

Corporate Governance

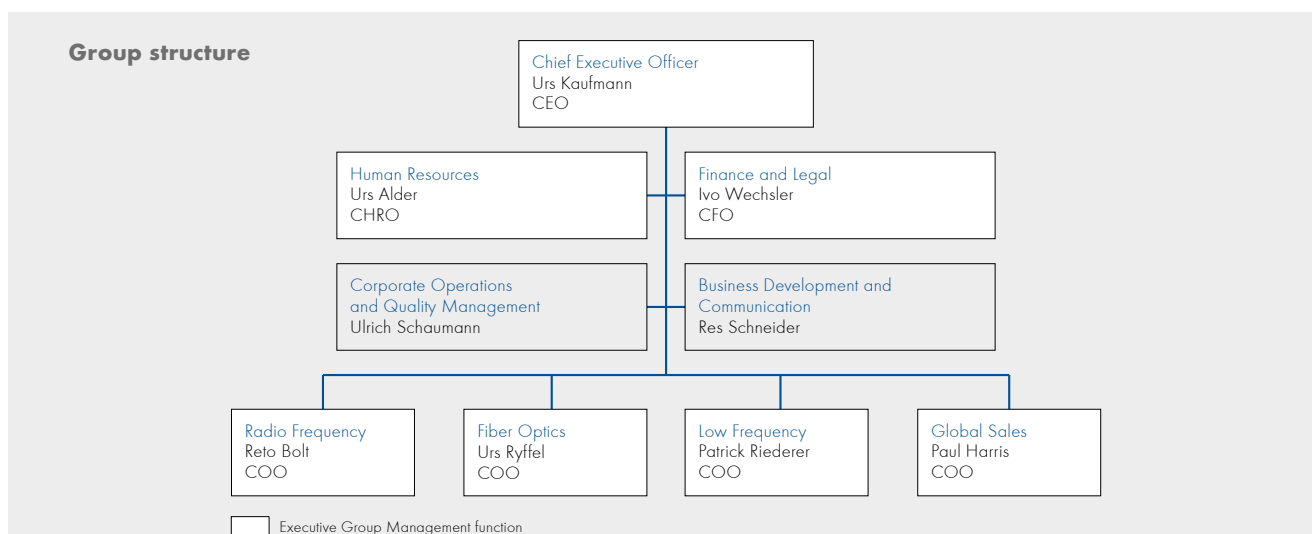
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CORPORATE GOVERNANCE

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

The following Corporate Governance report is structured according to the Directive on Corporate Governance (DCG) published by the SIX Swiss Exchange. All details refer to the closing date on 31 December 2014 – unless otherwise indicated.

1 Group structure and shareholders



1.1 Group structure

The HUBER+SUHNER Group operational management is structured as a matrix organisation. It is made up of the three divisions, Radio Frequency, Fiber Optics and Low Frequency on the one side, and of Global Sales with seven regions on the other side. At Group level, the four service units Human Resources, Finance and Legal Services, Global Operations and Quality Management, Corporate Development and Communication support the Chief Executive Officer (CEO).

Listed Group company

HUBER+SUHNER AG, headquartered in Herisau AR, Switzerland, is the holding company for the HUBER+SUHNER Group. Its shares are listed in the main segment of the SIX Swiss Exchange with the security number 3'038'073. More formation about market capitalisation, shares and capital stock is disclosed in the section Share Data on page 74.

Non-listed Group companies

Information about the HUBER+SUHNER AG Group companies, of which none are listed, is presented in the Note to the Group Financial Statements under Group companies on page 63.

1.2 Significant shareholders

Significant shareholders who hold a share worth three or more percent according to the share register at the end of the year, are:

Voting rights share	31/12/2014
H. C. M. Bodmer / Abegg Holding ¹⁾	11.88%
Metrohm AG ¹⁾	10.62%
S. Hoffmann-Suhner ¹⁾	6.18%
EGS Beteiligungen AG ¹⁾	3.33%
Huwa Finanz- und Beteiligungs AG ¹⁾	3.17%

¹⁾ No disclosures were received from these significant shareholders in the reporting year.

