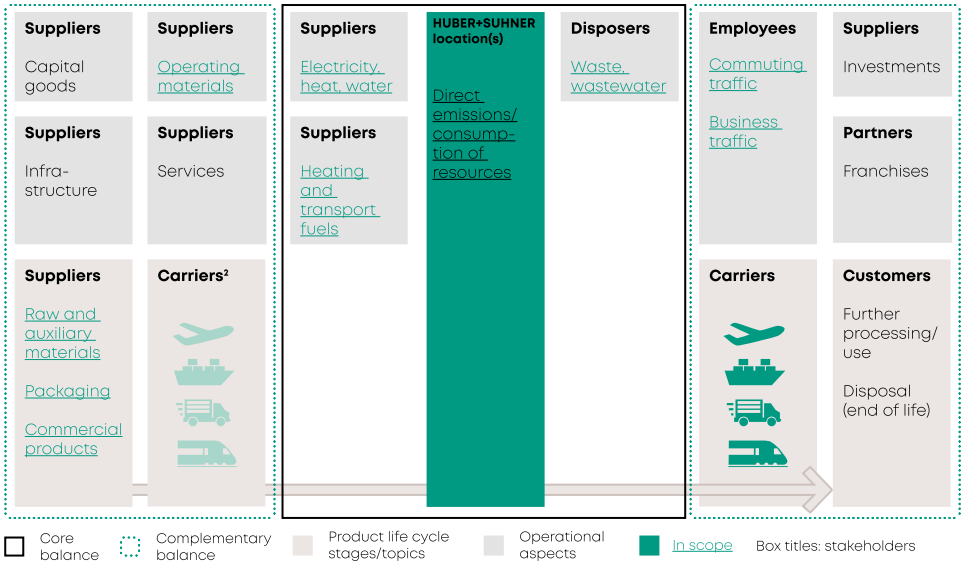
The geographical scope is described in the third paragraph of the preceding section. Direct emissions and the consumption of resources as well as electricity, heat, water, heating and transport fuels, and waste and wastewater (core balance) are in scope of the LCA as are raw, auxiliary, operating and packaging materials as well as commercial goods[1], commuting and business traffic, and the transport of materials and products (complementary balance) as shown in figure 1 (see also footnote 2 in the chapter "Greenhouse gas emissions and climate change"). Materials and commercial goods are sourced from external suppliers, with the exception of plastic compounds, which are manufactured at the Pfäffikon compounding facility and processed at the Changzhou, Pfäffikon, and Herisau plants. The quantities processed or consumed were taken from the ERP system (purchasing data).

The use phase of our products has not been in scope since most of our products are passive components only. The disposal of our products has also not been in scope. With lifetimes ranging from 20 to 30 years it is difficult to predict the impact of the products' end-of-life treatment.

HUBER+SUHNER has delivered all relevant data to sinum AG (St. Gallen, Switzerland), which is responsible for calculating the environmental and carbon footprint. The environmental footprint evaluation is conducted according to ISO 14040. The LCIA method for the environmental footprint is the Ecological Scarcity[2]. The carbon footprint evaluation complies with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Global warming potential factors aligned with the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change have been used, as recommended by the Greenhouse Gas (GHG) Protocol and CDP; GHGs accounted for were carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3) as listed in the amended Annex A to the Kyoto Protocol. The footprints were calculated by using expert system REGIS and ecoinvent database version 3.9.1. Performance data shown in the environmental performance indicator (EPI) table follow GRI standards 301, 302, 303, 305 and 306. Intensity data always refer to the added value generated as a measure of the economic performance. The added value has been calculated from profit before tax and depreciation plus personnel costs minus other financial results. The added value for the years 2018–2022 is displayed at the bottom of the environmental performance indicators (EPI) table.

The underlying data were collected for the calendar year 2022. In cases of expected disproportionate delays in the evaluation, the data were collected for the period 1 December 2021 to 30 November 2022. HUBER+SUHNER estimates the deviation from the calendar year period to be less than ± 5 %.

Figure 1: Scope of the LCA



Ernst & Young Ltd performed a limited assurance engagement on selected EPIs for 2022 (see Addendum 3: Independent assurance report).

[1] No supplier data were available for material transports, but they are mostly considered in secondary data (light green means of transport in figure 1).

