Corporate Governance

Introduction

Responsibility and transparency

Clear structures, verifiable processes and responsible behavior form the basis for good Corporate Governance. They create transparency, strengthen the trust of shareholders, employees, customers and business partners, and help to sustainably ensure the creation of added value.

The basic principles of good Corporate Governance lay the foundations for sustainable business success. They define responsibilities clearly, facilitate open communication and ensure compliance with statutory and regulatory requirements. The Board of Directors and Group Executive Board attach the utmost of importance to effective governance in order to enshrine trust and integrity within the company.

The report follows the Directive on Information relating to Corporate Governance (DCG) published by the SIX Swiss Exchange AG and the recommendations set out in the Swiss Code of Best Practice for Corporate Governance published by economiesuisse. All figures apply to December 31, 2025, unless otherwise stated.

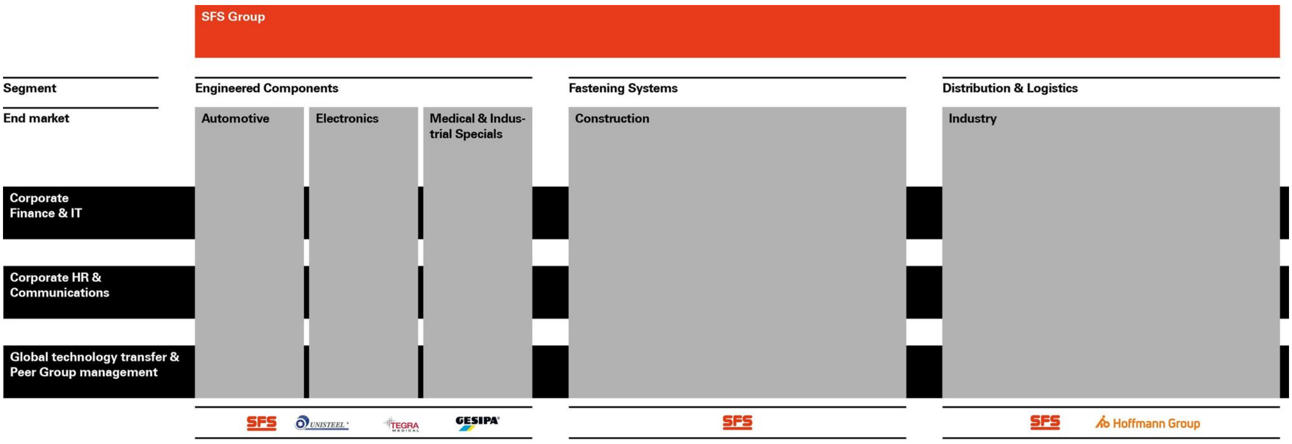
Group structure and shareholders

Group structure
The operational Group structure is set out and explained graphically in the chapter Strategy.

The Board of Directors (BoD) and Group Executive Board are supported in their management and supervisory functions by the corporate cross-functions Corporate Finance & IT (information technology, finance, controlling, tax, treasury, legal & compliance, corporate development and investor relations), Corporate HR & Communications (HR, communications, marketing and ESG) and Technology (technology and knowledge transfer, operations and business development).

SFS Group AG, domiciled in Heerbrugg, municipality of Widnau (Switzerland), is the parent company of the SFS Group. It is incorporated under Swiss law and listed on the SIX Swiss Exchange AG under the Swiss Reporting Standard (security number 23.922.930, ISIN CH 023 922 930 2). Its share capital amounts to CHF 3,890,000 (PY CHF 3,890,000) and its market capitalization was CHF 4,224.5 million (PY CHF 4,885.8) as of December 31, 2025.

An overview of all affiliated companies in the scope of consolidation can be found in Section 5.2 of the Notes to the consolidated financial statements. The scope of consolidation does not contain any other listed companies besides SFS Group AG.



This diagram shows the Group structure of the SFS Group on December 31, 2025. The new structure as of January 1, 2026, is shown in the Management Report.