The company holds 756 640 treasury shares (726 640 treasury stock and 30 000 other treasury shares).

HUBER+SUHNER AG has not published any disclosures in connection with shareholder participation as per article 20 BEHG in the reporting year. Disclosures can be viewed in the database for the SIX Swiss Exchange significant shareholders: www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html.

The HUBER+SUHNER Board of Directors is not aware of any shareholders' agreements or other agreements with significant shareholders with respect to the company's registered shares held by them or to the exertion of shareholder rights.

1.3 Cross-shareholdings

The HUBER+SUHNER Group has not agreed to any capital or voting cross-shareholdings with other companies.

2 Capital structure

2.1/2.2 Capital/Authorised and conditional capital in particular

The HUBER+SUHNER share capital is fully deposited and, on the balance sheet date, amounts to CHF 5050000. Authorised and conditional capital does not exist. More information about the share capital is disclosed in the Notes to the Group Financial Statements under Share capital on page 61.

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 capital stock is divided into 20200000 registered shares, each with voting rights and a nominal value of CHF 0.25. 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 those people who are registered in the shareholders register are recognised in relation to the company as a shareholder with voting rights or as a beneficiary with voting rights. The Board of Directors can deny registration as a shareholder with voting rights for the following reasons:

- a) if the purchaser, due to recognition as a shareholder, were to directly or indirectly acquire more than 5 % of the total number of registered shares entered in the Company Register,
- b) to the extent that the purchaser's recognition as a shareholder could, according to the information available to them, hinder the company from providing the records required by federal law about the composition of its circle of shareholders,
- c) if the purchaser, at the request of the company, does not expressly state that it has acquired the shares in its own name and for its own account and will hold them.

Private individuals, legal entities and business partnerships with mutual associations through capital, voting rights, management or in any other way, as well as individuals or legal entities and legal communities that are coordinated for the purpose of circumventing registration restrictions, shall be regarded as a single purchaser. The registration restrictions also apply when purchasing registered shares resulting from exertion of subscription, option and conversion rights.

The Annual General Meeting is required to make a decision about cancelling or modifying registration restrictions to registered shares. At least two-thirds of the represented share votes and the absolute majority of nominal value of the shares issued must agree to this.

Nominees are fundamentally not recognised for the position as a shareholder with voting rights.

In line with the regulations for registering HUBER+SUHNER AG registered shareholders in the share register, the Board of Directors is empowered to disregard the stated limit of 5 % in special cases, particularly to ease the tradability of registered shares and in connection with company mergers and to increase the stability of the shareholder base by way of new core shareholders.

In the reporting year, the Board of Directors did not allow any exceptions regarding the registration restrictions.

2.7 Convertible bonds and options

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

3 Board of Directors

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

The HUBER+SUHNER AG Board of Directors must consist of at least five members. Ms Monika Bütler and Mr Urs Kaufmann were newly elected to the Board of Directors at the Annual General Meeting on 9 April 2014. Mr David Syz, who retired after reaching retirement age, was appointed Honorary Chairman.

With the exception of Urs Kaufmann (delegate of the Board of Directors and Chief Executive Officer), all members of the Board of Directors are non-executive; they do not participate in the management of the Group. They also do not have any significant business relationships with HUBER+SUHNER AG or other Group companies. All of the non-executive members did not belong to either the HUBER+SUHNER Executive Group Management or one of its Group companies in the three years before the reporting period.

The incumbent Chairman of the Board of Directors, Mr Erich Walser, passed away unexpectedly on 30 December 2014.

The present Deputy Chairman, Mr Beat Kälin, has been appointed Chairman by the Board of Directors for the remaining term of office until the next ordinary Annual General Meeting. He will be proposed for election as Chairman of the Board of Directors at the Annual General Meeting of 31 March 2015.