[2] Swiss Eco-Factors 2021 according to the Ecological Scarcity Method. Methodological fundamentals and their application in Switzerland. Environmental studies no. 2121, Bern, 2021

Environmental footprint

Figure 2 shows how the various material and energy flows contribute to the total environmental impact of HUBER+SUHNER. Extraction, processing, and transport of the raw material copper accounted for 40 % and commercial goods for 37 % of the company's total environmental impact. Other significant environmental aspects were the remaining raw, auxiliary, and process materials[1] (11 %), product transports to customers and between HUBER+SUHNER sites (6 %), paper and packaging material (2 %), electricity (1.4 %), and commuting (1.3 %).

Figure 2
Environmental impact 2022
(total balance)

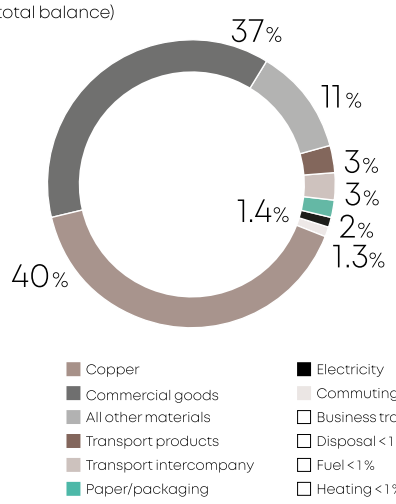
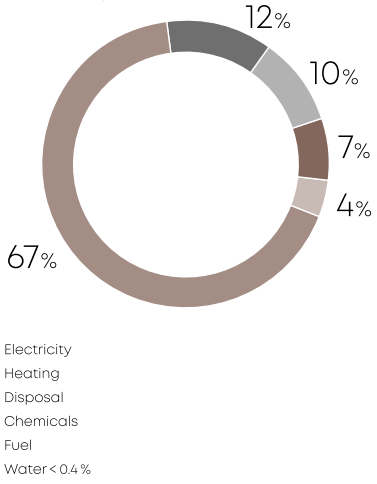


Figure 3
Environmental impact 2022
(core balance)



The core balance includes those material and energy flows that the company can directly influence. As can be seen in figure 3, the significant environmental aspects were electricity (67 %), heating (12 %), and waste disposal (10 %), followed by direct emissions of chemicals[2] (7 %) and fuel (4 %). Consequently, most environmental targets of our production sites relate to the top three environmental aspects of the core balance.

Even in the core balance, the environmental impact of the company's water withdrawal has a very low share (< 0.4 %). Therefore HUBER+SUHNER publishes its water withdrawal but not its water footprint.

The year 2022 saw a significant increase in the total environmental impact (+42 % year-on-year, Figure 4). This increase is mainly attributable to the expansion of the scope (inclusion of purchased commercial goods at all production sites as far as reliable data were available; data on refrigerants, energy consumption, and employee commuting at office locations).

Figure 4
Environmental impact total balance

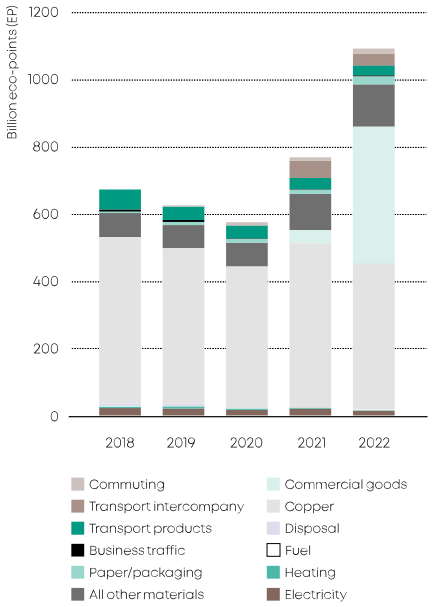
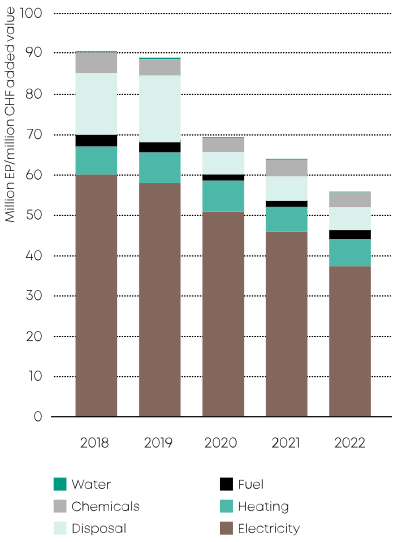


Figure 5
Intensity of the environmental impact (core balance)



Encouragingly, the downward trend in the intensity of the environmental impact (core balance) continued. It decreased by a further 12 % compared to the previous year (Figure 5).

