

The background features a complex network of thin, light blue lines that intersect at various points, creating a web-like structure. Several of these intersection points are highlighted with larger, glowing blue circles, resembling nodes or hubs in a network. The overall aesthetic is clean, modern, and technological.

2023
Annual Report

HUBER+SUHNER

Connecting – today and beyond

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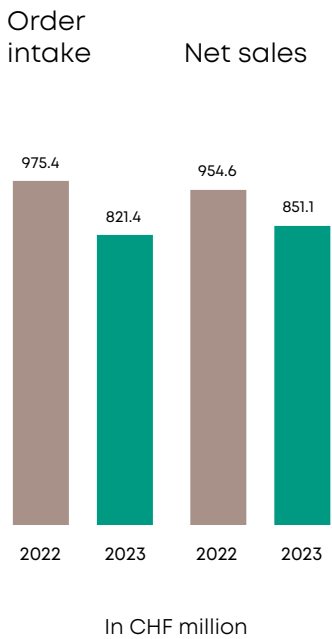
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Management Report

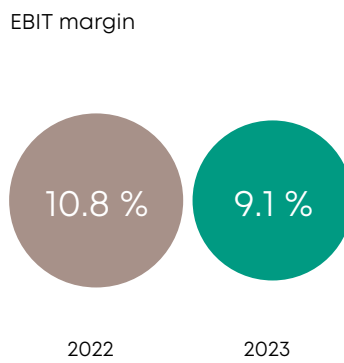
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Key Facts at a glance



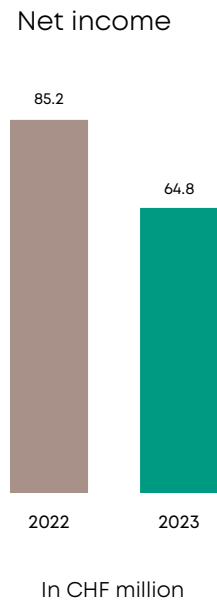
Organic decline of 6.3 % in net sales after record high of previous year – book-to-bill rate of 0.97

Cash flow from operating activities of CHF 116 million – increase in net liquidity despite high investments



At 9.1 %, EBIT margin remains within the medium-term target range

Slower momentum in Industry – marked drop in volumes in Communication – turnaround in Transportation confirmed by profitable growth



Net income margin of 7.6 % – dividend of CHF 1.70 proposed

Growth initiatives make positive contribution overall

HUBER+SUHNER maintains solid EBIT margin despite the marked decline in the communications market



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

In an environment beset by various challenges and despite lower volumes, HUBER+SUHNER closed the year 2023 as a whole with a solid result within the medium-term EBIT target range of 9–12 %.

At CHF 821.4 million, order intake in 2023 was 15.8 % below the very high prior-year level (CHF 975.4 million) and remained 3.5 % below net sales, resulting in a book-to-bill rate of 0.97 (PY 1.02). After a very strong start to the year, supported by the continuing momentum from the previous year, the business volume situation then changed in many target markets. This was attributable to high inventories at customers and throughout the entire supply chain, as well as declining 5G rollouts in the North American market. Over the course of the second half of the year, business volume stabilised at a lower level. At the end of the year, the order backlog amounted to CHF 271.9 million, remaining above the long-term average.

In the first half of 2023, net sales reached the same level as in the previous year. From the third quarter, net sales developed in line with order intake and, by the end of the year, amounted to CHF 851.1 million, representing a decline of 10.8 % year on year (PY CHF 954.6 million). Net sales were also negatively impacted by the significant strengthening of the Swiss franc during the reporting period, which became even stronger towards the end of the year. Adjusted for currency, copper price and portfolio effects, the shortfall in net sales amounted to 6.3 %. While net sales in Europe and Asia changed only marginally compared to the previous year, by –4 % and +2 % respectively, the aforementioned

downturn in the American market (-36 %) resulted in a marked shift in net sales share by region: 55 % (PY 51 %) in EMEA, 26 % (PY 23 %) in APAC, 19 % (PY 26 %) in the Americas.

The operating profit (EBIT) of CHF 77.6 million (PY CHF 103.2 million) corresponds to an EBIT margin of 9.1 % (PY 10.8 %). Given the challenging environment, the company considers the result within the medium-term EBIT target range to be solid. The basis for this is the strategy of balanced diversification. Thanks to another very low tax rate, net income as a percentage of net sales reached 7.6 % (PY 8.9 %).

The gross margin recovered slightly over the course of the year and, at 35.3 % (PY 35.7 %), almost matched the previous year's level. With investments in research and development reaching CHF 57.4 million, the company continued to invest heavily in the future with a particular focus on strengthening the five growth initiatives. Thanks to active cost management, selling expenses were reduced almost in step with business volume development. The number of employees worldwide in the reporting year fell to 4,109 (PY 4,469). In the same period, the number of employees in Switzerland went down to 1,153 (PY 1,190).

High inventories and unfavourable exchange rate developments represent a challenge

High inventory levels resulting from the long replenishment times following the pandemic both delayed the placement of orders by customers throughout the supply chain and resulted in value adjustments in the company's own inventories.

Appreciation of the Swiss franc against key local currencies resulted in a shortfall in net sales of around CHF 40 million, while the currency impact on costs showed only effect to a lesser extent.

Reduced momentum and lower profitability in Industry market segment

In the Industry market segment, the continued depletion of inventories at customers over the entire reporting year had an impact on the awarding of new orders. Order intake declined by 16.9 % to CHF 258.1 million (PY CHF 310.5 million). Organically, net sales remained around the previous year's level. Effectively, there was a 4.3 % decline to CHF 285.3 million (PY CHF 298.0 million).

Compared to 2022, development in the subsegments was completely reversed with aerospace and defense reporting double-digit percentage growth while the three other subsegments, test and measurement, general industrial, and high power charging, experienced a decline in the double-digit range. Demand for high power charging experienced a distinct decline in the US market due to uncertainties about the future charging standard. The decline in the EBIT margin to 16.4 % (PY 21.3 %) can be explained by a change in the product mix in most subsegments.

Declining volumes in Communication market segment – falling EBIT margin stabilised by cost measures

The much weaker communications market resulted in significantly lower volumes around the world, which impacted the entire industry. Compared to the very strong net sales from the previous year, the Communication segment suffered a significant slump, especially in the second and third quarters, due to declining 5G rollouts in North America and the continued depletion of high inventories throughout the supply chain. Order intake declined by 25.6 % to CHF 283.4 million (PY CHF 380.6 million), while net sales decreased by 27.4 % to CHF 280.3 million (PY CHF 385.9 million). In this environment, which was characterised by significantly lower demand, business picked up towards the end of the reporting period with the securing of new mobile communication rollouts in Asia in particular and in the data center growth initiative. Thanks to measures to reduce the cost base and adjust capacities to the lower volumes, the EBIT margin was improved in the second half of the reporting year compared to the first half and stabilised at 4.9 % for the year as a whole (PY 8.9 %).

Net sales growth in Transportation market segment – four percentage point increase in profitability

The Transportation market segment achieved the desired turnaround in the reporting year. It ended the year with almost the same order intake as the previous year, at CHF 279.9 million (PY CHF 284.4 million), and 5.5 % growth in net sales to CHF 285.5 million (PY CHF 270.6 million).

After a three-year lean period, there was a marked upturn in demand in the railway subsegment, which made a positive contribution to net sales in the reporting period. The automotive subsegment also reported growth in net sales

thanks to a positive contribution from the electric vehicle and advanced driver assistance system growth initiatives. The EBIT margin in the Transportation market segment increased significantly in the reporting year to 9.1 % (PY 5.1 %).

Sustainability reporting

HUBER+SUHNER connectivity solutions serve society's needs for personal safety, seamless communication and environmentally friendly mobility, and combine high customer value with sustainability criteria. The 2023 Non-financial Report describes the progress being made by the HUBER+SUHNER Group in its sustainability strategy and includes the obligations formulated under Article 964b of the Swiss Code of Obligations and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO). It also includes a section on responsible supply chains in accordance with the DDTrO. The entire 2023 Non-financial Report can be found at <https://reports.hubersuhner.com/2023/ar/>

Elections to the Board of Directors

At the 2023 Annual General Meeting, Marina Bill and Kerstin Günther, two proven leaders with in-depth knowledge in strategically important markets for HUBER+SUHNER, were newly elected to the Board of Directors.

Risk management

At its meeting on 6 December 2023, the Board of Directors assessed the business risks as part of its ongoing risk management and approved the 2023 risk report including the defined measures.

Share buyback programme completed successfully

The share buyback programme that was launched at the end of October 2021 was successfully completed on 30 March 2023. The shares acquired under this programme amount to 5 % of the share capital and will be proposed for cancellation by means of a capital reduction at the next Annual General Meeting on 27 March 2024.

Dividend

The Board of Directors proposes to the Annual General Meeting a payout of CHF 1.70 (PY CHF 2.10) per share, resulting in a payout ratio of 49 %.

Outlook

With an operating profit margin within the medium-term target range, HUBER+SUHNER achieved a solid result in the 2023 financial year in view of the difficult business environment. The organic growth of the five strategic growth initiatives (aerospace and defense; data center, advanced driver assistance system, electric vehicles, rail communications) as a whole shows that the company is focusing on the right end markets and has the right solutions with high customer benefits. The key to the company's future success lies in its high level of innovation, which is deeply rooted in the HUBER+SUHNER corporate culture and is supported by correspondingly high levels of investment. This in turn will make the company even more resilient to changes in the market environment or more difficult economic conditions in the future.

Looking ahead and based on the lively bidding activity, the Industry segment has probably bottomed out. The increasingly normalising inventory levels point to a recovery in the second half of the current year. Incoming orders in the communications market have already picked up in recent weeks and concrete signs of a gradual recovery are increasing. This should enable the Communication segment to return to growth compared to the second half of 2023. The growth initiatives should provide additional impetus for the Transportation segment, particularly in the second half of 2024, which would continue the positive trend.

In terms of net sales, HUBER+SUHNER has set itself the goal of returning organically to a growth path in 2024. The medium-term target range of 9–12 % for the operating profit margin remains unchanged. For the current financial year, the company is aiming for an operating profit margin in the lower half of the target range. A prerequisite for achieving the EBIT guidance is that key influencing factors such as inflation, exchange rates and geopolitical tensions do not have an excessively negative impact on sales volumes.

Thank you

On behalf of the Board of Directors and the Executive Group Management, we would like to thank our employees around the world for their tremendous dedication and commitment in a year characterised by many uncertainties and challenges. Thanks to their unrivalled commitment, together we have managed to steer the company through these volatile times largely unscathed. Special thanks are also due to our shareholders, customers and suppliers for their excellent cooperation, loyalty and the trust they have placed in us.



Urs Kaufmann

Chairman of the Board of Directors



Urs Ryffel

Chief Executive Officer

Key Figures and Financial Calendar

Group			
in CHF million	2023	2022	Change
Order intake	821.4	975.4	(15.8%)
Order backlog as of 31.12.	271.9	320.0	(15.0%)
Net sales	851.1	954.6	(10.8%)
Gross margin	35.3%	35.7%	
EBITDA	110.5	135.3	(18.3%)
as % of net sales	13.0%	14.2%	
EBIT	77.6	103.2	(24.8%)
as % of net sales	9.1%	10.8%	
Financial result	(2.9)	(1.8)	n/m
Net income	64.8	85.2	(23.9%)
as % of net sales	7.6%	8.9%	
Purchases of PP&E and intangible assets	51.4	45.3	13.6%
Cash flow from operating activities	115.7	87.3	32.5%
Free operating cash flow	63.7	37.7	69.1%
Net liquidity as of 31.12.	163.1	151.1	7.9%
Return on invested capital (ROIC) in %	15.8%	20.9%	
Equity as of 31.12.	609.6	606.7	0.5%
as % of balance sheet total	78.4%	74.4%	
Employees as of 31.12.	4 109	4 469	(8.1%)
Market capitalisation as of 31.12.	1 254.7	1 600.4	(21.6%)
n/m = not meaningful			
Data per share			
in CHF	2023	2022	Change
Stock market price as of 31.12.	68.00	86.30	(21.2%)
Net income	3.48	4.47	(22.3%)
Dividend	1.70 ¹⁾	2.10	(19.0%)

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

Company information

Media

Patrick G. Köppe
 Head Corporate Communications
 Phone +41 (0)44 952 25 60
pressoffice@hubersuhner.com

Investors

Ivo Wechsler
 Chief Financial Officer
 Phone +41 (0)44 952 22 43
ivo.wechsler@hubersuhner.com

Financial calendar

Annual General Meeting (Rapperswil SG)	27.03.2024
Half-year Report 2024	20.08.2024
Media and analysts' conference (webcast)	20.08.2024
Sales and order intake (9 months) 2024	22.10.2024
Sales and order intake (12 months) 2024	23.01.2025
Annual Report 2024	11.03.2025

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.

Reduced momentum and lower profitability in Industry market segment

In the Industry market segment, the continued depletion of inventories at customers over the entire reporting year had an impact on the awarding of new orders. Order intake declined by 16.9 % to CHF 258.1 million (PY CHF 310.5 million). Organically, net sales remained around the previous year's level. Unadjusted, there was a 4.3 % decline to CHF 285.3 million (PY CHF 298.0 million).

Compared to 2022, development in the subsegments was completely reversed with aerospace and defense reporting double-digit percentage growth while the three other subsegments, test and measurement, general industrial and high power charging, experienced a decline in the double-digit range. Demand for high power charging experienced a distinct decline in the US market due to uncertainties about the future charging standard. The decline in the EBIT margin to 16.4 % (PY 21.3 %) can be explained by a change in the product mix in most subsegments.



"The segment benefited from the positive development in aerospace and defense and our consistent focus on refining our solutions in recent years. Rising defense budgets also contributed to this development. Development proved more challenging for the other industrial subsegments, which were impacted, in part, by customer overstocking, the general economic slowdown and delays in infrastructure development. Profitability did not quite reach the high of the previous year but was maintained at an attractive level."

Reto Bolt, COO Industry segment

Broad base of the segment helps to mitigate downturn – geopolitical tensions increase focus on defense capability

Following the prior-year decline, the aerospace and defense growth initiative picked up well in the reporting year. The impact of increased defense budgets slowly began to be felt and the growing importance of communication solutions within the armed forces was borne out.