On 31 December 2014 the Board of Directors comprised of the following seven persons:

Dr Beat Kölin

Deputy Chairman of the Board of Directors
1957, Swiss citizen, Deputy Chairman of the Board of Directors since 2014, Board of Directors since 2009

Education and professional background

Dr. sc. techn., dipl. Ing. ETH Zurich. MBA INSEAD, Fontainebleau. 1987 to 1997, various management positions in the Elektrowatt Group, Stäfa and Zug. 1998 to 2004, SIG Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen a.Rhf.; from 1999, member of Executive Group Management. 2004 to 2006, Member of the divisional management board for packaging technology at Robert Bosch GmbH, Neuhausen a.Rhf. From 2006, COO and since 2007, CEO of the Komax group, Dierikon.

Other activities and vested interests

None

Dr Peter Altorfer

1953, Swiss citizen, Board of Directors since 1995

Education and professional background

Dr. iur. University of Zurich. Admitted to the Bar of Zurich, PED at the IMD, Lausanne. 1982 to 1987, worked at Bank Leu AG, Zurich. Since 1988, lawyer in Zurich, since 2000 at Wenger & Vieli AG, Zurich.

Other activities and vested interests

Member of the Board of Directors at Forbo Holding AG, Baar, agta record ag, Fehraltorf, Abegg Holding AG*, Zurich, Werner Abegg funds, Zurich, Altin AG, Baar, and other non-listed companies, including private and foreign banks in Switzerland.

Prof Dr Monika Bütler

1961, Swiss citizen, Board of Directors since 2014

Education and professional background

Degree in Mathematics/Physics at the University of Zurich and doctorate in Economics at the University of St. Gallen. Assistant Professor at the University of Tilburg in the Netherlands (1997 – 2001) and Professor at the University of Lausanne (2001–2004). Since 2004, Professor of Economics and since 2008, Director of the Swiss Institute for Empirical Economic Research (SEW) at the University of St. Gallen.

Other activities and vested interests

Member of the Board of Directors at Schindler Holding AG, Hergiswil and member of the Board of Directors at Suva, Lucerne. Member of the Bank Council at the Swiss National Bank, Zurich.

Dr Christoph Fässler

1952, Swiss citizen, Board of Directors since 2013

Education and professional background

Chemical engineer ETH Zurich. 1980 to 1986, Holcim in the United States, Egypt, Brazil and, most recently, as a plant manager in Mexico. 1986 to 1998, Manager at Forma Vitrum AG, St.Gallen. 1998 to 2004, Division Manager at Schott, Germany. Since 2005, CEO and delegate of the Board of Directors, Metrohm AG*, Herisau.

Other activities and vested interests

Member of the Board of Directors at the Alba Group, Appenzell, Elvy Weaving, Egypt and Cabana AG, Herisau.

Urs Kaufmann

1962, Swiss citizen, Board of Directors since 2014
Delegate of the Board of Directors and Chief Executive Officer (CEO)

For education and professional background and other activities and vested interests, see 4.1.

George H. Müller

1951, Swiss citizen, Board of Directors since 2001

Education and professional background

Dipl. Ing. ETH Zurich. 1976 to 1980, General Manager for Cosa do Brasil Ltda., São Paulo, Brazil. 1980 to 1990, Member of the Executive Group Management and of the Board of Directors at UHAG Übersee-Handel AG, Zurich. Since 1990, Chairman and delegate of the Board of Directors at Cosa Travel Ltd., Zurich.

Other activities and vested interests

Chairman of the Board of Directors at 3D AG, Baar. Consul General of Japan in Zurich.

Rolf Seiffert

1958, Swiss citizen, Board of Directors since 2010

Education and professional background

Dipl. Ing. ETH Zurich. 1988 to 1998, various positions in product development and product management at Bombardier Transportation. 1999 to 2004, Head of Development Train Control and 2005 to 2010, Head of International Business Rail Automation at Siemens Schweiz AG, Wallisellen. From 2011 to June 2014, Vice President of Sales and member of the management at Dugon AG, Dietikon. Since July 2013, Head of Sales and member of the management at Ruf Telematik AG, Schlieren.