[1] Glass fiber, plastics, metals other than copper, refrigerants, sulphur hexafluoride, dry ice, and volatile organic compounds (VOC)

[2] Losses of volatile organic compounds, sulphur hexafluoride, dry ice, and refrigerants

Resource efficiency

Resource efficiency is one of the material topics in the corporate responsibility of HUBER+SUHNER. It has monetary and ecological aspects. As part of the company's environmental management, the production sites have targets to improve their material efficiency. The implementation of ideas, for example in injection moulding, to feed waste material directly back into the production process usually fails because of the quality requirements placed on the end product by customers.

Copper consumption decreased by 6 % compared to the previous year. Plastic consumption has decreased by 11 % in the same period. On the one hand, these figures show that the new data collection method (use of centralised data) provides realistic values. On the other hand, these figures also show that the previous decentralised collection already had a sufficiently high data quality.

The effectiveness of various measures to improve resource efficiency is also reflected in the decrease in water withdrawal (–5 % y-o-y) and waste generation (–16 % y-o-y). (See the success story "Reducing waste and saving tap water")

During 2022, we introduced three new global targets to monitor resource efficiency as part of our environmental management. We chose the added value as described in the Management Report (How we generate and distribute value) as the intensity denominator.

Key performance indicator (KPI)	Target	To be reached by
Intensity of total energy consumption	15 % reduction from 2021 base year	2030
Intensity of waste sent to landfill or incineration	25 % reduction from 2021 base year	2030
Intensity of total water withdrawal	20 % reduction from 2021 base year	2030

KPI	2021	2022	Δ %
Intensity of energy consumption [kWh/million CHF]	131	137	+5
Intensity of waste sent to landfill or incineration [kg/million CHF]	3 632	3 346	(8)
Intensity of total water withdrawal [m3/million CHF]	2 349	2 203	(5)

Energy

Between 2016 (base year) and 2021 HUBER+SUHNER reduced the intensity of its total energy consumption by 12 % and now aims to reduce it by another 15 % between 2021 and 2030. Energy management, including a close monitoring of the electricity and the fossil fuel consumption and initiatives to save energy, is a fundamental component of environmental management at HUBER+SUHNER. For this reason, HUBER+SUHNER has decided against seeking energy management certification at all production sites. In countries where such certification is incentivised by the government (i.e. Germany), sites are free to become certified.

The intensity of total energy consumption increased by 4 % year-on-year despite several energy saving initiatives. This increase is mainly due to the wider geographical scope and the expansion of the production capacity for radar antennas to be used in advanced driver assistance systems. The share of purchased electricity from renewable sources was just under 40 %. The share of consumed electricity from renewable sources was 42 % due to the expansion of self-produced electricity with photovoltaic systems. We plan to increase the overall share from renewable sources to at least 70 % in 2025. See detailed data on our energy consumption in the environmental performance indicators table.

Waste

Between 2016 and 2021, HUBER+SUHNER was able to reduce the intensity of waste not sent for recycling by 10 %. The company has now set for itself the goal of reducing this figure by a further 25 % between 2021 and 2030. The focus on waste that is not sent for recycling is justified by the fact that these materials are diverted from a circular economy. In 2022, we succeeded to already reduce the intensity of this waste category by 8 % compared with the base year 2021.

Hazardous waste is another focus area. The goal here is to generate as little as possible. Compared to the previous year, the amount of hazardous waste was reduced by 10 %. HUBER+SUHNER works exclusively with licensed waste handlers to ensure that hazardous waste is treated with state-of-the-art technology and that recyclable material is directed into the right channels. See detailed data on the generated waste types in the environmental performance indicators table.

Water

At HUBER+SUHNER, water is mainly used for cooling purposes in the production facilities. The cooling water is kept in closed circuits at all locations. The plating facility in Herisau, Switzerland is the only one using process water in higher quantities. The resulting wastewater is treated with state-of-the-art technology before it is routed to the municipal water treatment plant. At all sites, uncontaminated wastewater is directed into rivers or lakes, while contaminated wastewater is fed into treatment plants. With the exception of evaporation, HUBER+SUHNER only consumes negligible amounts of water.