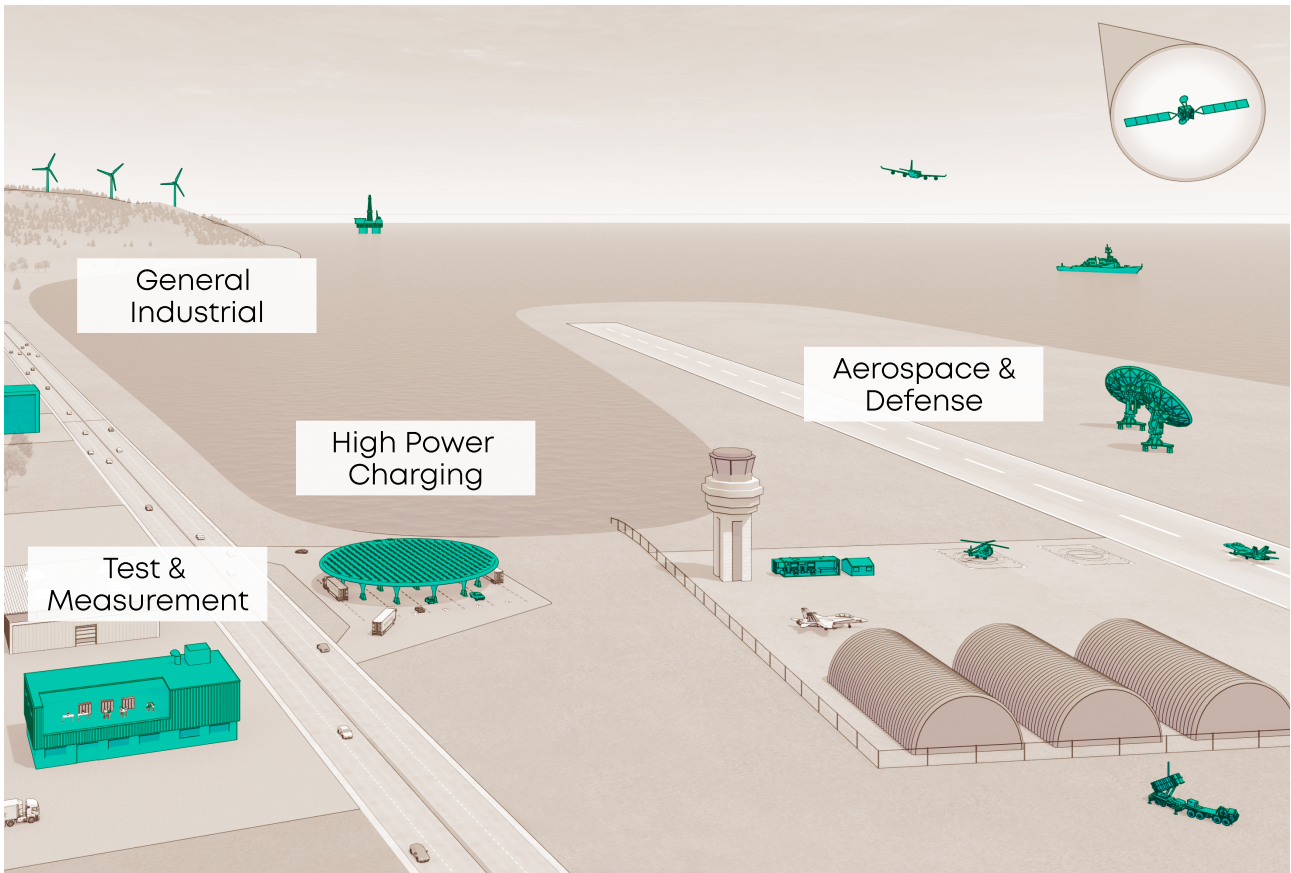
In the high power charging subsegment, the further buildout of high power charging points only developed at a very slow pace across Europe and Asia. In the previously booming US market, regulatory uncertainties temporarily halted market momentum: partly, due to lengthy negotiations between vehicle manufacturers and charging infrastructure operators on the interface standard and also due to state investment incentives linked to local value creation targets.

The test and measurement core market, whose cycles are known to be closely linked to those of the communications market, also reported lower volumes on account of this.

Key figures

		2023	2022	%
Order intake	CHF million	258.1	310.5	(16.9)
Net sales	CHF million	285.3	298.0	(4.3)
Operating profit (EBIT)	CHF million	46.8	63.4	(26.1)
EBIT margin	%	16.4	21.3	

Our solutions for the Industry market



Declining volumes in Communication market segment – falling EBIT margin stabilised by cost measures

The much weaker communications market resulted in significantly lower volumes around the world, which impacted the entire industry. Compared to the very strong net sales from the previous year, the Communication segment suffered a significant slump, especially in the second and third quarters, due to declining 5G rollouts in North America and the continued depletion of high inventories throughout the supply chain. Order intake declined by 25.6 % to CHF 283.4 million (PY CHF 380.6 million), while net sales decreased by 27.4 % to CHF 280.3 million (PY CHF 385.9 million). In this environment, which was characterised by significantly lower demand, business picked up towards the end of the reporting period with the securing of new mobile communication rollouts in Asia in particular and in the data center growth initiative. Thanks to measures to reduce the cost base and adjust capacities to the lower volumes, the EBIT margin was improved in the second half of the reporting year compared to the first half and stabilised at 4.9 % for the year as a whole (PY 8.9 %).



“Following the completion of the first wave of 5G network rollout in North America and Europe in 2022, the market environment in these regions was extremely challenging in 2023, with reduced investments by communication service providers and the continued depletion of high inventories. In contrast, the Asian market developed positively for HUBER+SUHNER at the end of the year, mainly thanks to India and Australia. The shortfall in net sales forced us to implement drastic cost-cutting programmes to adapt our cost base to the changed market environment in a sustained manner. Through active cost management, we succeeded in stabilising our margin in the second half of the year. The continuing exponential growth of data traffic and the emergence of artificial intelligence applications are increasing demand for high performance, high density and low latency in data centers and communication networks. This represents a significant opportunity for us and our innovative solutions in the field of optical interconnects, WDM transport systems and optical switches.”

Jürgen Walter, COO Communication segment

Signs of recovery in globally depressed communications industry toward year end

The very high volumes of the previous two years, especially in North America, had been attributable to major investments in mobile communications infrastructure in the wake of the coronavirus pandemic. In addition, declining demand was exacerbated by high inventories in the supply chains. These two effects led to an unanticipated slump, which was even more pronounced for component suppliers such as HUBER+SUHNER.

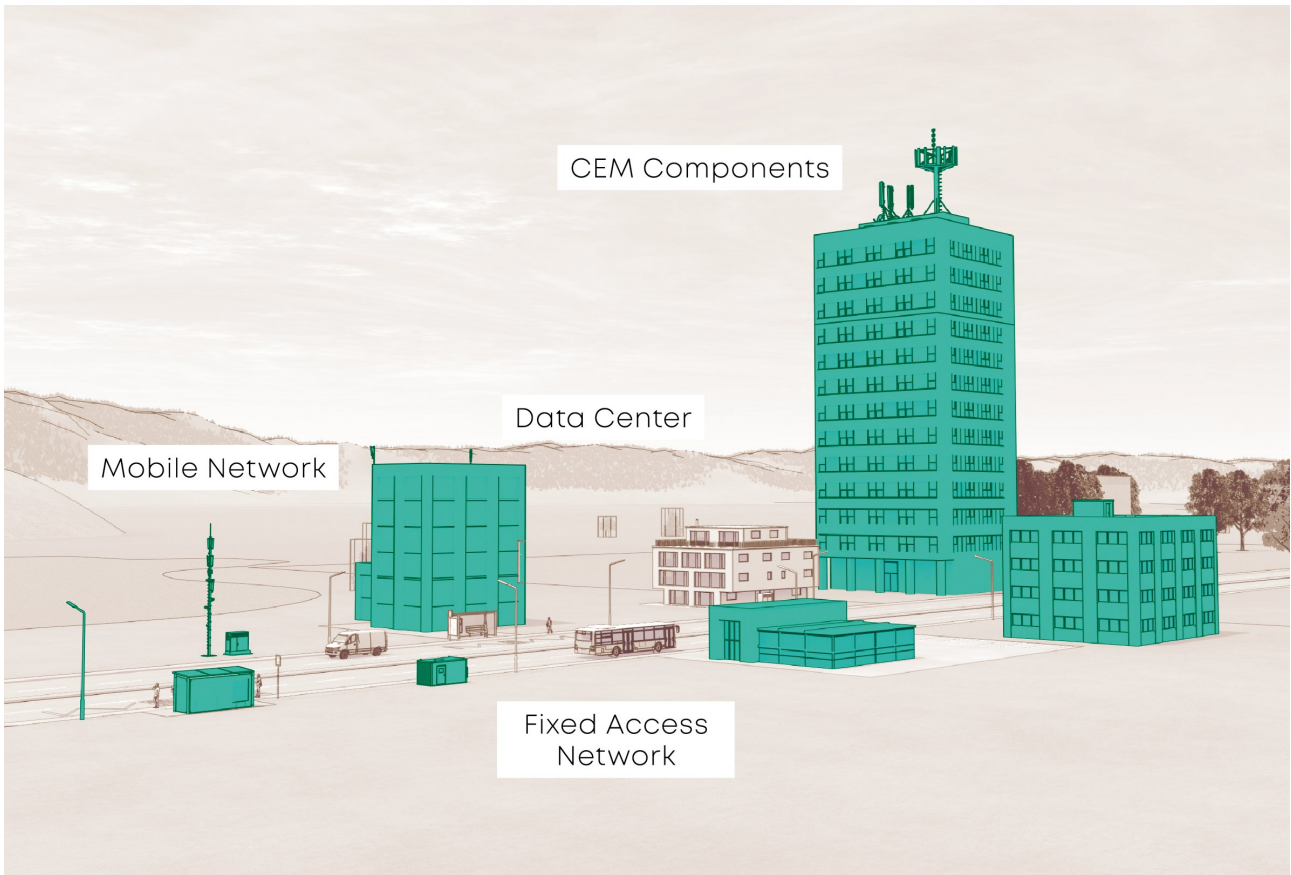
In addition, the risks of insufficient energy supplies, especially in Europe, made it difficult for operators of energy-intensive data centers to obtain new construction permits, often resulting in project delays.

By contrast, the rapid and wide-scale emergence of artificial intelligence applications brought new demands on data center architecture, which breathed new life into this growth initiative towards the end of the year. The company has unique solutions in its portfolio to address these customer requirements.

Key figures

		2023	2022	%
Order intake	CHF million	283.4	380.6	(25.6)
Net sales	CHF million	280.3	385.9	(27.4)
Operating profit (EBIT)	CHF million	13.7	34.2	(59.8)
EBIT margin	%	4.9	8.9	

Our solutions for the Communication market



Net sales growth in Transportation market segment – four percentage point increase in profitability

The Transportation market segment achieved the desired turnaround in the reporting year. It ended the year with almost the same order intake as the previous year, at CHF 279.9 million (PY CHF 284.4 million), and 5.5 % growth in net sales to CHF 285.5 million (PY CHF 270.6 million).

After a three-year lean period, there was a marked upturn in demand in the railway subsegment, which made a positive contribution to net sales in the reporting period. The automotive subsegment also reported growth in net sales thanks to a positive contribution from the electric vehicle and advanced driver assistance system growth initiatives. The EBIT margin in the Transportation market segment increased significantly in the reporting year to 9.1 % (PY 5.1 %).



“More favourable market conditions, our two growth initiatives in the automotive sector (electric vehicles and advanced driver assistance systems) and the resurgent railway market all helped to drive growth in net sales. Growth was focused primarily in Europe, while the Asian and American markets developed less dynamically for HUBER+SUHNER. In the commercial vehicles market, we saw the further development of new electric drive designs and platforms. Against this backdrop, we have also received additional partner nominations, which should help drive growth in net sales from 2025 onwards. We won additional projects in Europe for our advanced driver assistance system growth initiative and were also able to enter the Asian market with our first partner nomination.”

Drew Nixon, COO Transportation segment

Segment turnaround completed successfully – considerable potential for electromobility on rail and road

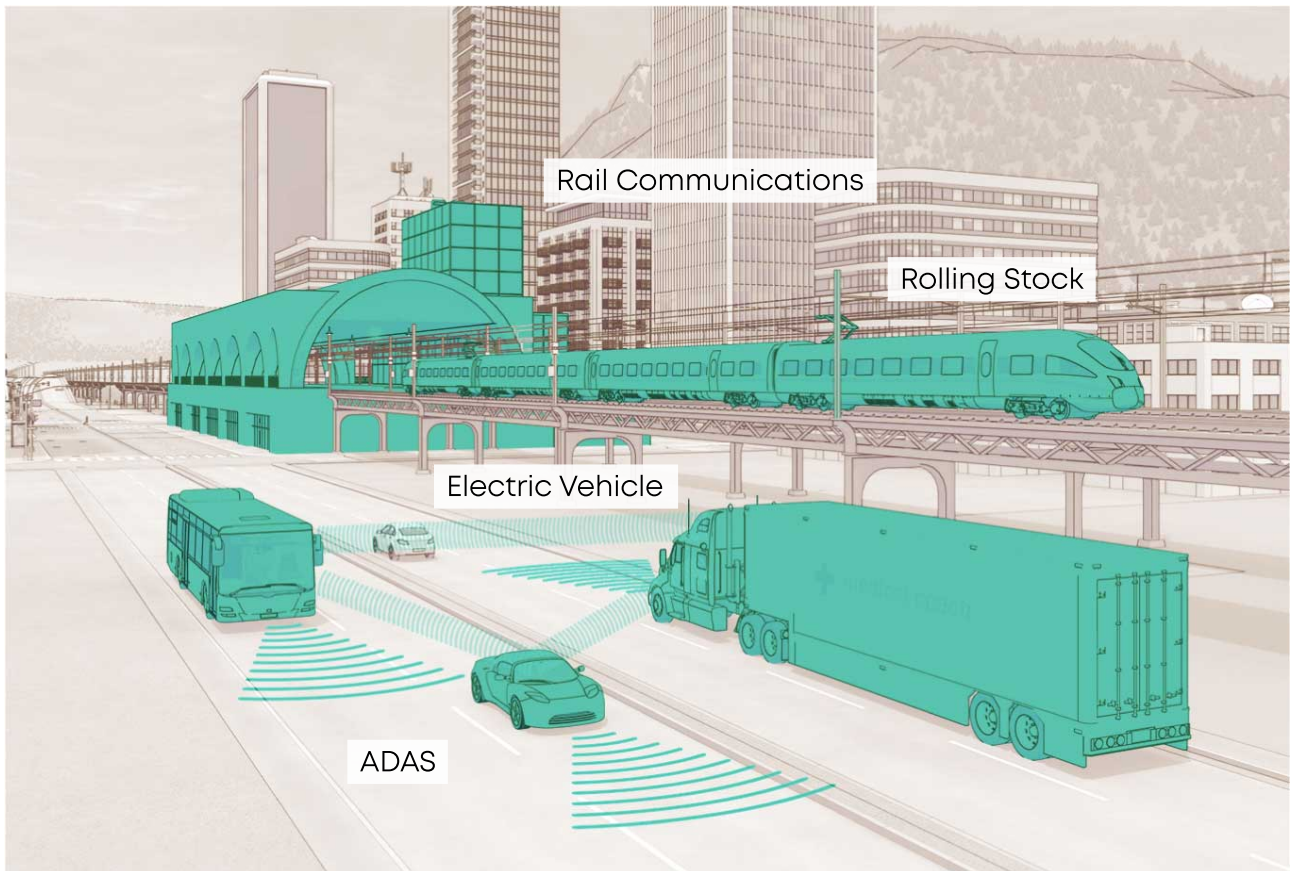
In the global railway business, following a market cycle with lower volumes, demand increased in the reporting year, especially in Europe. Customer projects also increasingly included applications in the rail communications growth initiative. In addition to enabling passengers to make efficient use of their time on public transport, HUBER+SUHNER solutions also reliably connect the moving train to the fixed rail infrastructure.