Other activities and vested interests

None

Honorary chairmen:

Henry C. M. Bodmer, 1930*
Marc C. Cappis, 1935
David W. Syz, 1944

* Significant shareholders at HUBER+SUHNER AG

3.3 Rules in the articles of association on the number of permitted activities pursuant to Art. 12(1) No. 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 of non-listed legal entities and 10 posts as a member of the management board of foundations and associations.

3.4 Elections and terms of office

According to 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 different election rules. The term of office of a Member of the Board lasts 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. The Members of the Board resign at the Annual General Meeting in the year in which they turn 70 years of age.

The Annual General Meeting also chooses the independent voting representative each year. The term lasts 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 management 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, as well as a Secretary who does not need to be a Board Member.

Working practices of the Board of Directors

The Board of Directors meets as often as business requires, albeit 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 the Board of Directors. He sets the dates of meetings and the agenda. He also ensures that Members receive the agenda and decision documents at least ten days before the meetings. In addition to the delegate of the Board of Directors/CEO, the CFO also attends meetings of the Board of Directors as a representative of Executive Group Management. Depending on the business being discussed, other members of Executive Group Management may take part. Decisions are taken by the entire Board of Directors. The Board of Directors has a quorum if the majority of its members is present. It takes decisions by a majority of the votes cast. In a tie, the Chairman has the casting vote. Delegation is not permissible. All decisions and negotiations are recorded in the minutes and approved by the Board of Directors.

Five regular half-day Board of Directors meetings and a one-day “strategy workshop” together with the entire Executive Group Management took place in the reporting year.

The Chairman of the Board of Directors maintains on-going and close contact with the CEO and makes decisions regarding the disclosure of facts relevant to shares or the adoption of posts outside the company by members of Executive Group Management. In addition, he is responsible for monitoring implementation of and compliance with decisions made by the Annual General Meeting and the Board of Directors, as well as for informing all other members of the Board of Directors in a regular and timely manner.

The composition and working practices of the committees

The Board of Directors has established two permanent committees for support, the Nomination and Compensation Committee and the Audit Committee.

The tasks and competencies, as well as the working practices of the committees are defined in detail in the Annex to the HUBER+SUHNER AG Bylaws. The committees support the Board of Directors in its supervisory and control tasks and are primarily responsible for advice, assessment and preparation; they are made up as follows:

	Nomination and Compensation Committee	Audit Committee
Erich Walser, Chairman of BoD	Chairman ¹⁾	
Beat Kälin, Deputy Chairman of BoD	Member ²⁾	
Peter Altorfer, Member of BoD	Member ³⁾	Chairman
Monika Büttler, Member of BoD		Member

¹⁾ until 30 December 2014

²⁾ from 26 January 2015 Chairman (appointment by Board of Directors)

³⁾ from 26 January 2015 (appointment by Board of Directors)

The committees meet as often as business requires, albeit 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. The committee chairmen report at the next Board of Directors meeting about the business discussed and make any proposals to the full Board of Directors.

The Nomination and Compensation Committee (NCC)

The committee consists of at least two non-executive Members of the Board of Directors elected by the Annual General Meeting. If the office of one of the members elected by the Annual General Meeting becomes available, the Board of Directors appoints the missing member of the committee from among its members for the remaining term.

The committee prepares all the relevant decisions relating to nominating and compensating members of the Board of Directors and the Executive Group Management and relating to the Group’s compensation policy.

The CEO attends the meetings, except if his own performance is being assessed or his own remuneration is being proposed, and if necessary the CHRO (Head of Human Resources). The committee held two half-day meetings in the reporting year.

The Nomination and Compensation Committee has the following main tasks:

- Managing the selection process and applications relating to new Board Members and the CEO
- Checking the selection process of other members of the Executive Group Management and the essential employment conditions
- Preparing the compensation report
- Preparing proposals to the Annual General Meeting for the compensation votes for the attention of the full Board of Directors
- Reviewing and requesting the individual remuneration of the CEO and the other members of the Executive Group Management in the context of the maximum compensation amounts approved by the Annual General Meeting

- Deciding upon the annual salary adjustments within the Group proposed by the CEO
- Informing the Board of Directors about all NCC-related events which are not directly the responsibility of the full Board of Directors

Audit Committee (AC)

The committee consists of at least two members. The Board of Directors appoints the members and designates the chairman annually. The committee supports the Board of Directors with financial management, supervision of accounting, financial reporting, internal auditing and cooperation with the external auditors. It decides on urgent technical matters. The duties and responsibilities assigned to the Board of Directors as per the Bylaws and the law remain with the Board of Directors as a whole body.