Significant shareholders
The founding families of SFS Group AG, Huber and Stadler/Tschan, form an organized group according to Art. 12 of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FINMA Financial Market Infrastructure Ordinance, FinMIO-FINMA). As of December 31, 2025, this shareholder group held 53.31% (20,736,096 shares) of SFS Group AG shares (PY 53.08%, 20,649,616 shares). Detailed information about the group composition can be found here: Significant shareholders | Founding families

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

In the context of the acquisition of Hoffmann SE, a group in the sense of Art. 12 of the FinMIO-FINMA was established by the former owners of Hoffman SE in 2021. The purpose of this group, consisting of First SALT Stiftung and First ELF Stiftung which were established by the former owners of Hoffmann SE, was the future acquisition of shares in SFS Group AG in the light of the acquisition and the associated obligation to not sell the acquired SFS shares within seven years of the execution of the purchase agreement (lock-up obligation). Since the lock-up obligation is still valid at the end of the reporting year, this group still exists. This shareholder group under the name "First SALT Stiftung/First ELF Stiftung" holds 4.11% (1,600,000 shares) of the shares in SFS Group AG as per the last notification to the SIX Swiss Exchange (PY 4.11%, 1,600,000 shares). Detailed information about this notice can be found here: Significant shareholders | First SALT Stiftung/First ELF Stiftung

As per the last notification to the SIX Swiss Exchange, UBS Fund Management (Switzerland) AG holds 5.75% of the shares in SFS Group AG (PY 5.75%). Detailed information about this notice can be found here: Significant shareholders | UBS Fund Management (Switzerland) AG

The company is not aware of any other disclosure notifications.

As of December 31, 2025, SFS Group AG holds treasury shares to the extent of 0.06% (PY 0.09%).

Disclosure notifications pertaining to changes in shareholdings during the business year under review are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be accessed via the following web link to the database search page of the disclosure office: Significant shareholders.

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

Capital structure

Capital
The share capital of SFS Group AG amounts to CHF 3,890,000 (PY CHF 3,890,000) and is divided into 38,900,000 registered shares (PY 38,900,000) each with a par value of CHF 0.10.

Capital band and conditional capital
As of December 31, 2025, SFS Group AG has no conditional capital or capital band (PY none).

Changes in capital
There were no changes in the share capital in the reporting year, as was also the case in the previous year.

Shares and participation certificates
The share capital of SFS Group AG is divided into 38,900,000 registered shares with a nominal value of CHF 0.10 each. The share capital is fully paid in and each share is entitled to dividend. Each share is granted one voting right at the Annual General Meeting. SFS Group AG has issued no participation certificates.

Dividend right certificates
SFS Group AG has no dividend right certificates outstanding.

Limitations on transferability and nominee listings
Persons acquiring registered shares are entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Financial Market Infrastructure Act (FinMIA). This is set out in the SFS Articles of Association in Art. 5.

Persons not expressly declaring themselves to be holders of shares for their own account in their application for entry in the share register, or on request by the company (nominees), are entered in the share register with voting rights without further inquiry up to a maximum of 2.0% of the share capital. Above this limit, registered shares held by nominees are entered in the share register with voting rights only if the nominees declare the names, addresses and shareholdings of the persons for whose account they are holding 0.3% or more of the share capital outstanding at that time, and provided that they comply with the disclosure requirements stipulated by the FinMIA. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements. In the year under review no such agreements were concluded.

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

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

The company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information requested. The person concerned must be informed of the deletion. In the reporting year, no exceptions were granted, and no deletions were executed (PY none). Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the General Meeting passed by at least two thirds of the shares represented and an absolute majority of the par value of the shares represented.

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

Board of Directors

Members of the Board of Directors
The Board of Directors of SFS Group AG consists of a minimum of five and a maximum of nine members. At the end of the reporting year, it consisted of eight members (PY eight). The average age of the members of the Board of Directors was 56.3 years as at December 31, 2025 (PY 55.3 years). The members of the Board of Directors were on average in their 7th term of office (PY 7th term of office).

Over the last three years, the non-executive members of the Board of Directors have not had any material business relationship with the SFS Group with the exception of those mentioned below.

The SFS Group rendered services for information technology, finance, and human resources at internal group rates to stürmsfs AG and Locher Bewehrungen AG, a related party, to the amount of approximately CHF 1.2 million (stürmsfs; IT services only) and CHF 0.2 million (Locher; IT and other services). In addition, and at arm's length, some goods were exchanged and property was rented or leased.