The automotive subsegment also reported net sales growth. In the electric vehicle growth initiative, new customer projects to supply high-voltage cable systems for commercial vehicles were won. The advanced driver assistance system growth initiative, in which radar antennas are developed for automated driving in passenger cars in particular, showed strong momentum, already contributing a small plus in net sales.

Key figures

		2023	2022	%
Order intake	CHF million	279.9	284.4	(1.6)
Net sales	CHF million	285.5	270.6	5.5
Operating profit (EBIT)	CHF million	25.9	13.7	89.5
EBIT margin	%	9.1	5.1	

Our solutions for the Transportation market



Financial performance from the CFO's perspective



Ivo Wechsler, CFO

Solid financial performance and high cash flow generation

After two excellent years with strong top-line growth, HUBER+SUHNER had to manage a decline in volumes in 2023 in a challenging business and negative currency environment. Thanks to our strong market vertical diversification and proactive cost management, we were still able to achieve a satisfying profitability of 9.1 %, i.e. within our EBIT medium-term target range of 9–12 %. In the reporting period, the Swiss franc appreciated against all the world's major currencies. This fact remains a challenge for our business model and will trigger further optimisation programmes. The effective tax remained at a low level thanks to the high business substance in Switzerland and other tax benefits from various countries.

The CHF 116 million cash flow from operating activities is very strong evidence of resilient cash conversion ability. As of 31 December 2023, net liquidity amounted to CHF 163 million. This cash foundation provides the basis for further investments in innovation, production equipment, or acquisitions.

Performance, resilience and sustainability in global sourcing

After two consecutive years with substantial price increases, the sourcing organisation was able to reduce overall material costs (currency neutral) compared to the previous year. Further improvements were achieved by extending payment terms with suppliers and by reducing critical dependencies from single-source suppliers. During 2023, we onboarded more than 600 additional production material suppliers to our IntegrityNext sustainability platform as part of a qualification process. With this process, HUBER+SUHNER was able to confirm that more than 75 % of our production material spend is in line with applicable due diligence obligations.

Stable dividend policy

The solid financing based on a strong balance sheet lays the foundation for a sustainable profit-oriented dividend policy with a targeted payout ratio of 40–50 % of the Group's net income attributable to HUBER+SUHNER shareholders. The proposed dividend per share for the reporting year 2023 amounts to CHF 1.70, corresponding to a payout ratio of 49 %.

Share buyback programme successfully completed

On 30 March 2023, HUBER+SUHNER concluded its share buyback programme by reaching the targeted buyback of HUBER+SUHNER shares in the amount of 5 % of the share capital. The shares acquired under this programme will be proposed for cancellation by means of a capital reduction at the Annual General Meeting on 27 March 2024.

People and culture from the CHRO's perspective



Patricia Stolz, CHRO

Leadership development and agile mindset

Despite a challenging environment in 2023, our Human Resources (HR) teams continuously nurtured a workplace where people are truly valued and supported. Leadership development remains key and is reflected in new training modules for leaders globally. “Leading Myself” and “Leading Teams” aim to foster effective leaders and teams, aligning with our organisational goals. One important focal topic of the modules is the retention of our employees, with our leaders playing a major role because they can most influence our talents and professionals. We believe that being an attractive employer for new talents is just as important as being the employer of choice for employees already working for us.

Our embrace of an agile mindset, evidenced by new roles like facilitator, agile coach, and product owner, initially took root in Information Technology (IT) and then permeated our segments. This transformative shift represents a commitment to continuous learning and adaptability, which are essential in navigating our ever-changing business landscape.

Talent development and attraction – the foundation of our success

As we celebrated anniversaries in Australia, Malaysia, and China and received honours for the “best career management policy” in Tunisia, we reaffirmed our dedication to creating an environment of professional growth.

Our commitment to learning is also evident in our apprenticeship and trainee programmes. Our apprenticeships in Switzerland and Germany clearly demonstrate that vocational training is as multifaceted as it is appealing. A robust vocational education forms the foundation for tomorrow's skilled workforce and their professional future. The hands-on training we provide in countries like India and Malaysia open up numerous possibilities, specifically preparing young individuals for the demands of the modern working world.

In the realm of talent attraction and especially retention, our benefits and programmes aim for adaptability through our locations worldwide. Tailored programmes reflect our commitment to the ongoing development of our workforce, including those aged 50 and above. Diversity, equality, and inclusion aren't just goals; they're integral to our spirit.

In essence, our employees and their skills and motivation are the foundation of our success. Our investments in their development, well-being, and work environment are a testimony to our firm commitment to their success and the company's success.

Risk management

As a global company, HUBER+SUHNER is exposed to a diverse set of risks. Managing these risks is an integral part of our business. Our risk management framework allows us to identify, assess, and mitigate risks in a continuous and iterative process.

Risk management framework and risk policy

Our global risk policy defines our goals and principles for effective corporate risk management. Through our risk management framework, HUBER+SUHNER assesses actual risks and identifies potential risks. Risks are assessed in a two-dimensional risk matrix based on likelihood and impact on operations. Taking diverse types of risks into account has become crucial for companies because non-financial risks associated with business activities or business relationships, products, and services can lead to major financial loss OR jeopardize our financial position . Sustainability-related risks have become an increasingly relevant driver for other risk categories with significant financial implications

Risk management process and risk governance

For each identified risk topic, a "sponsor" is assigned from the extended Executive Group Management (EGM) or other senior management. Each sponsor analyses the risk within her/his area of responsibility. This includes the following:

- 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
- Define for each of the actions a timeline and the assignment of the relevant people within the organisation.

Each year, the risks are being reviewed and assessed for their materiality and re-prioritized where necessary. Risks which are deemed irrelevant are removed from the risk map, whereas newly emerging risks are assessed and, if qualified material for the company, are 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. With the annual risk report, HUBER+SUHNER provides an overview of the company's risk position, risk profile, and top risks identified as well as mitigating actions. This report is 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 owners.

Top nine risks

Risks are prioritised based on their significance with regards to the financial impact they could have on the company, and according to their probability of occurrence. The top nine risks identified in 2023 are the following (in alphabetical order):

Climate change: Climate change was added to the list of top risks in 2023. Tackling climate-related risks arising from increasing compliance obligations, growing customer expectations and requirements, and ever-higher raw material prices has become a priority for HUBER+SUHNER. This is reflected in our climate targets and transition planning, which mitigate these risks. Furthermore, we continue to monitor the evolving compliance landscape and define measures in response to regulatory changes. While our assets are currently less exposed to physical risks, such as floods, wildfires, and heatwaves, these risks need to be monitored continuously, as this may change in the medium to long term.

Cybercrime: In addition to the increasing number of "commercial" cybercriminals, government-backed criminals have entered the picture and are pursuing attacks on intellectual property (IP) and data. Next to effective information technology (IT) governance, such threats are mitigated by ensuring that information security risks at HUBER+SUHNER are identified, evaluated, and mitigated for each application level.

Disaster: Interruption of the delivery of goods to our customers is a major risk. The reasons for such interruptions can be many, including natural disaster, fire, power/gas outage, IT breakdown, strike, worldwide pandemic, geopolitical decisions, wars, or terroristic actions. We mitigate these risks through business continuity plans and emergency procedures, which are in place globally. Our global operations network supports these efforts.

Energy supply shortage and interruptions: Power shortages and interruptions have mainly been a European concern driven by the Russian invasion of Ukraine, the ongoing war, and Western countries' sanctions against Russia. However, since the beginning of the war on Ukraine, the countries of the European Union have been able to become largely independent from Russian energy supplies. In addition to mitigating this risk, we have implemented measures at our largest European production sites to ensure energy security.

Exposure to currency fluctuation: HUBER+SUHNER conducts a large part of our business in Swiss francs. With the strong Swiss franc, the currency currently trades at a premium. Foreign exchange accounting is one important measure to hedge against these risks related to currency fluctuations.

Exposure to geopolitical conflicts: Unstable global geopolitical situations threaten global supply chains and operations. As a risk mitigation measure, we closely monitor regulatory and political developments in relevant countries and adjust our sales and procurement strategy in line with these developments.

Non-compliance with internal and external standards: Growing compliance requirements present an increasing challenge for multinational companies operating in an environment of unprecedented complexity. In particular, the area of trade, compliance, tax, and transfer pricing has grown in complexity in the past year. To mitigate this risk, HUBER+SUHNER follows stringent processes to determine and monitor adequate transfer pricing and tax risks and maintains a compliance programme that ensures constant monitoring of relevant regulations and continuous education of our employees.

Serial defects: Serial defects of products may occur because of design and/or manufacturing flaws; Such defects can lead to exhaustive dismantling and replacement actions and – in the event of safety concerns – to product recalls. To mitigate this risk, we maintain a quality-centric mentality at HUBER+SUHNER and implement processes accordingly.

Worldwide pandemic: The Covid-19 pandemic led to global business disruptions and supply chain shortages. Although the actual risk of a pandemic is judged moderate at this time, a potential risk remains. Lessons learned from the Covid-19 pandemic and a comprehensive pandemic plan increase our resilience to confront potentially emerging health crisis.

THE HUBER+SUHNER GROUP IN BRIEF

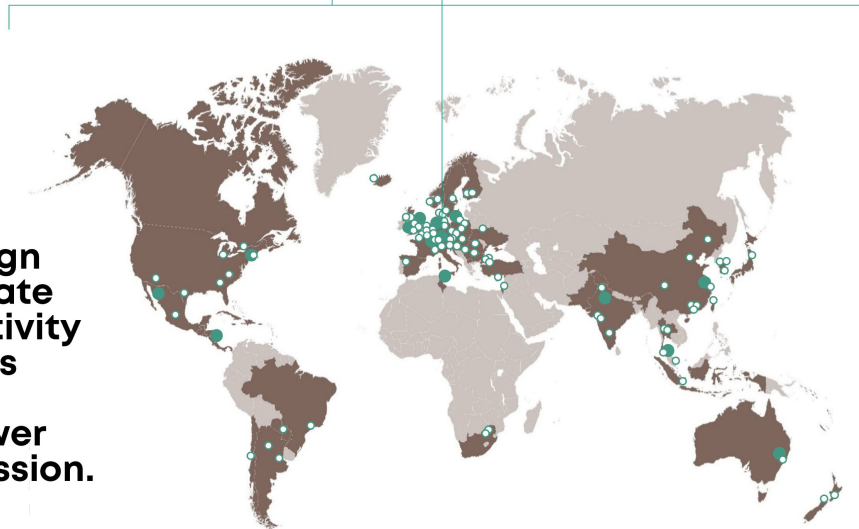
Founded
1969

Employees globally
More than 4,100

Employees in Switzerland
Close to 1,200

Listed
SIX Swiss
Exchange: **HUBN**

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



● Countries with HUBER+SUHNER representation
○ Sales locations
● Production plants

Global presence

Locations
39

Countries
20

Production sites
18

Customers
Around 4,500
Net sales
CHF 851.1 million
EBIT
CHF 77.6 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 specialise 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. Connections between humans, places, and systems are a prerequisite for the functioning of our society. The need to being connected is driven by the fundamental human needs to:

- Communicate
- Be mobile
- Feel safe
- Act sustainably

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

Every day, more than 4,100 employees work in 20 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

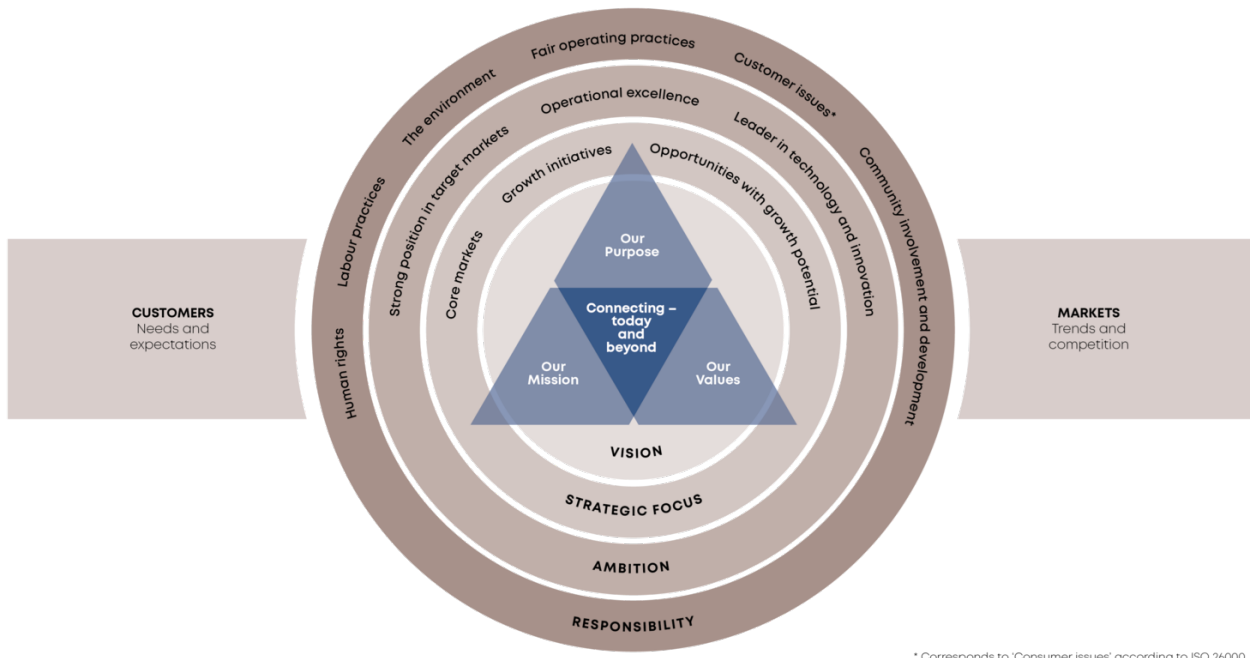
values, namely trust, care, passion, transparency, and accountability which promote the entrepreneurial spirit and are based on respect for people.

Since 2021, HUBER+SUHNER has oriented itself towards three market segments: Industry (33 % of net sales), Communication (33 %) and Transportation (34 %). 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 4,500 buying customers in Europe, Middle East and Africa (EMEA) with 55 % of net sales, the Americas with 19 %, and Asia-Pacific (APAC) with 26 %.

HUBER+SUHNER is listed on the SIX Swiss Exchange and has around 7,400 shareholders (as per 31 December 2023) of which three major shareholders are above the reporting threshold of 3 %. In 2023, net sales amounted to CHF 851.1 million and operating profit (earnings before interest and taxes [EBIT]) was CHF 77.6 million.

Our fundamentals

“Connecting – today and beyond” is the cornerstone of everything we do. Our world is based on connections between humans, places, and systems. Connections are essential to the functioning of our society – and our customers make them happen by transporting data and power in networks. Our [strategic focus](#) makes it possible for humans everywhere to stay in touch with one another, to be mobile and safe, and contribute to a more sustainable world. As a company, we engage with our employees, customers, shareholders, suppliers, authorities, the financial community, and others. Each stakeholder group has its own requirements and expectations of our organisation. With “Connecting – today and beyond,” we articulate a vision that precisely addresses our stakeholders’ needs and our commitment to meeting these needs today and well into the future.