The CFO, CEO, the Head of Corporate Controlling and the external auditors take part in the committee meetings. If necessary, the committee will address certain agenda items alone with the external auditors. The committee held two half-day meetings in the reporting year.

The Audit Committee has the following main tasks:

- Reviewing the design of the accounting system and compliance with regulations and standards and, if necessary, proposing amendments for the attention of the Board of Directors
- Reviewing the yearly and half-yearly financial statements and other financial information to be published
- Monitoring the handling of risk management and the effectiveness of the internal control system (ICS)
- Reviewing controlling
- Monitoring business activity with regard to compliance with internal regulations and policies, relevant legislation and compliance, in particular with regard to the requirements of the SIX Swiss Exchange
- Verification of performance, independence and payment of external auditors, and addressing audit reports and election recommendations for the attention of the full Board of Directors
- Determining the audit plan for internal auditors and addressing their audit reports
- Informing the Board of Directors about all Audit Committee-related events which are not directly the responsibility of the full 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 www.hubersuhner.com/en/Company/Investors/Corporate-Governance).

The Board of Directors exercises overall management, supervision and control over the management of the Group. It 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. The Board of Directors in particular approves the strategy and organisation requested by the Executive Group Management, the budgets, medium-term plans and other business that is of strategic importance due to its nature or financial magnitude. Written requests are also made if the Board of Directors has to make a decision about projects.

The Board of Directors completely delegates the Group's operational management to the delegate of the Board of Directors and the Chief Executive Officer (CEO), unless statutory regulations or

the Bylaws state otherwise. The Bylaws are periodically reviewed and adapted by the Board of Directors.

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 IFRS. Comprehensive, Group Financial Statements (income statement, balance sheet, cash flow statement) in comparison with the budget and the previous year and consolidated income statements and key figures for the divisions and countries are created on a monthly basis and distributed to all members of the Board of Directors.

Regular reporting by Executive Group Management to the Board of Directors also consists of a monthly written commentary from the CEO about the progress of business and the Group's result which is sent to all Board Members along with the monthly statement, and also of minutes from the monthly Executive Group Management meetings which are submitted to the Chairman.

The attendance of Executive Group Management members (especially by the CEO and CFO) at the Board of Directors' meetings and its committees is described in section 3.5 Internal organisational structure.

During the Board of Directors' meetings, the CEO provides information about the current progress of business and about major business transactions; the CFO explains the yearly and half-yearly statements. Each Member of the Board can also ask for information about any HUBER+SUHNER Group matters.

The Board of Directors is also closely involved in the company's planning cycle. It receives the strategic objectives for approval in the third quarter and the results of the medium-term plan, which covers a period of 5 years. A detailed budget for the coming year is approved in the fourth quarter. In addition, the Board of Directors receives a forecast for the expected annual results twice a year.

Internal auditing at HUBER+SUHNER is the responsibility of Corporate Controlling. The Head is subordinate to the CFO, but reports directly to the Audit Committee regarding this activity. This solution tailored to the specific situation and size of HUBER+SUHNER is very cost effective and ensures that the expertise gained in the internal audits can be used by the appropriate employees in Controlling without any loss of information. A plan is prepared annually with the Group companies to be audited based on a financial risk assessment and in consultation with the external auditors. This is then submitted to the Audit Committee for approval. The audit priorities are, in particular, compliance with internal policies, processes and reviews and implementing the internal control system. The results of each audit are discussed in detail by the internal auditors with the relevant companies, and concrete improvement measures are agreed. The internal audit reports for the audits carried out are submitted, together with the suggestions for improvements, to the Audit Committee, the CEO, the CFO, the COO Global Sales, the management of the audited company and the external auditors. Audit reports with key findings are presented to the Audit Committee and discussed. The Audit Committee checks annually that the main complaints and suggestions are processed.