Between 2016 and 2021 the company reduced the intensity of its water withdrawal by 24 %. It aims to reduce this figure by another 30 % by 2030 compared with the 2021 base year. 2022 saw an encouraging 6 % reduction of the water withdrawal intensity (y-o-y). See detailed data on our water withdrawal in the environmental performance indicators table.

Greenhouse gas emissions and climate change

Greenhouse gas (GHG) emissions and climate change are among the three focus topics of the company's corporate responsibility, with the clear target to reach net-zero GHG emissions in scopes 1+2 by 2030. HUBER+SUHNER for many years has determined its carbon footprint in all three scopes. Since 2017, the company has had reduction targets approved by the Science Based Targets initiative (SBTi). In the reporting year, HUBER+SUHNER Group has committed to set near- and long-term company-wide emission reductions in line with science-based net-zero with the SBTi. In 2023, the company plans to submit its near- and long-term targets to the SBTi for approval. These new targets will replace the existing emission reduction targets that the SBTi approved back in 2017.

The scope 2 emission data in this report as well as related targets are market-based. Location-based data do not play a role in our present GHG emissions reduction strategy. They have been and will be published on the CDP platform.

As a first step on this journey, we drafted our Net-zero Roadmap 2030 that outlines which actions we have to take at which site to minimize our GHG emissions in scopes 1 and 2 by 2030. The year 2023 will see a refinement of the draft roadmap including a green electricity purchasing strategy.

The greenhouse gas (GHG) emissions in scope 1+2[1] decreased to 9500 t in 2022 (–17 % year-on-year) despite the expansion of the geographical boundaries. GHG emissions in scope 3[2] sharply increased by 50 % year-on-year mainly due to the changed data collection method and the inclusion of purchased commercial goods, which is an important step on the way to reliable and realistic Scope 3 data. Figure 6 shows the development of total GHG emissions during the past five years and reflects the consistent expansion of the system boundaries and improvement of data quality in scope 3 as well as the reduction of scope 1+2 emissions.

Figure 6
Total GHG emissions 2018–2022

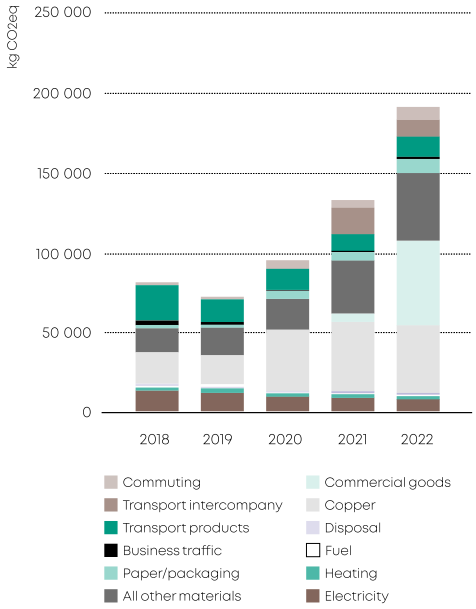


Figure 7 shows that copper, commercial goods, and all other materials (including packaging), product transports to customers and between sites account for 89 % of our carbon footprint. Business traffic, which played an important role before the pandemic, increased again year-on-year in 2022, but only amounted to about 45 % of its 2019 GHG emissions.

Figure 7
Carbon footprint 2022

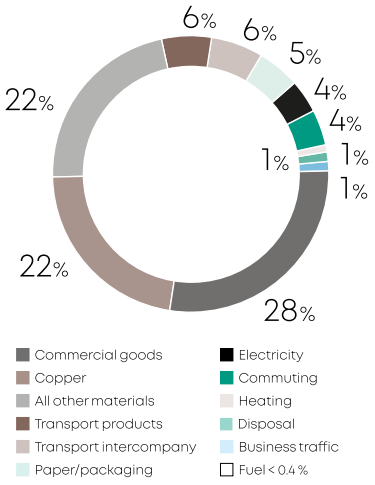


Figure 8
Carbon footprint (Scope 3 categories according to GHG protocol)

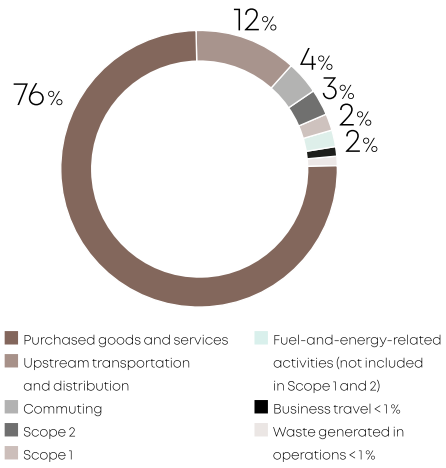


Figure 8 shows that direct emissions (scope 1) and emissions from purchased energy (scope 2) account for only 5 % of our carbon footprint. The main contributors are purchased goods and services accounting for three quarters of our carbon footprint.