From left: Thomas Oetterli, Nick Huber, Manuela Suter, Jörg Walther, Fabian Tschan, Tanja Birner, Urs Kaufmann, Peter Bauschatz

Thomas Oetterli

Chair of the BoD since 2022
Independent, non-executive BoD member since 2011
Chair of the Audit Committee 2014–2022
Swiss citizen, born 1969

Professional background

2016–2022	Schindler Group, Chief Executive Officer
2013–2016	Schindler Group, Head of China
2010–2022	Schindler Group, member of the Group Executive Committee
2010–2013	Schindler Group, Head of Europe North & East
2006–2009	Schindler Group, Head of Switzerland
1994–2022	Schindler Group

Other current activities and vested interests

Since 2023	SWISSMEM, member of the Board
Since 2023	Rieter, member of the BoD and since 2024 Chair of the BoD
Since 2023	Rieter, Chief Executive Officer

Qualifications

1996	Master's degree in economics, University of Zurich

Urs Kaufmann

Vice Chair since 2023
Chair of the Nomination and Compensation Committee since 2014
Independent, non-executive BoD member since 2012
Lead Director 2014–2023
Swiss citizen, born 1962

Professional background

2017–2024	Vetropack Holding AG, member of the BoD
2014–2017	HUBER + SUHNER AG, delegate of the BoD
2002–2017	HUBER + SUHNER AG, Chief Executive Officer

Other current activities and vested interests

Since 2023	Bucher Industries AG, member of the BoD and since 2024 Chair of the BoD
Since 2017	HUBER + SUHNER AG, Chair of the BoD
Since 2009	Müller Martini Holding AG, member of the BoD

Qualifications

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

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Peter Bauschatz

Independent, non-executive BoD member since 2022
German citizen, born 1971

Professional background

2013–2016	TRITIO Rechtsanwaltsgesellschaft, partner
2007–2013	McDermott Will & Emery Attorneys at law, partner
2004–2007	GSK Gassner Stockmann & Kollegen, partner
2001–2004	ckss Attorneys at law, tax consultant

Other current activities and vested interests

Since 2016	SZA Schilling, Zutt & Anschütz Rechtsanwaltsgesellschaft mbH, partner (main activity)
Since 2017	Hoffmann SE, Chair of the Supervisory Board
Since 2017	NV Holding GmbH, Managing Director

Qualifications

2001	Specialist attorney for tax law
2001	Master in European and International Business Law (MBL-HSG), University of St. Gallen
2000	Doctorate in tax law, University of Augsburg
1998	Attorney at law
1996	Master of law, University of Bayreuth and Constance

Tanja Birner

Non-executive independent BoD member since 2024
German citizen, born 1972

Professional background

2021–2024	Verband deutscher Unternehmerinnen (VdU), member of the MINT Committee
2020–2023	Siemens AG, Senior Vice President Sense and Act
2019–2020	Siemens AG, Senior Vice President Automation Products and Customizing Solution
2018–2019	KUKA AG, Vice President Global Key Account Management
2014–2017	KUKA AG, Vice President Global Sales Development
2009–2014	KUKA Robotics, Director Product Management
2000–2009	KUKA Robotics, Global Key Account Manager Daimler Chrysler
1999–2000	Messer Cutting Systems GmbH, Head of Sales
1997–1999	Messer Cutting Systems GmbH, Product and Project Manager

Other current activities and vested interests

Since 2025	Siemens AG, Senior Vice President Domain Management Sales Digital Industries since October 2025
Since 2023	Siemens AG, Senior Vice President Sales & Marketing – Factory Automation until September 2025

Qualifications

2000	Global Executive MBA, University of Toronto
1997	Master's degree in mechanical engineering, Augsburg University of Applied Sciences

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Nick Huber

Non-executive BoD member since 2017
Family shareholder Huber
Swiss citizen, born 1964

Professional background

1995–2016	Various management positions at SFS
1990–1995	IBM (Switzerland) AG, Account Manager