The internal control system (ICS) is assessed annually by the external auditors in a comprehensive report to the Audit Committee and the Board of Directors and its existence confirmed.

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 regulations relating to risk management. In the reporting year, the Executive Group Management checked the progress and effectiveness of the measures implemented and made a selection and reassessment of the significant financial, operational and strategic risks. This was based on its own top-down estimates and on bottom-up data from divisions and Group companies. The risks were categorised according to probability of occurrence and financial impact. In addition, mitigating measures were defined for every listed risk, and operational responsibility was regulated. The evaluated risks and the on-going and planned measures were presented in the 2014 Risk Report to the entire Board of Directors for review and approval. After extensive discussions, the Board of Directors approved the risk assessment on 8 December 2014, and adopted the 2014 Risk Report (the same information about risk management is also listed as per article 663b OR (Swiss Code of Obligations) in the “Notes to the Group Financial Statements”).

4 Executive Group Management

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

Executive Group Management is the highest-level management body; 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 2014, Executive Group Management consisted of the following seven persons:

Urs Kaufmann

1962, Swiss citizen, Delegate of the Board of Directors and Chief Executive Officer (CEO)

Education and professional background

Dipl. Ing. ETH Zurich. Senior executive program IMD. 1987 to 1993, project, production, and sales manager at Zellweger Uster AG, Uster and USA. With HUBER+SUHNER since 1994: 1994 to 1997, general manager of Henry Berchtold AG, a HUBER+SUHNER AG Group company; 1997 to 2000, divisional head and member of business management; Member since 2001, Chief Executive Officer since 2002 and additionally since 2014 Delegate of the Board of Directors.

Other activities and vested interests

Member of the Board SFS Holding AG, Heerbrugg, Gurit Holding AG, Wattwil and Müller Martini Holding AG, Hergiswil. Executive committee member, SWISSMEM.

Urs Alder

1958, Swiss citizen, Human Resources (Chief Human Resources Officer)

Education and professional background

HR management, Harvard Business School. 1976 to 1990, at Swissair AG, Kloten, most recently as Head of the Training Section. Since 1991 at HUBER+SUHNER as Divisional Head of Human Resources and Head of Human Resources Switzerland, from 2003 Head of Human Resources for the Group. Since 2006, member of Executive Group Management.

Other activities and vested interests

Board member of the Appenzell Ausserrhoden Industry Association.

Reto Bolt

1966, Swiss citizen, Radio Frequency (Chief Operating Officer Radio Frequency)

Education and professional background

Dipl. Ing. ETH Zurich. With HUBER+SUHNER since 1993; from 1993 to 1996, as an operations and production engineer, from 1997 to 1998, as Head Of Procurement Logistics, from 1999 to 2003, Head of Production, Radio Frequency Division with responsibility for the global production network, from 2004 to 2006, Head of Global Management System and, from 2007 to 2012, Head of the Cable Systems Technology unit. Since July 2012, Head of the Radio Frequency Division and member of Executive Group Management.

Other activities and vested interests

None

Paul Harris

1957 English citizen, Global Sales
(Chief Operating Officer Global Sales)

Education and professional background

Degree in Mechanical and Production Engineering, IOD, Institute of Directors, London. 1978 to 1992, at Amphenol UK, most recently as General Manager. With HUBER+SUHNER since 1992: 1992 to 2001, Managing Director HUBER+SUHNER (UK) Ltd., Bicester, England; since 2001, Head of Global Sales and member of the Executive Group Management.

Other activities and vested interests
None

Patrick Riederer

1965 Swiss citizen, Low Frequency
(Chief Operating Officer Low Frequency)

Education and professional background

Chemist HTL Zurich University Winterthur. With HUBER+SUHNER since 1991, from 1991 to 1994 material development engineer, from 1994 to 1998 product manager, from 1998 to 2002 Head of Cable Technology Product Management, from 2002 to 2007 Head of Cable Technology. Since 2008, Head of the Low Frequency Division and member of Executive Group Management.