To reduce its GHG emissions in scope 1+2, HUBER+SUHNER has further increased the share of electrical energy consumed worldwide from renewable sources (hydro, wind, and solar power plants) from around 12 % in 2019 to 42 % in 2022 as planned. Presently, the company is focusing on the country with the highest electricity consumption (Switzerland) and the countries with the highest share of coal in electricity generation (Poland, India, and China). When it comes to energy attribute certificates, HUBER+SUHNER makes sure that they come from power plants in the country where the electricity is consumed.

HUBER+SUHNER sites also contribute to the reduction of GHG emissions through various energy efficiency initiatives: replacement of fluorescent lamps with LED lights, replacement of obsolete machinery, optimisation of control mechanisms, closed cooling systems, heat recovery, and building insulation.

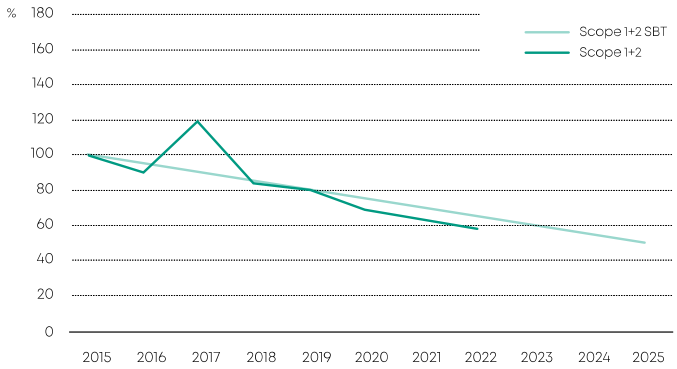
Present science-based targets

In 2016, HUBER+SUHNER committed to achieving a science-based GHG reduction target in scope 1+2 by 2025. This target was validated by experts from the SBTi. It was initially designed to support limiting global warming to 2 °C. In 2019, the CO2 reduction target was adapted to the more stringent criteria for limiting global warming to 1.5 °C. It reads: "HUBER+SUHNER Group commits to reduce scope 1 and 2 GHG emissions 50 % per added value by 2025 from a 2015 base year." In scope 3, HUBER+SUHNER has defined a voluntary, non-validated reduction target: "HUBER+SUHNER Group also commits to reduce scope 3 GHG emissions per added value 30 % by 2025 from a 2015 base year." In the base year 2015, the scope 1+2 greenhouse gas emissions amounted to 16 700 t, in scope 3 to 47 900 t. The added value generated was CHF 296.5 million.

The graph shows that the company is still fully on track regarding its target in scope 1+2. Due to the availability of considerably more scope 3-related data, the comparison with the base year 2015 is no longer meaningful. In 2015, the intensity of Scope 3 emissions was 166 percent of the base year value.

As already described above, HUBER+SUHNER is planning to replace these targets by new near- and long-term company-wide emission reduction targets, in line with science-based net-zero as defined by the SBTi.

Figure 9:
Science-based target in scope 1+2 and actual performance
(indexed graph: Changes in the year-on-year comparison due to methodological changes were excluded, for example, changes due to altered background data.)



[1] Scope 1 emissions come from emission sources within the company, such as its heating systems or vehicles. Scope 2 emissions result from the generation of energy that is sourced from outside the company. These are mainly electricity and heat from energy services.

[2] Scope 3 emissions are emissions caused by the company's activities but not under its control. The following greenhouse gas emission sources (including extraction, production and transport to the HUBER+SUHNER sites) were accounted for (cf. figure 1 on page 43); purchased goods and services: raw, auxiliary, operating and packaging materials, commercial goods (as far as reliable data were available), water; fuel-and-energy-related activities (not included in Scope 1 and 2) like heating and transport fuels, and electricity production; waste generated in operations: waste, wastewater; business traffic; downstream transportation and distribution: transports between the sites and transports of finished products to customers; commuting traffic.