Other current activities and vested interests

Since 2023	Mettler Entwickler AG, member of the BoD
Since 2022	Inventx AG, member of the BoD
Since 2017	DGS Druckguss Systeme AG, member of the BoD
Since 2014	stürmsfs ag, member of the BoD
Since 2014	Inhaus AG, member of the BoD
Since 2009	Rauch Trading AG and Rauch Schweiz AG, member of the BoD
Since 2008	COLTENE Holding AG, Chair of the BoD until April 2025
Since 1997	HUWA Finanz- und Beteiligungs AG, member of the BoD
Since 1995	Gurit Holding AG, member of the BoD

Qualifications

2013	Stanford Executive Program, Stanford University
2002	SKU, Advanced Management Program, Switzerland
1984	Matura (university entrance examination) type E in economics

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Fabian Tschan

Non-executive BoD member since 2023
Family shareholder Stadler/Tschan
Swiss citizen, born 1977

Other current activities and vested interests

Since 2022	Lilly Capital AG, member of the BoD
Since 2020	MBaer Merchant Bank AG, member of the BoD
Since 2019	Golfyr AG, member of the BoD
Since 2018	Stiftung Gehresbisches für Appenzeller Musik, member of the Foundation Board
Since 2017	Altoo AG, member of the BoD

Since 2015	Octopus Cloud AG, member of the BoD
Since 2014	Hawak Holding AG, CEO and since 2008 member of the BoD
Since 2013	Data Cave Switzerland AG, member of the BoD and since 2015 Chair of the BoD
Since 2012	priaid AG, member of the BoD until December 2025
Since 2008	CONPLIO Consulting GmbH, managing partner

Qualifications

2010	Master of Advanced Studies in business excellence, Lucerne University of Applied Sciences and Arts
2007	Bachelor's degree in business administration, Zurich University of Applied Sciences, Winterthur

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Manuela Suter

Independent, non-executive BoD member since 2021
Swiss citizen, born 1974

Professional background

2014–2018	Bucher Industries, Head of Group Controlling
2011–2014	Bucher Industries, Group Controller
2010–2011	SIX Exchange Regulation, Zurich, Senior Financial Reporting Specialist
2007–2010	Holcim, Zurich, Head Financial Holdings
2001–2007	Ernst & Young, Auditor

Other current activities and vested interests

Since 2018	Bucher Industries, Chief Financial Officer

Qualifikationen

2005	Certified public accountant
2001	Master's degree in economics, University of Zurich

Jörg Walther

Chair of the Audit Committee since 2022
Independent, non-executive BoD member since 2014
Swiss citizen, born 1961

Professional background

2015–2018	Sika AG, Chair of the Special Expert Committee
2010–2012	Resun AG, General Counsel and Head Corporate Services, member of the Executive Committee
2001–2009	Novartis International AG, Global Head Legal M&A and Antitrust, member of the Group Legal Executive Committee
1999–2001	ABB Asea Brown Boveri AG, Group Vice Chair M&A
1995–1998	ABB Schweiz AG, Senior Legal Counsel
1991–1995	Danzas Management AG, Senior Legal Counsel and Head Group Legal Services

Other current activities and vested interests

Since 2010	Schärer Attorneys at Law, partner (main activity)
Since 2023	Apotheke im Stadtspital Zürich AG, member of the BoD
Since 2023	Aare-Apotheke Rombach AG, member of the BoD
Since 2021	swissVR, member of Executive Board
Since 2016	HUBER + SUHNER AG, member of the BoD and Chair of the Audit Committee
Since 2016	Zehnder Group AG, Vice Chair of the BoD and Chair of the Audit Committee
Since 2015	Kraftwerk Augst AG, member of the BoD
Since 2015	Immobilien AEW AG, Vice Chair of the BoD
Since 2014	AEW Energie AG, member of the Audit Committee and since 2020 Vice Chair of the BoD

Qualifications

1999	Master's degree in business administration (MBA), University of Chicago
1996	Certificate Advanced Management Program (AMP), University of Oxford
1993	Postgraduate certificate in European economic law, University of St. Gallen
1990	Admitted to the bar (Attorney at Law)
1989	Master's degree in law, University of Zurich

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

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

- A maximum of five mandates as a member of executive management or supervisory bodies or other comparable functions at other listed legal entities, as well as
- A maximum of ten mandates as a member of executive management or supervisory bodies or other comparable functions at unlisted legal entities with an economic purpose

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

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

The term of office ends at the end of the next Annual General Meeting. Re-election is permitted provided that the relevant member has not reached the age of 70 at the time of the election.