* Corresponds to 'Consumer issues' according to ISO 26000

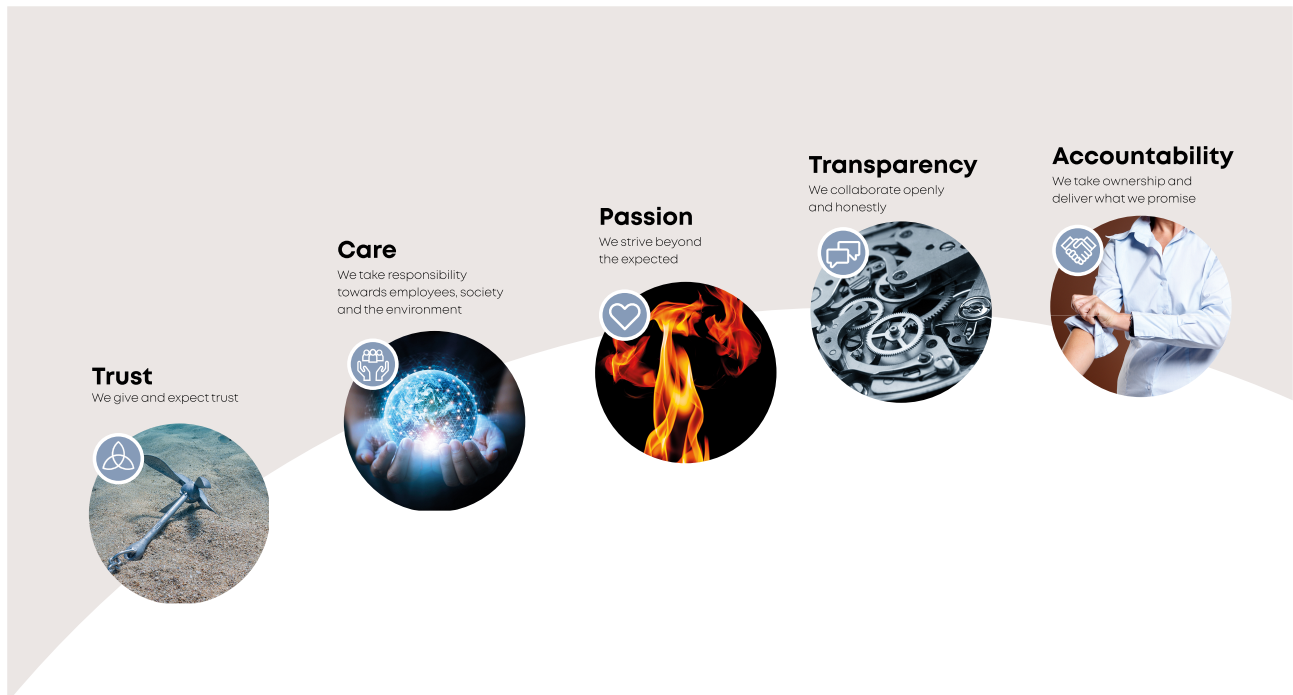
Our purpose

Our purpose, “We help customers bring people closer together,” expresses how HUBER+SUHNER positively contributes to global issues in a variety of [markets](#) with often-invisible products that, despite their sometimes small size, ensure highest precision and connectivity. Considering the social and environmental impacts, we are fully dedicated to going far beyond solely selling products or solutions: We are our customers’ reliable partner, helping them keep their networks running with stable and applicable connectivity solutions that contribute to personal security, seamless communication, environmentally friendly mobility, and responsible business conduct. HUBER+SUHNER constantly monitors market trends and competition and drives innovative connectivity solutions that meet customers’ needs. As an employer, we strive to create a workplace where employees can make an impact and experience how meaningful their contributions are. This is how we help people connect with one another every second, every minute, every day: Connecting – today and beyond.

Our guiding principles

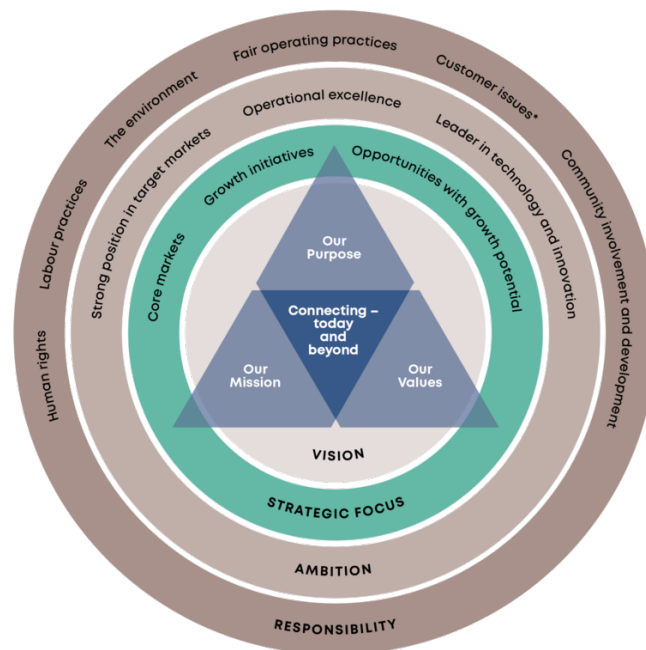
Our values and leadership principles guide us as we pursue our purpose, reminding us every day of what is important when interacting with one another and with external stakeholders and of our aspirations in terms of behaviour and attitude. They provide direction on how to succeed in a continuously evolving business environment.

Read more about our [values](#).



Strategic focus

HUBER+SUHNER builds its sustainable growth on a diversified but focused business approach with market verticals which form a highly attractive portfolio. They can be grouped in three different states of maturity : core markets and focused market verticals, growth initiatives, and opportunities with growth potential.



* Corresponds to 'Consumer issues' according to ISO 26000

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

Our five core markets are:

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

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

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

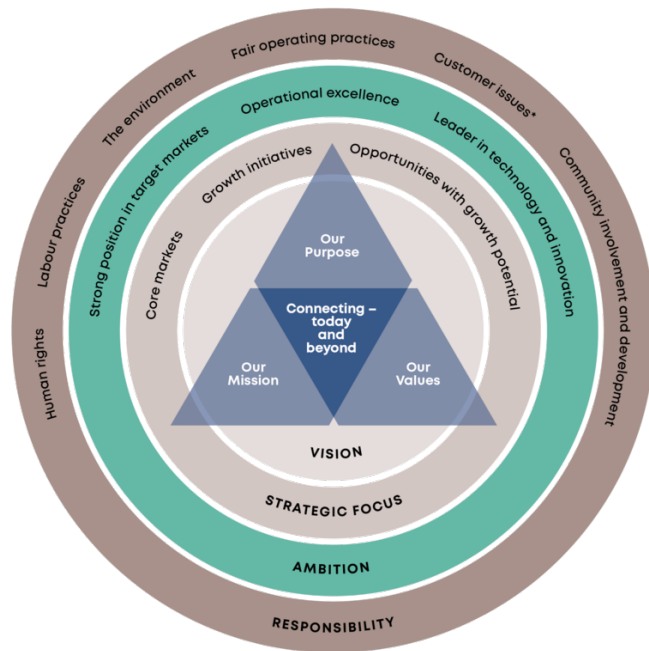
Focused market verticals include a range of highly attractive niche applications in smaller-sized markets such as:

- General industrial (Energy, Industrial automation, Medical device, Process industries) (Industry segment)
- High power charging (Industry segment)

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 – if the opportunity is not sustainable – they are not further pursued. Therefore, the company strives to always have a broad range of such opportunities in the pipeline.

Our ambition

We have three strengths that form our ambition and which navigate us in our daily work and interaction with our customers:



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 a 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.

2. Operational excellence

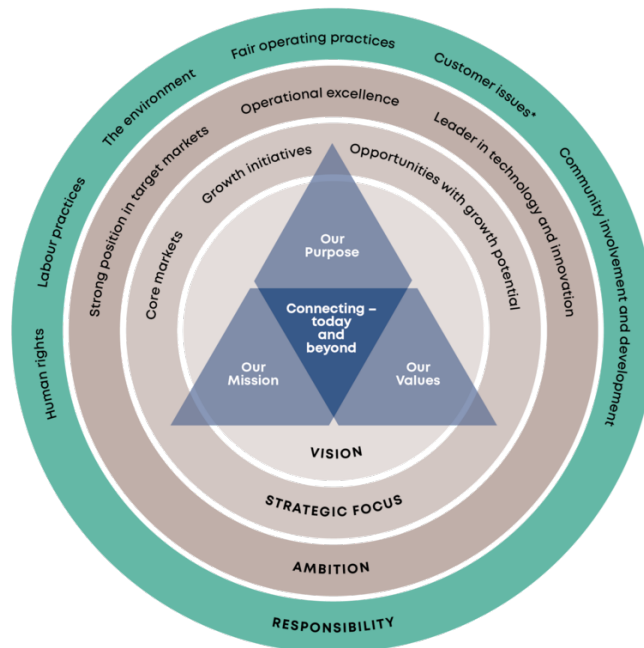
Through operational excellence spanning production processes as well as logistics and the supply chain, HUBER+SUHNER sustains and extends its market positions. By continuously optimising our operations and entire supply chain, we ensure a superior end-to-end customer experience, which is essential to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

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. We capitalise on our innovative strength to offer customers added value while supporting them in becoming relevant market players.

Responsibility

Our efforts and plans for advancing our strategy and performance are linked to our commitment to conducting business responsibly with regard to our material sustainability topics:



* Corresponds to 'Consumer issues' according to ISO 26000

- The environment
- Human rights and labour practices (including occupational health & safety)
- Customer relations / issues
- Community involvement and development
- Fair operating practices (Governance)

Our continuous journey and commitments are to improve our economic performance and to analyse and transform existing business and production processes. The topic of product and transport packaging is also part of operational excellence. Here, the focus of HUBER+SUHNER is on reusable packaging and packaging materials with a low environmental and a low carbon footprint.

We have set ambitious goals based on our sustainable business model and we regularly measure our performance. Only by further embedding and connecting our ambitious sustainability and business goals on management level and with every single employee, can we work towards becoming a truly sustainable business. Read more in our [Non-financial Report](#).

Corporate Governance

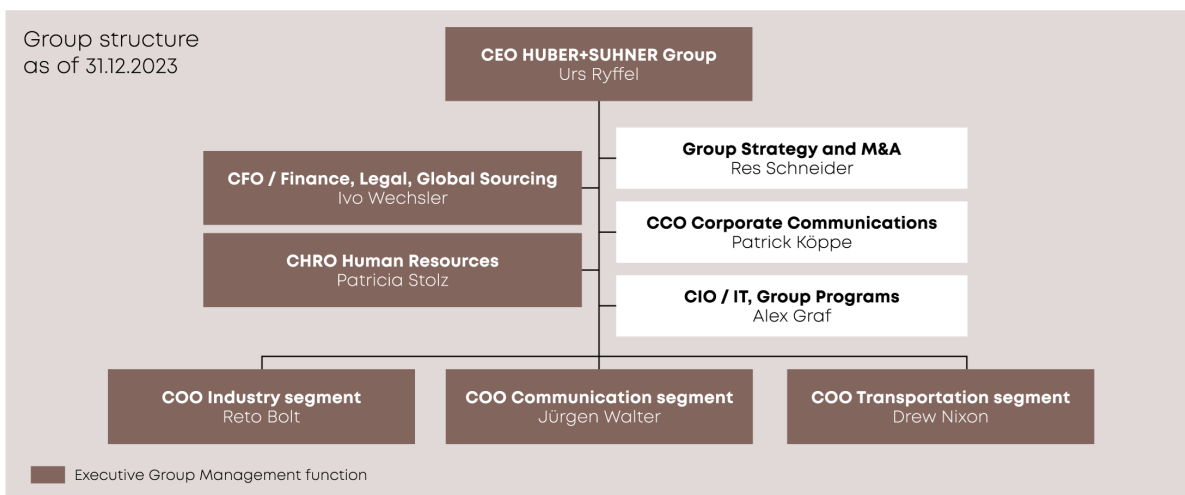
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Corporate Governance

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 2023, 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 2023 amounted to CHF 1 255 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	9.25%
S. Hoffmann-Suhner	CH	6.18%
Huwa Finanz- und Beteiligungs AG	CH	3.25%

The company holds 1 748 640 treasury shares (726 640 treasury stock, 1 010 000 treasury shares as part of the concluded share buyback programme 2021, 12 000 other treasury shares for remuneration purposes).

HUBER+SUHNER AG has published twelve 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, capital band 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 not introduced a capital band or conditional capital.

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.

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 programme was successfully concluded by 30 March 2023 via a second trading line on the SIX Swiss Exchange. The shares acquired under this programme will be proposed for cancellation by means of a capital reduction at the next Annual General Meeting on 27 March 2024.

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 record an acquirer as a shareholder with voting rights in the company if:

- a) the acquirer, as a recognised shareholder, was 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, that no agreement to redeem or return such shares exists and that he shall bear the economic risk associated with the shares.

Individuals, legal entities and groups with joint legal status which are related by capital, voting rights, management, or in some other manner, as well as all individuals, legal entities and groups with joint legal status coordinated for the purposes of circumventing the registration limitations are to be considered as one single acquirer. These limitations shall also apply in cases where shares are acquired following the exercise of subscriptions, 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 represented votes and the majority of the represented share per value.

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 29 March 2023 the six acting members of the Board of Directors were re-elected. Marina Bill and Kerstin Günther were elected as new members of the Board of Directors.