The copper dilemma in mobile communication

Today's mobile communication systems use remote radios that exchange data with the base station via fiber-optic cables and are supplied with 48-volt direct-current (VDC) via copper cables. Copper is an industrial metal with a comparatively high environmental footprint and price. Therefore, operators tend to use smaller copper cable diameters to keep investment costs under control. However, the physical properties of copper do not support this practice: The longer and thinner a copper cable is, the higher its electrical resistance and the associated energy losses, leading to higher operating costs.



With the MASTERLINE Ultimate Hybrid High Voltage Cable, HUBER+SUHNER offers both a way out of this cost dilemma and a way to avoid energy losses The energy losses along the power cable are significantly lower due to a much higher operating voltage. However, the industry has not adopted this solution because high-voltage installations require certified installers.

These are hard to find compared to non-certified installers. In August 2022, under the heading “Environmental Engineering”, the European Telecommunications Standards Institute (ETSI) proposed a “progressive migration of information and communication technology (ICT) site to 400 VDC sources and distribution.” Other players in the market are working on fault managed power systems (FMPS). This new technology is being developed to ensure that non-certified installers and operators can safely handle 400 VDC installations.

Reducing waste and saving tap water

In rare cases, one measure can reduce environmental impact in two ways. The management team at the HUBER+SUHNER plant in Changzhou, China, recognised such an opportunity and installed an emulsion concentration system.

In the production of copper cables, the surface of the cables is treated with polyethylene wax to prevent adhesion. The spray equipment has a built-in automatic self-cleaning system for the nozzles and the spray tank. Each year, the cleaning process produces almost 100 tonnes of waste emulsion, which consists of water and polyethylene wax. This waste emulsion must be collected by a qualified disposal service provider for further treatment.

The concentration system installed in 2022 extracts water from the emulsion using low-temperature evaporation technology and condenses it. The amount of waste emulsion can thus be reduced to less than 10 tonnes per year. The condensed water is filtered and can then be used as cooling water, saving around 80 cubic metres of tap water annually.



The emulsion concentration system recovers 80 cubic metres of water that can be used for cooling purposes.

Addendum 1: declaration of performance scope 1+2 CO2-eq emissions

Performance Scope 1+2. Declaration of performance in accordance with CDP Reporting (Questions C7.9, C7.9ab). Emissions performance calculations were market-based. Compared to the previous reporting year (calculated using ecoinvent database v38) the Scope 1+2 emissions of the HUBER+SUHNER Group decreased 17.5 % corresponding to 2013 t CO2eq.

Reason	Change in emissions [t CO2eq]	Direction of change	Emissions value [%]	Comments
Change in renewable energy consumption	2 119	Decreased	18.4	Purchase of green electricity (Expansion of strategic purchasing of relevant production sites): CH: 12.4 GWh (hydro power, 2021: 9.3 GWh), CN: 3.0 GWh (solar power, 2021: 2.25 GWh), IN: 0.68 GWh (wind power, 2021: 0.51 GWh), PL: 0.52 GWh (wind power, 2021: 0.39 GWh), DE: 0.52 GWh
Other emissions reduction activities	813	Decreased	7.1	Various energy efficiency initiatives have been undertaken and are ongoing at all H+S sites, as replacement fluorescent lamps with LED lights, optimization of control/ steering mechanism, closed-loop cooling system and heat recovery.
Divestment	0	No change	0	No divestments.
Acquisitions	0	No change	0	No acquisitions.
Mergers	0	No change	0	No mergers.
Change in output	1 550	Increased	13.5	Increase of net sales by 11%. Only production related emissions (electricity, fuel) were considered.
Change in methodology	1 288	Decreased	11.2	IPCC2021 (e.g. SF6 new 25'200 instead of 23'500 kg CO2eq) and change from ecoinvent database version v38 to version v391 for the background processes.
Change in boundary	1 159	Increased	10.1	New sites Frenchs Forest, Charlotte, Heredia, Krzeszowice and Hückelhoven.
Change in physical operating conditions	291	Decreased	2.5	The number of heating degree-days has decreased in Switzerland and in heating energy demand across the international sites.
Unidentified	0	No change	0	No unidentified changes.
Other	285	Decreased	2.5	The management of SF6 emissions in Switzerland and China by monitoring and adapting measures is ongoing. In addition, district heating (supplied by the municipal utilities with an annually changing share of energy sources) at the Pfäffikon site in Switzerland was again supplied with a lower CO2 emission factor. Additionally the changes of the cooling agents releases into air are included.

ADDENDUM 2: DETAILED ENVIRONMENTAL PERFORMANCE INDICATORS (2018–2022)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2022. Ernst & Young Ltd also performed a limited assurance engagement on the same set of KPIs (except water) for 2021 and 2020. On all EPIs related to previous years except for the greenhouse gas emissions no external assurance was obtained.