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

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

In support of its directive and supervisory capacity, the Board of Directors has formed two standing committees, the NCC and the Audit Committee (AC).

Board of Directors' procedures
A meeting of the Board of Directors is held whenever the business of the company requires but at least six times per annum. The meetings are usually spread at regular intervals over the first and second half-year. The Chair or in his absence the Vice Chair, or in the absence of both, another member of the Board of Directors, chairs the meeting. The Chair convenes Board meetings and sets meeting agendas. Additionally, the Chair ensures that the meeting agenda and supporting material are sent to Board members in principle seven days before the meeting date. The Chief Executive Officer, the Chief Financial Officer and the Group General Counsel in his function as Company Secretary attend each BoD meeting. Other members of the Group Executive Board, as the case may be, attend partially BoD meetings for specific agenda items within their area of managerial responsibility in an advisory function. The Board of Directors carries out an internal self-evaluation usually every two years.

In the reporting year, a total of eight ordinary (PY eight) und one extraordinary (PY none) Board meetings took place. Three of these meetings lasted less than two hours, six meetings lasted for a day, and one strategy conference was held over a period of three days. The meetings were held at intervals of one or two months during the reporting year. The members of the Board of Directors participated in all Board meetings, with one member being excused from being absent from one meeting (PY no absences).

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

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

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

Committees' constitution and procedures
The committees' areas of authority and responsibility are defined in Section 5 of the Organizational Regulations of the SFS Group. These are available on the SFS Group website: Organizational Regulations

The committees support the Board of Directors in its supervisory and control capacities and act mainly as consulting, assessment and preparation bodies. The committees have final decision competence only in the topics explicitly mentioned below.

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

Nomination and Compensation Committee

Urs Kaufmann	Chair
Tanja Birner	Member
Nick Huber	Member

Audit Committee

Jörg Walther	Chair
Peter Bauschatz	Member
Manuela Suter	Member
Fabian Tschan	Member

The committees meet as often as the business of the company requires. The NCC usually meets in February, June and December. The AC typically meets in January, February and the fall. A record is kept of every meeting, and participants and the Board of Directors are provided with the minutes. The Chairs of the committees report on the committees' activities at the next meeting of the Board of Directors and prepare formal requests to the Board of Directors.

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

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

The Chief Executive Officer and the Chief Human Resources Officer attend the meetings of the committee unless their own nomination or compensation is being discussed. In the reporting period, the committee held three meetings (PY four), each lasting an average of four hours. The NCC has the following duties and authority to submit proposals to the entire Board of Directors:

- The compensation system of the SFS Group
- The approval of the individual compensation of the Chair and the members of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board
- Amendments to the Articles of Association in respect of the compensation system
- A balanced composition of the Board of Directors and determination of the criteria of independence
- Selection process for new members of the Board of Directors, the Chief Executive Officer and members of the Group Executive Board
- Evaluation of proposals of the Chief Executive Officer related to the appointment or removal from office of members of the Group Executive Board
- Approval of agreements and employment contracts with the Chair of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board
- Approval of the acceptance of external mandates by members of the Board of Directors and the Group Executive Board

The motions of the committee are proposed to the full Board of Directors as a whole. Further functions of the NCC are defined in Section 5.3 of the Organizational Regulations.

Audit Committee
The AC has a Chair and a minimum of two other members, elected from among the members of the Board of Directors. The AC constitutes itself and supports the Board of Directors in its ultimate supervisory function on the completeness of the financial statements, compliance with the legal requirements, the aptitude of the statutory auditor and the performance of the internal and statutory auditors. The AC assesses the appropriateness of the financial reporting, the non-financial reporting, the internal control system and the general control of business risks.

The Chief Executive Officer, the Chief Financial Officer, the Head of Group Accounting and Reporting, the Head of Internal Audit, the Group General Counsel and the statutory auditor attend the meetings of the AC. If necessary, the AC discusses individual agenda items separately with the statutory auditor. In the reporting period, the committee held four meetings (PY four), each lasting about two hours.