On 31 December 2023, the Board of Directors comprised the following eight members:



Urs Kaufmann

Chairman of the Board of Directors since 2017
Member of the Board of Directors since 2014

1962, Swiss citizen

Education

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich
Senior Executive Program IMD, Lausanne

Professional background

HUBER+SUHNER Group

- 2002-2017 Chief Executive Officer
- 2001-2002 COO Polymer Systems Sector, since 2001 Member of Executive Group Management
- 1997-2000 Division Head materials technology and member of the Management Board
- 1994-1997 Managing Director, Henry Berchtold AG (CH)

Previous employments

- 1987-1993 Project Manager, Production Manager and Head of Sales, Zellweger Uster AG, Uster (CH) and USA

Other activities and vested interests

- Vice-Chairman of the Board of Directors of SFS Group AG, Heerbrugg (CH)
- Member of the Board of Directors of Bucher Industries AG, Niederweningen (CH)
- Member of the Board of Directors of Vetropack Holding AG, Bülach (CH) (until 25 April 2024)
- Member of the Board of Directors of Müller Martini Holding AG, Hergiswil (CH)



Dr. Beat Kälin

Deputy Chairman of the Board of Directors
(Chairman 2015 - 2017)
Member of the Board of Directors since 2009

1957, Swiss citizen

Education

Dr. sc. techn., dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich
MBA INSEAD, Fontainebleau

Professional background

- Since 2015 Chairman of the Board of Directors, Komax Group, Dierikon (CH)
- 2007-2015 CEO, Komax Group, Dierikon (CH)
- 2006-2007 COO, Komax Group, Dierikon (CH)
- 2004-2006 Member of the divisional management board for packaging technology, Robert Bosch GmbH, Neuhausen am Rheinfall (CH)
- 1998-2004 Member of Executive Group Management, SIG Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen am Rheinfall (CH)
- 1987-1997 Various management positions, Elektrowatt Group, Stäfa and Zug (CH)

Other activities and vested interests

- Member of the Board of Directors of CabTec Holding AG, Rotkreuz (CH)



Marina Bill

Member of the Board of Directors since 29 March 2023

1973, Swedish-Swiss dual citizen

Education

Master of Science in Industrial Engineering and Management, Royal Institute of Technology Stockholm
Commercial Law Basics, Stockholm University, Stockholm

Professional background

- Since 2018 Group Vice President, Global head of Marketing & Sales, ABB Robotics Division, Zurich (CH), in addition since July 2023, Global Head of Product Line Software and Digital
- 2016-2018 Group Vice President, Global Sales & Marketing, ABB Grid Automation, Zurich (CH)
- 2013-2015 Group Vice President, Global Product Group Manager, ABB Power Generation Automation Products, Zurich (CH)
- 1997-2012 Various product- and sales manager positions ABB (PH, SE, UK, DE, CH)

Other activities and vested interests

- Member of the Board of Directors of Piab AB, Danderyd (SE)
- President of IFR (International Federation of Robotics), Frankfurt am Main (D)



Prof. Dr. Monika Bütler

Member of the Board of Directors since 2014

1961, Swiss citizen

Education

Dipl. math. University of Zurich. Dr. oec. University of St. Gallen

Professional background

- Since 2021 self-employed economist
- 2004-2021 Full Professor of Economics and Public Policy and Director of the Swiss Institute for Empirical Economic Research (SEW) at the University of St. Gallen (CH)
- 1999-2004 Professor at the University of Lausanne (CH)
- 1997-2001 Assistant Professor at the University of Tilburg (NL)

Other activities and vested interests

- Vice-Chair of the Board of Directors of AC Immune SA, Lausanne (CH)
- Member of the Board of Directors of Schindler Holding Ltd., Hergiswil (CH)
- Member of the Board of Directors of Swiss Life Holding, Zurich (CH)
- Vice President of the Foundation Board, Gebert Rüt Stiftung, Zurich (CH)



Kerstin Günther

Member of the Board of Directors since 29 March 2023

1967, German citizen

Education

Master of Science in Electronics, Technical University, Wrocław

Master of Business Administration with specialisation in International Management, University of Cleveland

Professional background

- 2019-31 March 2023 Chief Financial and Technology Officer, Helmholtz Zentrum München, München (DE)
- 2015-2017 Managing Director, Deutsche Telekom Pan-Net S.R.O., Bratislava (SK)
- 2012-2016 Senior Vice President Technology Europe (CTIO), Deutsche Telekom AG, Bonn (DE)

- 2010-2012 Senior Vice President Network and Investment Planning, Deutsche Telekom Technik GmbH, Bonn (DE)
- 2003-2009 Various managerial positions, Deutsche Telekom AG, Bonn (DE)
- 1991-2002 Various positions in the telecommunication industry in Slovakia, Hungary and Germany

Other activities and vested interests

None



Rolf Seiffert

Member of the Board of Directors since 2010

1958, Swiss citizen

Education

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich

Professional background

- Since 2014 CEO, AlpRail GmbH, Gais (CH)
- 2019-2021 Managing Director, BBR rail automation Swiss AG, Lucerne (CH)
- 2018-2019 Head of Railway Signaling, Kummler+Matter AG, Zurich (CH)
- 2015-2017 Managing Director, Kummler+Matter AG, Zurich (CH)
- 2013-2015 Head of Sales, Ruf Telematik AG, Schlieren (CH)
- 2011-2013 Vice President Sales, duagon AG, Dietikon (CH)
- 1999-2010 Various product development and sales functions, Siemens Switzerland, Rail Automation, Wallisellen (CH)
- 1988-1998 Product development and product management posts, ABB Transportation/Adtranz, Zurich (CH)

Other activities and vested interests

None



Dr. Franz Studer

Member of the Board of Directors since 2019

1965, Swiss citizen

Education

Dr. iur. University of Zurich
 Admitted to the Zurich bar
 MBA from the University of St. Gallen
 International Directors Programme at INSEAD, Fontainebleau

Professional background

- Since 2012 Investment Director and member of the Executive Committee, EGS Beteiligungen AG*, Zürich (CH)
- 2010-2011 CEO/COO, aizo group AG, Zurich (CH)/Wetzlar (DE)
- 1999-2009 Industry experience in various legal and commercial management positions, Bühler AG, Uzwil (CH)

Other activities and vested interests

- Chairman of the Board of Directors of Kantonsspital Winterthur, Winterthur (CH)
- Chairman of the Board of Directors of FAES AG, Wollerau (CH)
- Member of the Board of Directors of Roth Gerüste AG, Gerlafingen (CH) (until 12 April 2023 Chairman of the Board of Directors)
- Member of the Board of Directors of Sensirion AG, Stäfa (CH)
- Member of the Board of Directors of DV Bern AG, Bern (CH)

*Significant shareholder at HUBER+SUHNER AG



Jörg Walther

Member of the Board of Directors since 2016

1961, Swiss citizen

Education

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

Professional background

- Since 2010 Partner at Schärer Attorneys at Law, Aarau (CH)
- 2001-2009 Global Head Legal M&A and Antitrust, member of the Group Legal Executive Committee, Novartis International AG, Basel (CH)

- 1999-2001 Group Vice President M&A, ABB Asea Brown Boveri AG (CH)
- 1995-1998 Senior Legal Counsel, ABB Schweiz AG (CH)
- 1991-1995 Senior Legal Counsel and Head Legal Services, Danzas Management, Basel (CH)

Other activities and vested interests

- Vice-Chairman of the Board of Directors of Zehnder Group AG, Gränichen (CH)
- Vice-Chairman of the Board of Directors of AEW Energie AG, Aarau (CH)
- Member of the Board of Directors of SFS Group AG, Heerbrugg (CH)
- Member of the Board of Directors of Kraftwerk Augst AG, Augst (CH)
- Member of the Board of Directors of Immobilien AEW AG, Aarau (CH)
- Member of the Board of Directors of Apotheke im Stadtspital Zurich AG, Zurich (CH)
- Member of the Board of Directors of Aare-Apotheke Rombach AG, Rombach (CH)
- Member of the Executive Board of swissVR, Rotkreuz (CH)

Honorary chairmen

Marc C. Cappis, 1935

David W. Syz, 1944

3.3 Number of permitted activities

As per Article 30 of the Articles of Association, a Member of the Board of Directors may hold up to 5 mandates in comparable positions at other listed companies. In addition, a Member of the Board of Directors may hold up to 10 mandates in comparable positions with non-listed companies with an economic purpose. The acceptance of outside mandates shall not interfere with the member's performance of his duties to the company.

3.4 Elections and terms of office

In line with 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. For the first election per member please refer to 3.1/3.2. 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.

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, 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. The Board of Directors may use electronic means for the meetings.

Decisions are taken by the Board as a whole. The Board shall constitute a quorum when the majority of its members are present. A Member of the Board of Directors is also deemed present when attending via telephone or via video conference or by other electronic means. A majority quorum is not necessary for determining a capital increase,

capital reduction or change of the currencies of the share capital and the related amendments to the Articles of Association. 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 6 hours, one additional telephone conferences with a duration of an hour, as well as one “strategy work-shop” lasting two 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 financial performance and business activities and makes decisions regarding the disclosure of ad hoc announcements. 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 participating as a member of 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
Monika Bütler	Chairwoman	
Marina Bill	Member*	
Beat Kölin	Member	
Jörg Walther		Chairman
Kerstin Günther		Member*
Franz Studer		Member

* as of 29 March 2023

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.

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 to 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 attend committee meetings. For sustainability topics and non-financial reporting the Head Global Sustainability is present. Where necessary, the committee addresses certain agenda items with the external auditor alone. The committee held two meetings with an average duration of 4 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 to 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
- reviewing of the non-financial reporting including the sustainability report
- 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 their 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). The Bylaws are periodically reviewed and adapted by the Board, most recently on 29 March 2023.

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

Management information system (MIS)

The Board's main information and control instrument is a management information system based on financial accounting according to Swiss GAAP FER.

On a monthly basis, the Board of Directors receives a written commentary from the CEO on business activities and financial performance including key financial figures from the Group and the three market segments. The minutes of monthly Executive Group Management meetings are also submitted to the Chairman of the Board of Directors.

Additionally, on a quarterly basis, the Board of Directors receives a comprehensive Group financial status (income statement, balance sheet, cash flow statement, capital expenditure) and key financial figures per legal entity and the three market segments.

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 audit

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 recommendations, 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 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 system

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 assessment 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 top risk. The evaluated risks as well as the ongoing and planned compliance measures were presented in the 2023 Risk Report to the Board of Directors for review and approval. After its review, the Board approved the report on 6 December 2023.

Whistleblowing platform

HUBER+SUHNER is committed to conduct business responsibly. Therefore, HUBER+SUHNER Group operates its whistleblowing platform, provided by a third party provider, to promote a speak-up culture and to combat any non-compliant or non-ethical behaviour that might violate the HUBER+SUHNER Code of Responsible Business Conduct or the HUBER+SUHNER Supplier Code of Conduct or any underlying business or ethics principles. The platform is accessible for all HUBER+SUHNER employees (internal channel via the intranet or posters with a QR code) and for all other stakeholders (external channel via the HUBER+SUHNER website), ensuring anonymity if desired. Submitted complaints are handled by the Whistleblowing Steering Committee and a anonymized monthly summary is provided to the CEO and CFO.

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 2023, Executive Group Management consisted of the following six members:



Urs Ryffel
Chief Executive Officer (CEO)

1967, Swiss citizen

Education

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich

Professional background

HUBER+SUHNER Group

- Since 1 April 2017 Chief Executive Officer
- 2007-2016 Head of Fiber Optics Division, since 2008 Member of Executive Group Management
- 2004-2007 Head of the Cable System Technology business unit
- 2002 joined HUBER+SUHNER as Head of Rollers business unit

Previous employments

- 1999-2002 General Manager Hydro Power segment, ABB/ALSTOM, Lisbon (PT) and Hydro Power Plants and Systems, Paris (F)
- 1992-1999 Head of the Business Development unit, ABB Power Generation Switzerland, Baden (CH); Head of the Hydro Power Plant Service global business unit at ABB Power Generation segment, Zurich (CH)

Other activities and vested interests

Member of the Board of Directors of Bergbahnen Scuol AG, Scuol (CH)



Reto Bolt

Chief Operating Officer (COO) Industry segment

1966, Swiss citizen

Education

Dipl. Ing. ETH (Swiss Federal Institute of Technology) Zurich

Professional background

HUBER+SUHNER Group

- Since 2021 COO Industry segment
- 2012-2020 Head of Radio Frequency Division, since 2012 Member of the Executive Group Management
- 2007-2012 Head of the Cable Systems business unit within the Low Frequency Division
- 2004-2007 Head of Global Management Systems
- 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

Other activities and vested interests

Member of the Board of Directors of Mosmatic AG and Midas AG, Neckertal (CH)



Drew Nixon

Chief Operating Officer (COO) Transportation segment

1965, American citizen

Education

Bachelor in Business Administration, Babson College, Wellesley Massachusetts

Professional background

HUBER+SUHNER Group

- Since 2021 COO Transportation segment
- 2015-2020 Chief Operating Officer Global Sales, since 2015 Member of the Executive Group Management
- 2012-2015 Managing Director of the Region North Asia, Shanghai (CN)
- 2008-2012 Managing Director North America, Vermont (USA)
- Joined HUBER+SUHNER in 2004 as Finance Director North America (USA)

Previous employments

- 2000-2004 as Director of Finance and Administration, Zettacom INC, Santa Clara (USA)
- 1988-2000 working in various management functions for the American companies Charleswater Products INC, Boston Metal Products Corp, Cerplex Mass INC and Decibel Instruments INC (USA)

Other activities and vested interests

None



Patricia Stolz

Chief Human Resources Officer (CHRO)

1969, Swiss citizen

Education

Certificate of competence and EMBA University of Applied Sciences St. Gallen

Professional background

HUBER+SUHNER Group

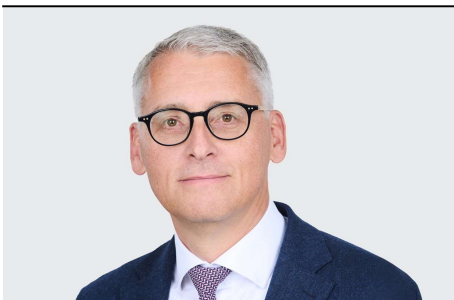
- Since 2015 Chief Human Resources Officer and member of the Executive Group Management
- Joined HUBER+SUHNER in 2008 as Human Resources Manager of the Fiber Optics Division

Previous employments

- 2003-2007 Head of HR Management at Flawa AG, Flawil (CH)
- 1990-2003 Assistant in Human Resources at NAW Nutzfahrzeuge AG, Arbon (CH)

Other activities and vested interests

None



Jürgen Walter

Chief Operating Officer (COO) Communication segment

1968, German citizen

Education

Dipl. Ing. electrical engineering Technical University of Munich

Professional background

HUBER+SUHNER Group

- Joined HUBER+SUHNER in 2021 as COO Communication segment and member of the Executive Group Management

Previous employments

- 2019-2021 COO at Kathrein Mobile Communication, Ericsson, Rosenheim (DE)
- 2015-2019 Solution Business Unit Manager, Kathrein Group, as of 2017 COO and member of the Executive Board at Kathrein SE, Rosenheim (DE)
- 2012-2015 Business Transformation Officer and as of 2013 CEO Central Europe and Chairman of the Management Board, Fujitsu Technology Solutions, Munich (DE)
- 2010-2012 Head of the Segment Business Solutions and member of the Executive Board at Nokia Siemens Networks, Munich (DE)
- 2007-2009 Head of the Business Unit Converged Core, Nokia Siemens Networks, Munich (DE)
- 1995-2007 various consulting and commercial positions, Siemens Gruppe, Munich (DE)

Other activities and vested interests

None



Ivo Wechsler
Chief Financial Officer (CFO)

1969, Swiss citizen

Education

Lic. oec. HSG (University of St. Gallen)

Professional background

HUBER+SUHNER Group

- Since 2010 Chief Financial Officer and member of the Executive Group Management
- Joined HUBER+SUHNER in 2008 as Head Corporate Controlling

Previous employments

- 2001-2007 Head Corporate Controlling and from 2005 in addition Head Corporate Treasury, Ascom Group, Bern (CH)
- 1998-2000 Controller and from 1999, Head of Controlling & Treasury at Sunrise Communications, Rümlang (CH)
- 1995-1997 at Schweizerische Bankgesellschaft (UBS) in Corporate Finance in Zurich/London (CH, UK)

Other activities and vested interests

Member of the Board of Directors of Zehnder Group AG, Gränichen (CH)

4.3 Number of permitted activities

As per Article 30 of the Articles of Association, a Member of the Executive Group Management may hold up to 3 mandates in comparable positions at other listed companies. In addition, a Member of the Executive Group Management may hold up to 5 mandates in comparable positions with non-listed companies with an economic purpose. The acceptance of outside mandates shall not interfere with the member's performance of his duties to the company. As per Article 4.2 of the Bylaws outside mandates of the Members of the Executive Group Management need the approval of the Chairman of the Board of Directors.