EPIs		2018	2019	2020	2021	2022	Difference 2021/2022	Difference 2018/2022	GRI
Energy ✓									**302-1**
Total Energy	MWh	53 186	53 376	48 180	54 540	57 296	+5%	+8%	
renewable	%	30%	13%	21%	26%	38%	+12	+8	
Purchased electricity	MWh	41 008	40 676	37 186	42 296	43 264	+2%	+5%	
renewable	%	39%	12%	24%	29%	40%	+10	+1	
Purchased heat	MWh	3 117	3 334	2 831	3 324	3 211	(3%)	+3%	
Self-generated electricity	MWh	77	76	78	66	1 780	+2 596%	+2 210%	
renewable	%	100%	100%	100%	100%	100%	+0	+0	
Total fuel	MWh	8 983	9 290	8 084	8 854	9 042	+2%	+1%	
renewable	%	0.2%	2%	3%	2%	6%	+4	+6	
Natural gas	MWh	4 996	5 805	5 236	5 564	5 471	(2%)	+10%	
Biogas	%					6%			
Heating oil	MWh	1 536	1 181	1 327	1 637	1 847	+13%	+20%	
Diesel	MWh	1 882	1 520	972	1 022	1 368	+34%	(27%)	
Petrol	MWh	548	558	332	455	177	(61%)	(68%)	
Ethanol	MWh	21	18						
Wood	MWh		208	217	177	178	+1%		
Water ✓									**303-3**
Total water	m^3	1 098 132	1 127 378	915 933	979 079	925 796	(5%)	(16%)	
Tap water	m^3	96 201	81 521	64 299	70 498	72 420	+3%	(25%)	
Groundwater (PL, CH)	m^3	102 423	104 269	87 654	99 614	64 786	(35%)	(37%)	
Surface water (lake CH)	m^3	899 508	941 588	763 980	808 967	788 590	(3%)	(12%)	
Materials* ✓									**301-1**
Total materials	t	17 894	17 517	17 374	21 544	27 783	+29%	+55%	
renewable (cardboard and wood)	%	9%	13%	18%	16%	11%	(5)	+1	
VOC	kg	20 828	14 542	15 563	13 846	17 056	+23%	(18%)	
SF6	kg	51	36	27	46	14	(70%)	(72%)	
Cooling agent (losses)	kg	213	334	264	305	611	+101%	+186%	
Copper	t	8 961	8 360	7 569	8 715	8 159	(6%)	(9%)	
Plastics	t	5 741	5 134	4 860	6 179	5 489	(11%)	(4%)	
Glass fiber**	t	35	37	23	239	223	(7%)	+544%	
Packaging	t	1 819	3 266	4 200	4 377	5 157	+18%	+183%	
renewable (cardboard and wood)	%	91%	72%	76%	77%	57%	(20)	(34)	

EPIs		2018	2019	2020	2021	2022	Difference 2021/2022	Difference 2018/2022	GRI
Waste ✓									**306-5**
Total	t	4 729	4 604	3 941	5 285	4 449	(16%)	(6%)	
Municipal waste (incinceration)	t	226	205	175	198	156	(21%)	(31%)	
Municipal waste (landfill)	t	225	234	170	189	194	+2%	(14%)	
Inert waste (landfill CH)	t	132	11	2	5	0.3	(93%)	(100%)	
Hazardous waste	t	422	487	450	474	424	(10%)	+1%	
Waste (energy recovery)	t	678	665	576	648	632	(2%)	(7%)	
Recycling	t	3 046	3 001	2 568	3 772	3 043	(19%)	(0%)	
Business travel									
Total***	Mio. km	17	16	1.8	2.0	9.0	+352%	(48%)	
Car (expenses, rented)	%	11%	10%	33%	23%	3%	(19)	(7)	
Aircraft	%	89%	90%	67%	77%	96%	+18	+6	
Product transport**									
Total	Mio. tkm	109	90	76	94	101	+8%	(7%)	
Trucks	%	32%	32%	30%	31%	35%	+4	+3	
Sea fright	%	52%	57%	56%	27%	41%	+14	(11)	
Air freight	%	14%	11%	13%	32%	21%	(11)	+7	
Rail freight	%	1%		1%	11%	3%	(8)	+2	
GHG emissions (CO2eq) ✓									**305-1 305-2 305-3**
Scope 1 ‡	tCO2eq	3 663	3 523	2 802	3 692	3 572	(3%)	(2%)	
Scope 2	tCO2eq	14 113	10 735	8 401	7 824	5 931	(24%)	(58%)	
Scope 3	tCO2eq	63 786	58 635	84 296	121 878	182 454	+50%	+186%	
Environmental impact									
Core balance	Mio. EP	34 971	34 456	24 484	26 710	23 598	(12%)	(33%)	
Total balance	Mio. EP	673 815	625 576	576 288	769 979	1 094 431	+42%	+62%	
References									
Added value	Mio. CHF	386	386	352	417	420	+1%	+9%	