The AC has the following duties and competences:

- Evaluation of the external auditor and proposal to the Board of Directors on the appointment of the statutory auditor at the General Meeting
- Assessment of the performance and independence of the statutory auditor and approval of the budget for auditing and other fees
- Organization of the internal audit, appointment of the internal auditor and assessment of its performance review
- Approval of the audit plans of both the internal and statutory auditors
- Approval of any non-audit related services of the statutory auditor
- Request for information from the Group Executive Board and the internal and statutory auditors on major risks, contingent liabilities and other liabilities of the Group and assessment of the mitigation measures taken
- Review and discussion of the annual and interim financial statements, other published financial information and the non-financial reporting
- Discussion of the results of the annual audit with the statutory auditor and the reports of the internal audit and submissions or proposals to the Board of Directors
- Assurance of the collaboration between statutory and internal auditors

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

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

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

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

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

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

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

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

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

The internal audit is executed by the Group Controlling team and in cooperation with an external specialized partner. Although the Head of Internal Audit is subordinate to the Chief Financial Officer, they report directly to the AC in regard to these activities. The internal audit of the SFS Group is aligned with the size of the company. Based on financial risk considerations approved by the AC, the group companies are audited every two to four years depending on the risk assessment. The written internal audit report is discussed with the management of the companies concerned, and the most significant measures are agreed. Material findings of the internal audit and the audit reports are presented to and discussed in the AC. Nine internal audits were conducted in the reporting year (PY nine).

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

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

In the reporting year, the potential risks and suitable mitigation measures were also discussed in detail. The discussions focused on the SFS Group's exposure to the global economic environment and geographic shifts in demand, currency fluctuations, geopolitical instabilities, data breaches and business interruptions due to cyber attacks and disruptions to global supply chains, natural disasters, and increasing regulatory requirements. Measures are continuously being reviewed and implemented to reduce these risks.

Group Executive Board

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

At the end of the reporting year 2025, the Group Executive Board consisted of eight (PY nine) members, following Arthur Blank’s departure in the previous year.

From left: Volker Dostmann, Iso Raunjak, Thomas Jung, Jens Breu, George Poh, Walter Kobler, Martin Reichenecker, Urs Langenauer

Jens Breu

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

Functions within the company

	Member of the BoD of several SFS Group companies
2022–2024	Head of Segment Distribution & Logistics
2014–2024	Head of Segment Fastening Systems
2014–2015	Chief Operating Officer
2012–2013	Head of Division Industrial
2008–2013	Technical Director SFS intec
2000–2008	Vice President of Manufacturing, SFS Group USA
1995–2000	Tool engineer

Other current activities and vested interests

Since 2025	Dätwyler IT Infra AG, member of the BoD
Since 2024	SWISSMEM, member of the Board
Since 2019	Dätwyler Holding AG, member of the BoD

Qualifications

2007	MBA, Cleveland State University
1996	Mechanical engineer, University of Applied Sciences St. Gallen

Volker Dostmann

Chief Financial Officer since 2021
With SFS since 2020
Swiss citizen, born 1970

Functions within the company

	Member of the BoD of several SFS Group companies

Other current activities and vested interests

Since 2024	Schneeberger Holding AG, member of the BoD

Qualifications

2017	Senior Executive Program, London Business School
2007	Executive MBA Business Engineering, University of St. Gallen
1994	Economist SEBA, HWV Zürich

Thomas Jung

Head of Segment Fastening Systems since 2024
With SFS since 2010
German citizen, born 1969

Functions within the company

	Member of the BoD of several SFS Group companies
2020–2023	General Manager Construction Region North America
2013–2020	General Manager Construction Region Europe Central/East
2010–2013	General Manager Germany

Qualifications

2023	Stanford Executive Program, Stanford University
2008	MBA, TIAS School for Business Administration
1997	Diploma as a merchant, business administration, Saarland University

Walter Kobler

Head of Division Medical & Industrial Specials since 2024
With SFS since 1987
Swiss citizen, born 1963

Functions within the company

	Member of the BoD of several SFS Group companies
2021–2023	Head of Division Medical
2014–2023	Head of Division Industrial
2004–2014	General Manager of aircraft activities