4.4 Management contracts

No management contracts exist that transfer management responsibility to companies or individuals outside the HUBER+SUHNER Group.

5 Compensation, shareholdings and loans

The principles and elements of compensation and shareholding programme 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 programmes and shareholdings of the Board of Directors and the Executive Group Management as well as loans and the approval procedure by the Annual General Meeting is set forth in the [Compensation Report](#).

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 entire 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 Annual General Meeting appoints the independent proxy representative each year. The term runs until the end of the next Annual General Meeting. Re-election is possible. As per Art. 9 para 7 of the Articles of Association the Board of Directors may make a provision for the Annual General Meeting to be held by electronic means without a venue.

6.2 Quorums required by the Articles of Association

The Annual General Meeting makes its decisions and carries out its elections with the majority of casted votes unless the law determines otherwise. In line with the legal provisions a decision by the Annual General Meeting passed by at least 2/3 of the represented votes and the majority of the represented shares par value is in particular required for:

1. an amendment in the purpose of the company
2. the consolidation of shares, unless this does not require the approval of the shareholders concerned
3. a capital increase from equity, against contributions in kind or by offsetting against a claim and the granting of special advantages
4. the restriction or cancellation of subscription rights
5. the adoption of a conditional capital or the adoption of a capital band
6. the conversion of participation certificates into shares
7. the restriction of transferability of registered shares
8. the adoption of voting shares
9. a change to the currency of the share capital
10. the introduction of a casting vote by the chairperson at the Shareholders Meeting
11. the inclusion of a provision in the Articles of Association on holding the Shareholders Meeting abroad
12. the delisting of the company's equity securities
13. the relocation of the company's registered office
14. the introduction of an arbitration clause in the Articles of Association
15. the conversion of registered shares into bearer shares
16. 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. In line with the legal provisions, Article 9 para 3 of the Articles of Association stipulates that shareholders entitled to vote may place an item of the agenda or request proposals relating to agenda items included in the announcement of the convening of the Annual General Meeting if together they represent at least 0.5 % of the share capital or votes. 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 if 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 para 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 328 000 for auditing the Group Financial Statements and selective individual financial statements of different Group companies during the reporting year, CHF 50 000 for an independent assurance for the sustainability report, and CHF 50 000 for additional EY services (mainly forensic services).

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 "high level review" of the half-year figures 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 Annual or a Half-year report](#) which are published electronically in English. Additionally, shareholders receive a short printed version of the Management Report / Letter to Shareholders in German or English half-yearly. 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.

The exact dates can be found under [investors](#).

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.

Registered office
HUBER+SUHNER AG
Degersheimerstrasse 14
9100 Herisau (CH)
Phone +41 71 353 41 11

Relevant news, shareholder information and legal documents can be found using the links below:

[News & Ad hoc news](#)

[Investors](#)

[Articles of Association](#)

[Bylaws](#)

[Information service](#)

An important source of current information on the Group, including products and further contact details is the [HUBER+SUHNER website](#).

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 (usually early December) or preceding first half of the fiscal year (usually late June), 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 “Guideline on the prohibition of insider trading” of 22 June 2022 and is 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 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 and the three further service units assisting the CEO (see [Group Structure](#)) plus top ~25 global key positions

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 the year under review there were no exception of this rule.

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

These general quite periods also apply to HUBER+SUHNER Group itself. The purchase of HUBER+SUHNER shares (e.g. for remuneration purposes) must take place outside quite periods.

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 2023

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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 2022 and 2023.

The Compensation Report fulfils the requirements of the Swiss Code of Obligations (OR) 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 the section on [Corporate Governance](#).

In accordance with Article 734b of the Swiss Code of Obligations (OR), 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](#).

No external advisors are involved in the preparation of the relevant decisions.

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

a) Remuneration

The Chairman receives a fixed fee of CHF 240 000 per annum.

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. Accordingly these contributions are deducted from the fixed fee.

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) fixed remuneration in cash;
- b) long-term oriented compensation in the form of a fixed number 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 2023 (based on 2022 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 2023, 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, Bossard, Burckhardt Compression, Comet, dormakaba, Kardex, Komax, Landis+Gyr, LEM, SFS and Zehnder Group.

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	Leadership 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 years 2022 and 2023 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 employees' contribution to social security and pensions are deducted from the employees' 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.

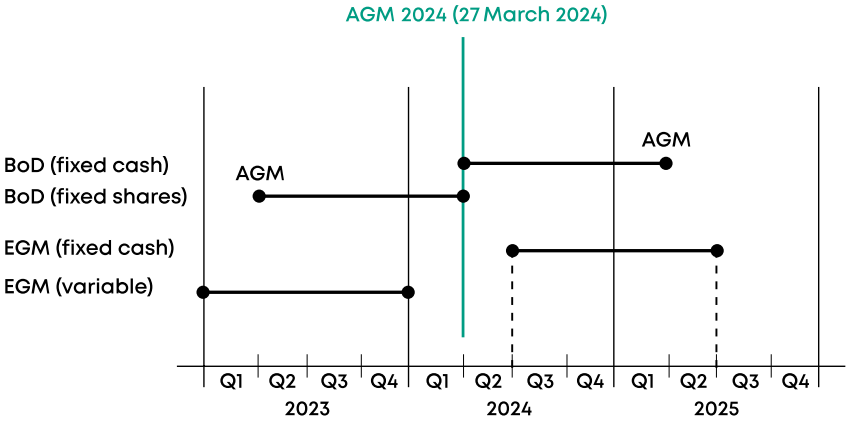
This relates to the amount of the fixed fees and post-related allowances for the members of the Board for the coming term of office and the fixed number of shares for the current term of office. For Executive Group Management members, this is the amount of the basic salary for the period from 1 July 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 in cash 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);
- compensation in form of a fixed number of shares for the Board of Directors for the one-year term of office expiring at the Annual General Meeting (retrospective);
- total amount of fixed compensation in cash 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 compensations for the Executive Group Management for the completed financial year (retrospective).

Compensation vote at the 2024 AGM



5 Compensation for the members of the Board of Directors and Executive Group Management for fiscal year 2023

Board of Directors' compensation 2023

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.

As of the AGM 2023 the Board of Directors consisted of 8 members (until AGM 2023 the Board of Directors consisted of 6 members).

The Members of the Board of Directors received TCHF 869 in fixed compensation in cash for the year under review (previous year: TCHF 731). Compensation in form of a fixed number of shares amounting to TCHF 582 (previous year TCHF 611) was also awarded. This amount is based on the market value of a total of 7600 shares (previous year: 6400 shares) divided into 1600 shares (previous year: 1600 shares) at a share price of CHF 78.30 from 1 April 2023 (previous year: CHF 92.50) for the period from 1 January to 31 March 2023 and 6000 shares (previous year: 4800 shares) at a share price of CHF 68.00 from 31 December 2023 (previous year: CHF 86.30) for the period from 1 April 2023 to 31 December 2023. No compensation was paid to former Board members.

Total compensation for members of the Board of Directors for the reporting year amounted to KCHF 1451 (previous year: KCHF 1342).

Compensation for the Board of Directors

(BoD)		Cash based compensation ¹⁾		Share-based compensation ²⁾		Total compensation		Number of allotted shares	
		2023	2022	2023	2022	2023	2022	2023	2022
KCHF									
Urs Kaufmann ^{a)}	Chairman	287	288	157	196	444	484	2 000	2 000
Beat Kälin ^{b)}	Deputy Chairman	114	114	95	118	209	232	1 200	1 200
Marina Bill ^{c)}	Member (as of AGM 2023)	68	–	46	–	114	–	600	–
Monika Bütler ^{d)}	Member (as of AGM 2023)	91	91	63	78	154	169	800	800
Kerstin Günther ^{e)}	Member	68	–	46	–	114	–	600	–
Rolf Seiffert	Member	70	70	56	70	126	140	800	800
Franz Studer ^{f) g)}	Member	80	78	56	70	136	148	800	800
Jörg Walther ^{h)}	Member	91	91	63	78	154	169	800	800
Total		869	731	582	611	1 451	1 342	7 600	6 400

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 78.30 (for the part of the allocation approved by the Annual General Meeting 2023) (previous year: CHF 92.50) and at CHF 68.00 (as of year-end 2023) (previous year CHF 86.30) 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

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

^{c)} NCC member (as of AGM 2023)

^{d)} AC Chairwoman (until AGM 2022) and NCC Chairwoman (as of AGM 2022)

^{e)} AC member (as of AGM 2023)

^{f)} AC member (as of AGM 2022)

- g) 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
- h) 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.

In accordance with Article 734d of the Swiss Code of Obligations (OR), shareholdings in the company by members of Board of Directors are as follows:

Shareholdings of Board of Directors

(Number of shares at 31 December 2023)		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	93 200	400	93 600	56 600	37 000	0.51%
Beat Kälin	Deputy Chairman	26 900	–	26 900	18 500	8 400	0.15%
Monika Bütler	Member	7 600	–	7 600	4 800	2 800	< 0.10%
Rolf Seiffert	Member	15 033	–	15 033	12 233	2 800	< 0.10%
Jörg Walther	Member	7 600	–	7 600	2 400	5 200	< 0.10%
Franz Studer ¹⁾	Member	–	–	–	–	–	–
Marina Bill	Member	–	–	–	–	–	–
Kerstin Günther	Member	–	–	–	–	–	–
Total shareholdings BoD 2023		150 333	400	150 733	94 533	56 200	0.82%

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%

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.

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

³⁾ Shares in % of shares entitled to a dividend

In addition to serving on the Board of Directors of HUBER+SUHNER the members hold the following mandates as of 31 December 2023:

Urs Kaufmann

- Vice-Chairman of the Board of Directors of SFS Group AG, Heerbrugg (CH)
- Member of the Board of Directors of Bucher Industries AG, Niederweningen (CH)
- Member of the Board of Directors of Vetropack Holding AG, Bülach (CH) (until 25 April 2024)
- Member of the Board of Directors of Müller Martini Holding AG, Hergiswil (CH)

Dr. Beat Kälin

- Chairman of the Board of Directors of Komax Group, Dierikon (CH)
- Member of the Board of Directors of CabTec Holding AG, Rotkreuz (CH)

Marina Bill

- Member of the Board of Directors of Piab AB, Danderyd (SE)
- President of IFR (International Federation of Robotics), Frankfurt am Main (D)

Prof. Dr. Monika Bütler

- Vice Chair of the Board of Directors of AC Immune SA, Lausanne (CH)
- Member of the Board of Directors of Schindler Holding Ltd., Hergiswil (CH)
- Member of the Board of Directors of Swiss Life Holding, Zurich (CH) and Member of the Board of Directors of Swiss Life AG, Zurich (CH)
- Vice President of the Foundation Board, Gebert Rüt Stiftung, Zurich (CH)
- Member of the Board of Trustees of Max Schmidheiny-Stiftung at the University St. Gallen, St. Gallen (CH)
- Member of the Executive Board of SMG, Swiss Management Association, Zurich (CH)

Kerstin Günther

- None

Rolf Seiffert

- CEO of AlpRail GmbH, Gais (CH)

Dr. Franz Studer

- Investment Director and member of the Executive Committee, EGS Beteiligungen AG*, Zurich (CH)
- Chairman of the Board of Directors of Kantonsspital Winterthur, Winterthur (CH)
- Chairman of the Board of Directors of FAES AG, Wollerau (CH)
- Member of the Board of Directors of Roth Gerüste AG, Gerlafingen (CH)
- Member of the Board of Directors of Sensirion AG, Stäfa (CH)
- Member of the Board of Directors of DV Bern AG, Bern (CH)

*Significant shareholder at HUBER+SUHNER AG

Jörg Walther

- Partner at Schärer Attorneys at Law, Aarau (CH)
- Vice-Chairman of the Board of Directors of Zehnder Group AG, Gränichen (CH)
- Vice-Chairman of the Board of Directors of AEW Energie AG, Aarau (CH)
- Member of the Board of Directors of SFS Group AG, Heerbrugg (CH)
- Member of the Board of Directors of Kraftwerk Augst AG, Augst (CH)
- Member of the Board of Directors of Immobilien AEW AG, Aarau (CH)
- Member of the Board of Directors of Apotheke im Stadtspital Zurich AG, Zurich (CH)
- Member of the Board of Directors of Aare-Apotheke Rombach AG, Rombach (CH)
- Member of the Executive Board of swissVR, Rotkreuz (CH)

Executive Group Management compensation 2023

The Executive Group Management members received fixed compensation in cash of TCHF 2559 for the year under review (previous year: TCHF 2550). Subject to approval by the Annual General Meeting, Executive Group Management was awarded variable compensation of TCHF 1467 (previous year: TCHF 2055). 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 54 to 86 %.

The share-based compensation at the market value of the shares amounts to 11 800 shares (previous year: 11 800 shares) at a share price of CHF 68.00 on 31 December 2023 (previous year: CHF 86.30). The Board of Directors determined the share factor for 2023 in its February 2024 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)

	2023	2022
Market environment	0	+
Strategy implementation	0	0
Financial situation	0	0
Sharefactor*	1.00	1.00

* 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 4026 (previous year: TCHF 4605). In 2023 the total compensation overall decreased by 12.6 %. In order to compare total compensation for the Executive Group Management of the reporting period with 2022, one has to consider:

- The year-end share price was CHF 68.00 (previous year: CHF 86.30).
- The variable compensation was lower than in the previous year (as shown in the table below) due to the lower target achievement levels.

Compensation for Executive Group Management

	Highest individual compensation ¹⁾		Total Executive Group Management ²⁾	
	2023	2022	2023	2022
Basic salary ³⁾	558	550	2 011	2 001
Contributions to social security and pension funds on fixed compensation	161	161	548	549
Total fixed compensation	719	711	2 559	2 550
Variable compensation in cash	212	324	573	911
Share-based compensation ⁴⁾	272	345	802	1 018
Contributions to social security on variable compensation	37	50	92	126
Total variable compensation	521	719	1 467	2 055
Total compensation	1 240	1 430	4 026	4 605
Number of allotted shares	4 000	4 000	11 800	11 800

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 68.00 (previous year: CHF 86.30). 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.