Other activities and vested interests
Member of the Board of Directors at Wolfensberger Beteiligungen AG, Bauma.

Urs Ryffel

1967 Swiss citizen, Fiber Optics
(Chief Operating Officer Fiber Optics)

Education and professional background

Dipl. Ing. ETH Zurich. INSEAD executive education, France. 1992 to 1999, at ABB Schweiz in Baden and Zurich as a project manager, manager of the Business Development department of ABB Kraftwerke AG and manager of the global business unit Hydro Power Plant Service. 1999 to 2002, at ALSTOM as a general manager in Lisbon for the Hydro Power segment, then in Paris for Hydro Power Plants and Systems. With HUBER+SUHNER since 2002 as Head of Rollers business unit; 2004 to 2007, Head of the Cable System Technology unit. Since 2007, Head of Fiber Optics Division; since 2008 member of Executive Group Management.

Other activities and vested interests
None

Ivo Wechsler

1969, Swiss citizen, Finance and Legal Services
(Chief Financial Officer)

Education and professional background

Lic. oec. HSG (St. Gallen). 1995 to 1997, Schweizerische Bankgesellschaft (UBS) in Corporate Finance in Zurich/London. 1997 to 2000, Sunrise Communications, Rümlang, controller and from 1999, Head of Controlling & Treasury. 2001 to 2007, Ascom Group, Bern, Head of Corporate Controlling and from 2005 also Head of Corporate Treasury. With HUBER+SUHNER since 2008 as Head of Corporate

Controlling; since 2010, HUBER+SUHNER Group CFO and member of Executive Group Management.

Other activities and vested interests
None

The following changes in Executive Group Management take place in 2015: starting 1 April 2015, Ulrich Schaumann, Head of Corporate Operations and Quality Management, will be member of Executive Group Management. Starting 1 May 2015, Drew Nixon will replace Paul Harris as COO Global Sales. Starting 1 July 2015, Patricia Stolz will replace Urs Alder as Chief Human Resources Officer.

4.3 Rules in the articles of association on the number of permitted activities pursuant to Art. 12(1) No. 1 OaEC

As per article 30 of the articles of association, a member of the 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 the 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 5 posts as a member of the management board of foundations and associations.

4.4 Management contracts

There are no management contracts with companies or individuals outside of the HUBER+SUHNER Group.

5 Compensation, shareholdings and loans

Information about the compensation, shareholdings and loans of the Board of Directors and Executive Group Management are summarised in the Compensation Report on pages 14 to 18 and in the Financial Report on pages 47 to 50 in part 2 of this Annual Report.

6 Shareholders' participation rights

The voting rights and representation restrictions were adapted and the shareholder agenda rights improved for the purpose of adapting the articles of association for implementing the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC).

6.1 Voting rights restrictions and representations

Each share equates to one vote. There are no voting power restrictions in the articles of association for the shareholder who acquires proxy voting for other shareholders as long as his own and proxy shares do not make up more than 10 % of the total share capital. Representatives who are not shareholders also cannot represent more than 10 % of the total share capital. Private individuals, legal entities and business partnerships with mutual associations through capital, voting rights, management or in any other way, as well as private individuals, legal entities and business partnerships which form groupings for purposes of circumventing registration limitations, shall be considered as single persons. The restriction does not apply to the independent proxy.

As per the articles of association, it is possible for a delegate, in the form of an independent proxy with written or electronic authorisation or another private individual or legal entity (who does not need to be a shareholder) with written authorisation to represent another shareholder at the Annual General Meeting.

The Board of Directors may decide on exceptions to restrictions on voting rights and representation. The Board of Directors did not grant any exceptions in the reporting year.

Powers of representation and voting instructions to the independent delegate are granted in accordance with legal provisions.

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 $\frac{2}{3}$ of the represented share votes and the absolute majority of the nominal value of the shares issued, is required for:

1. Relaxation or cancellation of the limitations on the transferability of registered shares
2. Conversion of registered shares into bearer shares
3. Dissolution of the company.