Qualifications

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

Urs Langenauer

Head of Division Automotive since 2024
With SFS since 1995
Swiss citizen, born 1979

Functions within the company

	Member of the BoD of several SFS Group companies
2019–2023	Head of Division Riveting
2013–2019	General Manager Division Automotive, SFS Group USA
2008–2013	Vice President of Manufacturing, SFS Group USA

Qualifications

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

SFS

George Poh

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

Functions within the company

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

Qualifications

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

Iso Raunjak

Chief Human Resources Officer (CHRO) since 2025
With SFS since 1992
Swiss citizen, born 1976

Functions within the company

2020–2024	Head of Division Distribution & Logistics Switzerland
2018–2019	Head of Business Unit Architectural Hardware
2012–2018	Head of Business Unit Central Logistics
2006–2012	Head of Quality Management

Other current activities and vested interests

Since 2023	Pestalozzi AG, member of the BoD
Since 2020	SWISSAVANT association, member of the Board and since 2024 Vice Chair of the Board

Qualifications

2023	Stanford Executive Program, Stanford University
2014	Diploma in logistics management, University of St. Gallen
2008	Training in antitrust law, University of Constance
2004	Diploma as a technical merchant

Martin Reichenecker

Head of Segment Distribution & Logistics since 2025
With SFS (Hoffmann) since 2004
German citizen, born 1977

Functions within the company

	Member of the Management and the BoD of several SFS Group companies
Since 2021	Chief Executive Officer of Hoffmann SE
2018–2021	Director of Sales and Marketing and Spokesman of the Hoffmann Executive Board
2015–2018	Group Executive Sales and Marketing, Hoffmann
2014–2015	Group Executive Product Management and Purchasing, Hoffmann
2011–2013	Head of International Key Account Management, Hoffmann
2004–2011	Various management positions within Hoffmann

Other current activities and vested interests

Since 2023	Cordes & Graefe KG, member of the Advisory Forum

Qualifications

2004	Master of Business Administration and Engineering, University of Applied Sciences Mannheim
2001	Diploma in Business Administration, Academy Ravensburg

Other current activities and vested interests

The profiles of the members of the Group Executive Board give an overview of other current activities and vested interests. Beyond that, none of the members belong to any important body, is permanent head of or consultant to important interest groups, has public functions or holds public office.

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

- A maximum of two mandates as a member of executive management or supervisory bodies or other comparable functions at other listed legal entities, as well as
- A maximum of five mandates as a member of executive management or supervisory bodies or other comparable functions at unlisted legal entities with an economic purpose.

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

Management contracts
There are no management contracts that transfer management responsibility to legal entities or individuals outside the SFS Group.

Compensation, shareholdings and loans

All information on this subject can be found in the Compensation Report.

Shareholders’ participation

Voting rights and representation restrictions
Shareholders’ participation rights are detailed in Art. 11 of the Articles of Association.

Each share represents one voting right, subject to the provisions above on capital structure, limitations on transferability and nominee listings. In the reporting year, no exceptions were granted (PY none).

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

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

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

Each shareholder may be represented by the Independent Proxy. The term of office of the Independent Proxy ends at the next Annual General Meeting. Re-election is possible. Its duties are governed by the relevant statutory provisions. The Annual General Meeting of April 30, 2025, elected bürki bolt Rechtsanwälte, 9435 Heerbrugg, as Independent Proxy until the next Annual General Meeting.

Statutory quorums
For the following resolutions, at least two thirds of the represented share votes and an absolute majority of the represented shares par value is required.

- The cases listed in Art. 704 para. 1 and 2 CO and in Art. 18 and 64 of the Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (Mergers Act)
- The easement or abolition of the restrictions of the transferability of registered shares

Convocation of the Annual General Meeting
No regulations deviate from the relevant statutory provisions.

Inclusion of items on the agenda
The Board of Directors states the items on the agenda.

Registered shareholders with voting rights individually or jointly representing at least 0.5% of the share capital or the votes may demand that items are put on the agenda. The request for an item to be added to the agenda must be submitted in writing to the Chair of the Board of Directors at least 45 days before the Annual General Meeting, stating the subject to be discussed and the proposals.