In accordance with Article 734d of the Swiss Code of Obligations (OR), shareholdings in the company by members of Executive Group Management are as follows:

Shareholdings of Executive Group Management

(Number of shares at 31 December 2023)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares ¹⁾	Total share of votes ²⁾
Urs Ryffel	CEO	43 100	–	43 100	29 100	14 000	0.23%
Reto Bolt	Member	15 680	–	15 680	3 680	12 000	< 0.10%
Drew Nixon	Member	13 930	–	13 930	8 330	5 600	< 0.10%
Patricia Stolz	Member	8 120	–	8 120	3 220	4 900	< 0.10%
Jürgen Walter	Member	2 000	–	2 000	–	2 000	< 0.10%
Ivo Wechsler	Member	19 200	–	19 200	10 000	9 200	0.10%
Total shareholdings EGM 2023		102 030	–	102 030	54 330	47 700	0.55%

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 ¹⁾	Total share of votes ²⁾
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%

1) Shares with remaining lock-in periods of up to ten years

2) Shares in % of shares entitled to a dividend

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

Urs Ryffel

- Member of the Board of Directors of Bergbahnen Scuol AG, Scuol (CH)
- Member of the Board of Swissmem, Zurich (CH)

Reto Bolt

- Member of the Board of Directors of Mosmatic AG and Midas AG, Neckertal (CH)

Drew Nixon

- None

Patricia Stolz

- Member of the Board focus50+, Zurich (CH)

Jürgen Walter

- None

Ivo Wechsler

- Member of the Board of Directors of Zehnder Group AG, Gränichen (CH)

6 Management compensation compared to amounts approved by the Annual General Meetings 2022 and 2023

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

	Cash based compensation Board of Directors April 1, 2022 - March 31, 2023 ¹⁾		Share based compensation Board of Directors April 1, 2022 - March 31, 2023 ²⁾		
	Approved Maximum as applied for	Actual	Approved Maximum as applied for	Approved Maximum based on share price as of allotment date	Actual
Cash, in CHF 1 000	650	650	0	0	0
Number of shares	0	0	6 400	6 400	6 400
Share-based compensation in CHF 1 000 ³⁾	0	0	552	501	501
Social security and pension in CHF 1 000	90	84	98	42	42
Total	740	734	650	543	543

Executive Group Management

	Fixed compensation EGM July 1, 2022 - June 30, 2023 ¹⁾		Variable compensation EGM January 1, 2022 - December 31, 2022 ²⁾		
	Approved Maximum as applied for	Actual	Approved Maximum as applied for	Approved Maximum based on share price as of allotment date	Actual
Cash, in CHF 1 000	2 074	2 018	910	910	910
Number of shares	0	0	11 800	11 800	11 800
Share-based compensation in CHF 1 000 ³⁾	0	0	1 017	924	924
Social security and pension in CHF 1 000	726	551	173	118	118
Total	2 800	2 569	2 100	1 952	1 952

¹⁾ According to AGM Agenda 2022

²⁾ According to AGM Agenda 2023

³⁾ Share price 86.20 (average 5 days before last board meeting as of February 21, 2023) compared to share price 78.30 as of March 29, 2023 (allotment date)



Ernst & Young Ltd
Aeschengraben 27
P.O. Box
CH-4002 Basle

Phone: +41 58 286 86 86
www.ey.com/en_ch

To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 28 February 2024

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 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables on page 59 to 65 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies 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 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 page 59 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.



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. It 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 pursuant to Art. 734a-734f CO 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 skepticism 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	2023	2022	Change
Order intake	821.4	975.4	(15.8%)
Order backlog as of 31.12.	271.9	320.0	(15.0%)
Net sales	851.1	954.6	(10.8%)
Gross margin	35.3%	35.7%	
EBITDA	110.5	135.3	(18.3%)
as % of net sales	13.0%	14.2%	
EBIT	77.6	103.2	(24.8%)
as % of net sales	9.1%	10.8%	
Financial result	(2.9)	(1.8)	n/m
Net income	64.8	85.2	(23.9%)
as % of net sales	7.6%	8.9%	
Purchases of PP&E and intangible assets	51.4	45.3	13.6%
Cash flow from operating activities	115.7	87.3	32.5%
Free operating cash flow	63.7	37.7	69.1%
Net liquidity as of 31.12.	163.1	151.1	7.9%
Return on invested capital (ROIC) in %	15.8%	20.9%	
Equity as of 31.12.	609.6	606.7	0.5%
as % of balance sheet total	78.4%	74.4%	
Employees as of 31.12.	4 109	4 469	(8.1%)
Market capitalisation as of 31.12.	1 254.7	1 600.4	(21.6%)

n/m = not meaningful

Data per share

in CHF	2023	2022	Change
Stock market price as of 31.12.	68.00	86.30	(21.2%)
Net income	3.48	4.47	(22.3%)
Dividend	1.70 ¹⁾	2.10	(19.0%)

¹⁾ Proposed dividend

Segment information

in CHF million		2023	2022	Change
Industry	Order intake	258.1	310.5	(16.9%)
	Net sales	285.3	298.0	(4.3%)
	EBIT	46.8	63.4	(26.1%)
	as % of net sales	16.4%	21.3%	
Communication	Order intake	283.4	380.6	(25.6%)
	Net sales	280.3	385.9	(27.4%)
	EBIT	13.7	34.2	(59.8%)
	as % of net sales	4.9%	8.9%	
Transportation	Order intake	279.9	284.4	(1.6%)
	Net sales	285.5	270.6	5.5%
	EBIT	25.9	13.7	89.5%
	as % of net sales	9.1%	5.1%	

Consolidated Income Statement

in CHF 1 000	Notes	2023	%	2022	%
Net sales	5	851 062	100.0	954 564	100.0
Cost of goods sold		(550 493)		(614 085)	
Gross profit		300 569	35.3	340 479	35.7
Selling expense		(119 332)		(132 203)	
Administrative expense		(49 954)		(48 354)	
Research and development expense		(57 354)		(59 243)	
Other operating expense		(818)		(402)	
Other operating income		4 448		2 901	
Operating profit (EBIT)	5	77 559	9.1	103 178	10.8
Financial result	6	(2 929)		(1 799)	
Income before taxes		74 630	8.8	101 379	10.6
Income taxes	7	(9 783)		(16 187)	
Net income		64 847	7.6	85 192	8.9
Attributable to shareholders of HUBER+SUHNER AG		64 221		84 253	
Attributable to minority interests		626		939	
Data per share					
in CHF	Notes	2023		2022	
Undiluted / diluted earnings per share	28	3.48		4.47	
Dividend		1.70 ¹⁾		2.10	

¹⁾ Proposed dividend

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

Consolidated Balance Sheet

in CHF 1 000	Notes	31.12.2023	%	31.12.2022	%
Assets					
Cash and cash equivalents	14	108 100		151 138	
Marketable securities	15	55 000		–	
Trade receivables	16	131 101		162 232	
Other short-term receivables	17	21 444		28 742	
Inventories	18	163 190		193 919	
Accrued income		5 115		4 133	
Current assets		483 950	62.3	540 164	66.3
Property, plant and equipment	20	226 554		214 867	
Intangible assets	21	28 820		26 250	
Financial assets	22	23 703		23 208	
Deferred tax assets	26	13 999		10 494	
Non-current assets		293 076	37.7	274 819	33.7
Assets		777 026	100.0	814 983	100.0
Liabilities and equity					
Trade payables		60 614		76 079	
Other short-term liabilities	24	49 910		66 263	
Short-term provisions	25	10 158		17 175	
Accrued liabilities		15 654		19 452	
Current liabilities		136 336	17.6	178 969	22.0
Other long-term liabilities		2 345		2 667	
Long-term provisions	25	7 433		7 778	
Deferred tax liabilities	26	21 283		18 917	
Non-current liabilities		31 061	4.0	29 362	3.6
Liabilities		167 397	21.6	208 331	25.6
Share capital	27	5 050		5 050	
Capital reserves		33 478		33 480	
Treasury shares		(82 379)		(75 231)	
Retained earnings		650 997		640 058	
Equity attributable to shareholders of HUBER+SUHNER AG		607 146	78.1	603 357	74.0
Minority interests		2 483	0.3	3 295	0.4
Total equity		609 629	78.4	606 652	74.4
Liabilities and equity		777 026	100.0	814 983	100.0

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

Consolidated Cash Flow Statement

in CHF 1 000	Notes	2023	2022
Net income		64 847	85 192
Income taxes		9 783	16 187
Depreciation of property, plant and equipment and intangible assets	12	32 940	32 112
Other non-cash items		1 485	1 995
Loss/profit from the disposal of property, plant and equipment		(572)	(45)
Change in trade receivables		22 706	(23 242)
Change in inventories		24 455	(28 007)
Change in other receivables and accrued income		7 116	(2 470)
Change in trade payables		(12 148)	15 468
Change in other liabilities and accrued liabilities		(12 361)	5 826
Change in provisions		(7 139)	(464)
Income tax paid		(15 411)	(15 077)
Interest paid		(40)	(156)
Cash flow from operating activities		115 661	87 319
Purchases of property, plant and equipment	20	(44 351)	(37 107)
Proceeds from sale of property, plant and equipment	20	847	202
Purchases of intangible assets	21	(7 934)	(8 853)
Purchases and disposals of financial assets		(91)	(24)
Purchases of marketable securities	15	(55 000)	–
Interest received		1 831	1 456
Cash outflow from acquisitions and disposals	3	(2 289)	(5 333)
Cash flow from investing activities		(106 987)	(49 659)
Payment of dividend		(38 773)	(38 243)
Payment of dividend to minority interests		(318)	(640)
Purchase of treasury shares ¹⁾		(8 959)	(63 140)
Cash flow from financing activities		(48 050)	(102 023)
Effect of exchange rate changes on cash		(3 662)	(4 344)
Net change in cash and cash equivalents		(43 038)	(68 707)
Cash and cash equivalents at beginning of year		151 138	219 845
Cash and cash equivalents at end of year	14	108 100	151 138
Net change in cash and cash equivalents		(43 038)	(68 707)

¹⁾ During 2023, 81 916 (previous year: 786 584) treasury shares were purchased as part of the share buyback programme at an average share price of CHF 78.70 (previous year: CHF 80.27) in the amount of CHF 6.4 million (previous year: CHF 63.1 million).

Per 30 March 2023 the share buyback programme, launched in October 2021, has been completed. In total 1 010 000 treasury shares were purchased at an average share price of CHF 80.61, amounting to CHF 81.4 million. The shares acquired under this programme will be proposed for cancellation by means of capital reduction at the next Annual General Meeting on 27 March 2024.

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	Transla- tion dif- ferences	Retained earnings	Equity attribut- able to share- holders of H+S AG	Minority interests	Total equity
Balance at 1.1.2022	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 ²⁾	–	–	(63 140)	–	–	–	–	(63 140)	–	(63 140)
Share-based payment	–	397	1 744	250	–	–	250	2 391	–	2 391
Goodwill offset ³⁾	–	–	–	–	(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
Change in scope of consol- idation ⁴⁾	–	–	–	–	–	–	–	–	(1 036)	(1 036)
Net income	–	–	–	64 221	–	–	64 221	64 221	626	64 847
Dividend paid	–	–	–	(38 773)	–	–	(38 773)	(38 773)	(318)	(39 091)
Purchase of treasury shares ²⁾	–	–	(8 959)	–	–	–	–	(8 959)	–	(8 959)
Share-based payment	–	(2)	1 811	(550)	–	–	(550)	1 259	–	1 259
Goodwill offset ³⁾	–	–	–	–	277	–	277	277	–	277
Currency translation differences	–	–	–	–	–	(14 236)	(14 236)	(14 236)	(84)	(14 320)
Balance at 31.12.2023	5 050	33 478	(82 379)	858 525	(146 703)	(60 825)	650 997	607 146	2 483	609 629

¹⁾ See [note 27](#)

²⁾ See footnote 1) at the end of the consolidated cash flow statement

³⁾ See [note 21](#)

⁴⁾ See [note 3](#)

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 28 February 2024 and released for publication on 5 March 2024. They are subject to the approval of the shareholders at the Annual General Meeting on 27 March 2024.

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.

2.4 Cash and cash equivalents

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

2.5 Marketable securities

Marketable securities are short-term investments in readily realisable notes, bonds, quoted shares and term deposits, which are traded in liquid markets. Marketable securities are stated at fair value. Term deposits are stated at nominal value.

2.6 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.

2.7 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.

2.8 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

2.9 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.

2.10 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.

2.11 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.

2.12 Financial liabilities

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

2.13 Trade payables and other short-term liabilities

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

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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).

2.19 Gross profit

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

2.20 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.

2.21 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 1 August 2023, HUBER+SUHNER sold the majority share (51 %) of BKTel Pacific Rim (Japan) Inc, a fully consolidated H+S Group company, to the minority shareholder for a price of CHF 1.1 million, which is equivalent to 51 % of equity. After the deduction of sold net cash (CHF 1.7 million) and the deferred payments to receive (CHF 0.2 million) the net cash outflow was CHF 0.8 million in 2023. In the consolidated Statement of Equity the derecognition of minority interests (49 %) is recognized in the line "change in scope of consolidation". The year 2023 includes net sales and operating profit until 31 July 2023 while the comparative period includes twelve months. Pro rata net sales 2023 amounted to CHF 1.1 million (net sales 2022: CHF 1.9 million). The transaction resulted in a gain on sale of CHF 0.02 million, which was recognized in 2023 in the position "Other operating income". BKTel Pacific Rim (Japan) Inc was reported in the Communication segment.

The following net assets were derecognized:

Effect of deconsolidation	Fair Value
Cash and cash equivalents	1 726
Trade receivables	3
Other short-term receivables	276
Inventories	44
Other short-term assets	63
Property, plant and equipment	31
Financial assets	16
Trade payables	(154)
Other short-term and accrued liabilities	(125)
Derecognized net assets	1 880

In June 2023 the outstanding payment for the acquisition of Phoenix Dynamics Ltd. (acquired in 2022), has been reduced from CHF 1.8 million to CHF 1.5 million as the criteria for deferred payment were not fully achieved. CHF 1.5 million was paid and the goodwill was reduced accordingly by CHF 0.3 million. Phoenix Dynamics Ltd. is reported in the Industry segment.

Phoenix Dynamics Ltd. had been acquired on 31 October 2022, 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 in 2022, 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, was CHF 5.9 million. The total purchase price (including acquisition costs) was CHF 7.5 million. After the deduction for purchased net cash (CHF 0.6 million) and the outstanding payments (CHF 1.8 million) the net cash outflow was CHF 5.1 million in 2022.

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

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	
	31.12.2023	31.12.2022	2023	2022
1 EUR	0.94	0.99	0.97	1.00
1 USD	0.85	0.93	0.90	0.95
100 CNY	11.93	13.29	12.64	14.10
1 GBP	1.09	1.12	1.12	1.17
100 INR	1.02	1.12	1.09	1.21
1 PLN	0.22	0.21	0.21	0.21
1 HKD	0.11	0.12	0.11	0.12
1 AUD	0.58	0.63	0.60	0.66

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, aerospace and defense, high power charging, general industrial.