* Breakdown only shows production-relevant raw material plus packaging material and does not add up to 100 %.

** Glass fiber plus aramid yarn, 2020 excluding Brazil

*** Excluding km own vehicles (included in fuels)

**** Since 2021 including Transport (intercompany)

‡ Biogenic carbon dioxide (CO2) emissions were 140 t in 2022.

Environmental impact: all figures 2018–2021 calculated using ecoinvent database version v38, 2022 v391

GHG emissions: values according to published GHG Inventories. Used ecoinvent database versions: 2018 v35, 2019 v36, 2020 v371, 2021 v38, 2022 v391; based on IPCC2013 (2018 -2021) and IPCC2021 for 2022.

Scope 1

2019: Too low a value for Pfäffikon heating oil. Detected during data collection 2020 but not adjusted. Difference: +440 MWh resp. +120 t CO2eq

Scope 2
Data are market-based. Location-based emission data have been and will be published on the CDP platform.

Scope 3
Packaging data CH: in 2020 also newly collected for 2019 but not adjusted. Difference: +2000 t CO2eq

2020: Adjustments (as shown below) led to significant increase in Scope 3 (2020) compared to previous year. However, the difference between the recalculated 2019 to 2020 total is < -1 % despite the expansion of the corporate standard (see below).

- ecoinvent v371 remodeled the metal sector strongly increasing the CO2 footprint of copper.
- Expansion of the corporate standard and data collection (i.e. commuting and packaging data).

As part of the expansion of Scope 3, data on commercial products, product use and EoL (end of life of products) will be included in the company model in the medium term. Furthermore, the existing data collection/quality will be continuously improved wherever possible.

In 2021, the system boundaries were expanded to include, for the first time, part of the commercial products purchased. The quality and the granularity of the collected goods transport data (transport to customers and within the production network) have been significantly improved. The same applies to metal and polymer data. In 2022, raw material and commercial goods data were taken from a new central data source, enabling an extended modelling and a further improved data granularity and quality.

GHG emissions included were from purchased goods and services, fuel- and energy-related activities (not included in scope 1 and 2), waste generated in operations, business travel, upstream transportation and distribution, and commuting (see Figure 8 in chapter "Greenhouse gas emissions and climate change").

Building a better working world

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To the management of
HUBER+SUHNER AG, Herisau

Zurich, 1 March 2023

Independent assurance report

We have been engaged to perform a limited assurance engagement on the metrics marked with a "✓" (hereafter «the KPIs») in the Annual Report 2022 of HUBER+SUHNER AG for the reporting period from 1 January 2022 to 31 December 2022:

- Table in Addendum 2 on detailed environmental performance indicators on pages 173-175
- Social performance indicators in the chapter «Relationships» on pages 130, 132 and 134

Our engagement was limited to the KPIs listed above. We have not assessed the following KPIs, or information disclosed in the Annual Report 2022:

- Information other than the KPIs indicated above
- KPIs related to previous reporting periods
- Qualitative statements

Applicable criteria
HUBER+SUHNER AG defined as applicable criteria (hereafter «applicable criteria»):

- Selected GRI Standards

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

The quantification of greenhouse gases (GHG) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.

Responsibility of the management of HUBER+SUHNER AG
The management of HUBER+SUHNER AG is responsible for the selection of the applicable criteria and for the preparation and presentation of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control
We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Building a better working world

Our responsibility
Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information.* This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the Annual Report are free from material misstatement, whether due to fraud or error.

In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of HUBER+SUHNER AG.

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in above mentioned performance measures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Summary of work performed
Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of company's representatives responsible for collecting, consolidating, and calculating the KPIs in order to assess the process of preparing the data, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the performance measures
- Analytical procedures of the Annual Report 2022 regarding plausibility and consistency with the KPIs

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

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