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

Changes of control and defense measures

Duty to make an offer
Pursuant to Art. 31 of the Articles of Association, the obligation to submit a public takeover offer pursuant to Art. 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA) has been waived in accordance with Art. 125 para. 3 FinMIA (opting out).

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

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

Statutory auditor

Duration of the mandate and term of office of the lead auditor
PricewaterhouseCoopers AG, St. Gallen, has been the independent auditor of SFS Group AG and several subsidiaries since 1993. The independent auditor is elected by the Annual General Meeting for a period of one year. The lead auditor in the present mandate, Gianluca Galasso, took office at the Annual General Meeting of 2021.

Audit fees
In the reporting period, the independent auditor charged SFS Group around CHF 1.3 million (PY CHF 1.1 million) for the audit of SFS Group AG, the Group financial statements and several subsidiaries.

Additional fees
PricewaterhouseCoopers AG and affiliated companies did not raise invoices for audit-related services in the reporting period (PY none). For additional services related to tax compliance and other tax consulting services, a total amount of CHF 0.5 million (PY CHF 0.4 million) and for other consulting services a total amount of CHF 0.1 million (PY CHF 0.2 million) was invoiced from PricewaterhouseCoopers AG to SFS Group.

In conjunction with the pending acquisition of Gödde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH (Financial and Tax Due Diligence), SFS Group paid CHF 0.3 million (PY none) to PricewaterhouseCoopers AG.

Informational instruments pertaining to an external audit
The AC briefs the Board of Directors on the work done by and the working relation with the statutory auditor at least once a year.

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

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

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

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

The AC assesses the sustainability, the scope and the fee for the services rendered by the statutory auditor. For internal organizational structure and further functions of the AC reference is made to the section "Internal organizational structure" above.

Information policy

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

The SFS Group maintains a regular dialog with investors and media on a regular basis, including media and analyst conferences in March and in July, an investor day every two years in August/September, roadshows in spring and every other fall, a volume notification with sales numbers in January and investors days at various banks. An overview of the dates of the most important events for all stakeholders, such as the date of the Annual General Meeting and the date of the publication of the Annual Report, can be found here: Agenda

As a company listed on the SIX Swiss Exchange AG, SFS Group AG is subject to ad hoc publicity rules, i.e. the obligation to promptly report any information that is potentially relevant to the share price. All ad hoc announcements according to Art. 53 LR, as well as further news, can be found here: Media & Newsroom

Interested parties can subscribe to an email service at the following link: Mailing list

Annual Reports and Half-Year Reports, presentations on important activities and other relevant documents go online simultaneously with publication on the following website: Financial publications

This Annual Report can be viewed online here: Annual Report 2025

Shareholders receive the summary of the Annual Report with the invitation to the Annual General Meeting.

Official announcements and company notices are published in the Swiss Commercial Gazette (SOGC).

The following information and documents are available on the SFS Group website sfs.com:

- Numbers: SFS at a glance
- Information for investors
- Articles of Association
- Organizational regulations

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Blocked periods

The SFS Group Trading Policy specifies fixed blocking periods (Ordinary Blocked Periods) prior to the Half-Year and Annual Reports for trading in shares of SFS Group AG or derivatives. These apply for employees who may have insider knowledge due to their function in the phase of preparing the Half-Year and Annual Financial Reports. In addition to the members of the Board of Directors and the Group Executive Board, this group consists of various persons designated by the CEO and/or CFO, in particular in the areas of finance, IT, legal and communication. The fixed blocking periods last from December 1 until and including the trading day of the publication of the Annual Report as well as from June 1 until and including the trading day of the publication of the Half-Year Report. In the reporting year, there were thus fixed blocking periods from December 1, 2024, to March 7, 2025, from June 1, 2025, to July 17, 2025, and from December 1, 2025, to March 6, 2026. Exceptions to the trading suspension may be approved by the CEO or the Chair of the Board of Directors. No exceptions were requested or granted under the year under review.

Furthermore, the Trading Policy of the SFS Group provides for Extraordinary Blocked Periods, which can be declared by the CEO or the Chair of the Board of Directors. This occurs when circumstances arise that are considered to be inside information. The group of persons affected may differ from those on the list of Blocked Persons for Ordinary Blocked Periods.