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

Convening the Annual General Meeting and placing items on the agenda are done in compliance with articles 699 and 700 OR. Deviating from this, Article 9 of the articles of association stipulates that the represented minimum nominal value for eligible shareholders placing an item on the agenda must be CHF 50 000. The Board of Directors must be informed of the wish to place an item on the agenda and be given the proposals in writing no later than 60 days prior to an 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 takes place. The Board of Directors announces the deadline for making entries in the share register in the invitations to the Annual General Meeting. The Board of Directors did not grant any exceptions in this respect in the reporting year.

7 Changes of control and defence measures

7.1 Duty to make an offer

No statutory rules governing opting up or opting out exist (Art. 22, Swiss Federal Act on Stock Exchange and Securities Trading).

7.2 Clauses on changes of control

There are no provisions in the employment contracts with Executive Group Management or other board members that refer to a change of control.

The share blocking periods are not repealed when members of the Board of Directors or Executive Group Management resign. According to the HUBER+SUHNER AG Compensation Policy, the Board of Directors can prematurely repeal existing blocking periods in special circumstances such as a change in control on request by the Nomination and Compensation Committee.

8 Auditors

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

PricewaterhouseCoopers AG, Zurich, or its legal predecessor Schweizerische Treuhandgesellschaft, has acted as auditor for HUBER+SUHNER AG and various Group companies since 1969. The current lead auditor, Mr. Christian Kessler, has been in office since 22 April 2009. His tenure as lead auditor is restricted to a maximum of seven years as per article 730a(2) Swiss Code of Obligations. The auditors are elected by the Annual General Meeting for a term of one year.

8.2/8.3 Auditing fees/Additional fees

PricewaterhouseCoopers charged CHF 431 000 for auditing the Group Financial Statements and the individual financial statements of different Group companies during the reporting year and CHF 246 000 for various additional services (of which CHF 197 000 for tax and reorganisation advice and CHF 49 000 for other consultations).

8.4 Information instruments pertaining to the external audit

The Audit Committee informs the Board of Directors of the external auditors' work and collaboration. Each year, the external auditors create an audit plan, a confirmation of "analytical inspection" of the half-yearly financial statements and a comprehensive report on the annual financial statements with findings about accounting, the internal control system, the Compensation report (chapter 5) and the audit implementation and results for the attention of the Board of Directors and the Audit Committee. The Audit Committee assesses the annual scope of the audit and the audit plans and discusses the audit findings with the external auditors. The external auditors took part in both Audit Committee meetings in the reporting year.

The Audit Committee annually assesses the external auditors' performance, impartiality and fees and submits a proposal to the Board of Directors suggesting which external audit company the Annual General Meeting should elect.

The reports and presentations composed by the auditors, the discussions in the meetings, the factual and objective perspectives and the technical and operational expertise form the basis for assessment.

The Audit Committee reviews the appropriateness and the scope of the various additional services provided by the external auditors. If the planned additional services exceed the maximum amount set by the Audit Committee, the Audit Committee must be informed of this in advance.

9 Information policy

As a listed company, HUBER+SUHNER informs its internal and external stakeholders actively, completely and in good time with a view to remaining a credible and sustainable business partner. The SIX Swiss Exchange regulations, legal provisions and internal guidelines are important bases.

The results of operations in accordance with IFRS are published in the yearly report and the half-yearly report and presented at the media and analyst conference and at the Annual General Meeting. Further regular press releases show the development of net sales and orders: At the end of January regarding the past financial year and at the end of October regarding the first three quarters of the current year. The current dates and contact information can be found in the Financial calendar on page 75 of this Annual Report.

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

The CEO is responsible for corporate communications. He is supported by the CFO in investor relations.

Website: www.hubersuhner.com

Important dates and all the latest news are listed on the website under Company/Investors, as are the Bylaws and the articles of association. Press releases are available on subscription under Company/Information Service.

Corporate news and ad-hoc announcements
www.hubersuhner.com/en/Company/Media/News

Investor information
www.hubersuhner.com/en/Company/Investors

Articles of Association
www.hubersuhner.com/en/Company/Investors/Corporate-Governance

Bylaws
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