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

	2023	2022
Industry	285 296	298 026
Communication	280 295	385 917
Transportation	285 471	270 621
Total net sales	851 062	954 564

Net sales by region (sales area)

	2023	2022
Switzerland	44 770	41 955
EMEA (Europe, Middle East and Africa [excl. CH])	427 099	450 410
APAC (Asia-Pacific)	221 261	216 199
Americas (North and South America)	157 931	246 000
Total net sales	851 062	954 564

Operating profit (EBIT)

	2023	2022
Industry	46 836	63 360
Communication	13 721	34 164
Transportation	25 913	13 673
Corporate	(8 911)	(8 019)
Total operating profit (EBIT)	77 559	103 178

6 Financial result

	2023	2022
Interest income	1 888	1 940
Foreign exchange gains incl. derivative financial instruments	2 243	2 843
Other financial income	8	2
Total financial income	4 139	4 785
Interest expense	(37)	(173)
Foreign exchange losses incl. derivative financial instruments	(5 200)	(4 399)
Other financial expense	(1 831)	(2 012)
Total financial expense	(7 068)	(6 584)
Total financial result	(2 929)	(1 799)

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

7 Income taxes

	2023	2022
Current income taxes	(11 686)	(15 230)
Deferred income taxes	1 903	(957)
Total income taxes	(9 783)	(16 187)

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

	2023	2022
Net income before taxes	74 630	101 379
Expected income tax rate	17.4%	19.9%
Expected income taxes	(13 005)	(20 137)
Effect of utilisation of non-recognised tax losses carry-forward	661	736
Effect of non-tax-deductible expenses and non-taxable income	2 569	2 019
Effect of non-recognition of current tax losses	(2 015)	(32)
Effect of increased/reduced allowance on deferred tax balances	(8)	35
Effect of changes in tax rates on deferred tax balances	(67)	(7)
Effect of tax credits/debits from prior years and other effects	2 082	1 199
Effective income taxes	(9 783)	(16 187)
Effective income tax rate	13.1%	16.0%

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 17.4 % in the expected to 13.1 % in the effective income tax rate is mainly attributable to the following three factors: Firstly, in several countries (Switzerland, China, France, UK, Germany) research and development deductions and other tax benefits are available, that are used by HUBER+SUHNER (shown

in the line “effect of non-tax-deductible expenses and non-tax-deductible income”). Secondly, in accordance with the valuation principles for recognizing tax assets on losses carried forward, one subsidiary recognized only a portion of the potential tax asset on current year tax loss (shown in the line “effect of non-recognition of current tax losses”). Thirdly, due to the deviation from the assumed income tax rate and the effective income tax rate in Switzerland and prior-year true-ups in the US and Switzerland (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 4.7 million (previous year: CHF 0.8 million). The increase compared to prior year is mainly related to the recognition of current year tax losses in two subsidiaries. The unrecognised tax loss carried forward was CHF 28.7 million (previous year: CHF 22.1 million). This corresponds to a potential tax asset of CHF 8.0 million (previous year: CHF 5.9 million). In 2023 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:

	2023	2022
Total personnel expenses	279 071	286 602

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	Accumulation	Balance sheet		Income statement impact from ECR	
	31.12.2023	2023	2023	31.12.2023	31.12.2022	2023	2022
	Employer contribution reserves ¹⁾	17 913	–	11	17 913	17 902	11
Total	17 913	–	11	17 913	17 902	11	677

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 2023 as well as in 2022, 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	Contributions for the period	Pension costs within personnel expenses	
	31.12.2023	31.12.2023	31.12.2022	2023	2023	2023	2023	2022
	Paternal fund ¹⁾	59 556	–	–	–	–	–	–
Pension plans with surplus ¹⁾	32 212	–	–	–	–	(9 314)	(9 314)	(9 073)
Pension plans without own assets	–	1 419	1 480	(98)	159	–	(98)	(22)
Total	91 768	1 419	1 480	(98)	159	(9 314)	(9 412)	(9 095)

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 68.00 (previous year: CHF 86.30). In the year under review, 23 900 shares (prior year: 23 100 shares) were allocated. Expenses, which included social security, in the amount of CHF 1.8 million (prior year: CHF 2.2 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 2023 and 2022 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:

	2023	2022
Depreciation of property, plant and equipment	28 571	27 691
Amortisation of intangible assets	4 369	4 421
Total depreciation and amortisation	32 940	32 112

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

	31.12.2023	31.12.2022
Less than 1 year	6 424	5 837
Between 1 and 5 years	15 724	14 725
More than 5 years	9 056	12 009
Total liabilities from operating lease	31 204	32 571

14 Cash and cash equivalents

	31.12.2023	31.12.2022
Cash at bank and on hand	51 839	78 747
Term deposits < 3 month term, in CHF	40 000	50 000
Term deposits < 3 month term, in other currency	16 261	22 391
Total cash and cash equivalents	108 100	151 138

15 Marketable securities

	31.12.2023	31.12.2022
Term deposits > 3 month term, in CHF	55 000	–
Total marketable securities	55 000	–

16 Trade receivables

	31.12.2023	31.12.2022
Trade receivables from third parties	132 914	165 225
Provision for doubtful trade receivables	(1 813)	(2 993)
Total trade receivables, net	131 101	162 232

17 Other short-term receivables

	31.12.2023	31.12.2022
Other short-term receivables	20 578	28 226
Derivative financial instruments	866	516
Total other short-term receivables	21 444	28 742

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.

18 Inventories

	31.12.2023	31.12.2022
Raw materials and supplies	94 472	95 869
Work in progress	11 295	13 939
Finished goods	104 111	125 313
Total inventories, gross	209 878	235 121
Inventory provision	(46 688)	(41 202)
Total inventories, net	163 190	193 919

In the reporting year, the increase of the inventory provision is caused by increasing slow moving parts mainly in the Communication segment.

19 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
	31.12.2023			31.12.2022		
Foreign exchange	866	130	Hedging	516	333	Hedging
Total	866	130		516	333	

20 Property, plant and equipment

	Undeveloped property	Land and buildings	Technical equipment and machinery	Other equipment	Assets under construction	Total
Cost at 1.1.2022	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
Additions	–	1 829	5 844	2 424	33 895	43 992
Disposals	–	(3 018)	(12 312)	(2 793)	(445)	(18 568)
Reclassifications	(911)	5 860	20 036	5 735	(30 720)	–
Change in consolidation scope	–	–	–	(64)	–	(64)
Currency translation differences	20	(2 711)	(5 995)	(874)	458	(9 102)
Cost at 31.12.2023	2 080	223 574	378 691	95 804	26 136	726 285
Accumulated depreciation and impairment at 1.1.2022	–	(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)
Additions	–	(5 263)	(16 601)	(6 707)	–	(28 571)
Impairments	–	–	–	–	–	–
Disposals	–	3 009	12 066	2 719	–	17 794
Reclassifications	–	–	–	–	–	–
Change in consolidation scope	–	–	–	31	–	31
Currency translation differences	–	1 059	4 424	692	–	6 175
Accumulated depreciation and impairment at 31.12.2023	–	(129 996)	(291 197)	(78 538)	–	(499 731)
Net book value at 1.1.2022	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
Net book value at 31.12.2023	2 080	93 578	87 494	17 266	26 136	226 554

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

21 Intangible assets

	Software	Other	Total
Cost at 1.1.2022	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
Additions	7 409	–	7 409
Disposals	(540)	–	(540)
Change in consolidation scope	–	–	–
Currency translation differences	(68)	(139)	(207)
Cost at 31.12.2023	101 407	1 218	102 625
Accumulated amortisation and impairment at 1.1.2022	(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)
Additions	(4 339)	(30)	(4 369)
Disposals	189	–	189
Impairments	–	–	–
Currency translation differences	53	35	88
Accumulated amortisation and impairment at 31.12.2023	(73 503)	(302)	(73 805)
Net book value at 1.1.2022	20 766	1 165	21 931
Net book value at 31.12.2022	25 200	1 050	26 250
Net book value at 31.12.2023	27 904	916	28 820

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. 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

	2023	2022
Balance at 1.1.	146 980	141 127
Additions from acquisitions	–	5 853
Reduction of goodwill	(277)	–
Balance at 31.12.	146 703	146 980

For the changes in goodwill see [note 3](#).

Accumulated amortisation

	2023	2022
Balance at 1.1.	(124 332)	(115 328)
Amortisation expense	(9 948)	(9 004)
Balance at 31.12.	(134 280)	(124 332)
Theoretical net book value at 31.12.	12 423	22 648

Impact on balance sheet

	31.12.2023	31.12.2022
Equity according to the balance sheet	609 628	606 652
Theoretical capitalisation of goodwill	12 423	22 648
Theoretical equity incl. net book value of goodwill	622 051	629 300

Impact on income statement

	2023	2022
Net income	64 847	85 192
Amortisation of goodwill	(9 948)	(9 004)
Theoretical net income	54 899	76 188

22 Financial assets

	31.12.2023	31.12.2022
Assets from employer contribution reserves	17 913	17 902
Others	5 790	5 306
Total financial assets	23 703	23 208

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

23 Restrictions on the title to assets

In 2022, an asset with a carrying amount of CHF 1.1 million was pledged to secure a bank loan and was relieved beginning of 2023. The pledged asset consisted of a building.

24 Other short-term liabilities

	31.12.2023	31.12.2022
Accrual for personnel expenses	27 797	32 678
Advance payments from customers	1 056	2 122
Derivative financial instruments	130	333
Current income tax liabilities	11 010	15 015
Other liabilities	9 917	16 115
Total other short-term liabilities	49 910	66 263

Other liabilities include indirect tax liabilities and advance payments from other third parties (not customers).

25 Provisions

	Retire- ment plan oblig- ations	Employee- related provisions	Order- related provisions	Other provisions	Total
Balance at 1.1.2022	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
Additions	173	251	489	33	946
Releases	(75)	(570)	(1 630)	(2)	(2 277)
Utilisation	(90)	(916)	(4 771)	(2)	(5 779)
Change in consolidation scope	-	-	-	-	-
Currency translation differences	(70)	(57)	(111)	(14)	(252)
Balance at 31.12.2023	1 419	3 252	8 449	4 471	17 591
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
Short-term provisions	-	763	7 415	1 980	10 158
Long-term provisions	1 419	2 489	1 034	2 491	7 433
Total provisions at 31.12.2023	1 419	3 252	8 449	4 471	17 591

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.

26 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities
Balance at 1.1.2022	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
Additions	5 753	2 394
Releases / utilisation	(1 456)	-
Releases through equity	-	-
Reclassifications	-	-
Change in consolidation scope	-	-
Currency translation differences	(792)	(28)
Balance at 31.12.2023	13 999	21 283

HUBER+SUHNER is subject to the provisions of BEPS Pillar 2.0 as of 1 January 2024 (15% minimum taxation). Due to the uncertainties in adjusting and implementing the local tax laws in several countries, it is currently not yet possible to quantify the impact. Within the scope of right to vote in Swiss GAAP FER, deferred taxes in relation to BEPS Pillar 2.0 are not recognized.

27 Share capital

As at 31.12.2023, 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 2023 (previous year: CHF 2.5 million).

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

	Quantity	Trans- action price (Ø) in CHF	Pur- chase cost	Quantity	Trans- action price (Ø) in CHF	Pur- chase cost
	2023			2022		
Balance at 1.1.	1 655 799		75 231	893 140		13 834
Purchases of treasury shares	115 941	77.27	8 959	786 584	80.27	63 140
Disposals of treasury shares	(23 100)	78.39	(1 811)	(23 925)	72.89	(1 744)
Balance at 31.12.	1 748 640		82 379	1 655 799		75 231

Out of the total purchases of treasury shares of 115 941 (previous year: 786 584), in 2023 81 916 (previous year: 786 584) treasury shares have been purchased as part of the share buyback programme and 34 025 treasury shares for remuneration purposes (previous year: 0).

In total 1 010 000 treasury shares have been purchased as part of the share buyback programme, at an average share price of CHF 80.61, amounting to CHF 81.4 million, which are 5.0 % of registered shares. Per 30 March 2023 the share buyback programme, launched in October 2021, has been completed. The shares acquired under this programme will be proposed for cancellation by means of capital reduction at the next Annual General Meeting on 27 March 2024.

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.

28 Earnings per share

	2023	2022
Net income attributable to shareholders of HUBER+SUHNER AG	64 221	84 253
Average number of outstanding shares	18 476 202	18 832 614
Undiluted / diluted earnings per share (CHF)	3.48	4.47

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.

29 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 30.0 million (previous year: CHF 23.4 million).

30 Contingent liabilities

As at 31 December 2023 parent guarantees in the amount of CHF 7.9 million (previous year: CHF 8.5 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.

31 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 (28 February 2024) which affect the annual results or require any adjustments to the Group's assets and liabilities.

Group Companies

Companies at 31.12.2023 (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%	▲ ■
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%	▲
	HUBER+SUHNER Polatis Sp. z o.o. ⁷⁾	Nawojowa Góra	PLN	5	100%	▲
Singapore	HUBER+SUHNER (Singapore) Pte Ltd.	Singapore	SGD	3 000	100%	◆ ■
Spain	HUBER+SUHNER (Spain) ⁸⁾	Madrid	EUR	3	100%	▲
Tunisia	HUBER+SUHNER (Tunisie) SARL	Sousse	TND	100	100%	▲
United Kingdom	HUBER+SUHNER (UK) Ltd. ⁹⁾	Bicester	GBP	4 000	100%	▲ ■
USA	HUBER+SUHNER Polatis Ltd.	Cambridge	GBP	8 700	100%	▲ ■
	HUBER+SUHNER Phoenix Dynamics Ltd. ¹⁰⁾	Staffordshire	GBP	10	100%	▲ ■
USA	HUBER+SUHNER (North America) Corp.	Charlotte, North Carolina	USD	1	100%	◆
	HUBER+SUHNER, Inc. ¹¹⁾	Charlotte, North Carolina	USD	50	100%	▲ ■
	HUBER+SUHNER Astrolab, Inc. ¹¹⁾	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 Polatis Ltd. and HUBER+SUHNER Sp. z o.o. (founded in December 2023)

⁸⁾ Subsidiary of HUBER+SUHNER Cube Optics AG

⁹⁾ HUBER+SUHNER Phoenix Dynamics Ltd., a subsidiary of Phoenix Dynamics Group Ltd., was sold to HUBER+SUHNER (UK) Ltd. in November 2023 and Phoenix Dynamics Group Ltd. was liquidated.

Phoenix Dynamics (Lake) Ltd. and Phoenix Dynamics Optics Ltd. were liquidated in 2023.

¹⁰⁾ Subsidiary of HUBER+SUHNER (UK) Ltd.

¹¹⁾ Subsidiary of HUBER+SUHNER (North America) Corp.

◆ Holding/Finance companies

▲ Production and assembly plants

■ Sales organisations

— Dormant / in liquidation



Ernst & Young Ltd
Aeschengraben 27
P.O. Box
CH-4002 Basle

Phone: +41 58 286 86 86
www.ey.com/en_ch

To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 28 February 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of HUBER+SUHNER AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of equity for the year then ended and notes to consolidated financial statements, including a summary of significant accounting policies.

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 2023 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

Areas of focus As of 31 December 2023, inventories amounted to CHF 163.2 million, representing 21.0% of the Group's total assets.

As indicated in Note 2.7 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 page 59 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.



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	2019	2020	2021	2022	2023
Order intake	800.9	748.2	995.6	975.4	821.4
change in % over prior year	(12.5)	(6.6)	33.1	(2.0)	(15.8)
Order backlog as of 31.12.	213.6	195.5	323.4	320.0	271.9
change in % over prior year	(13.5)	(8.5)	65.4	(1.1)	(15.0)
Net sales	830.6	737.9	862.9	954.6	851.1
change in % over prior year	(6.1)	(11.2)	16.9	10.6	(10.8)
Gross margin	36.2%	35.4%	38.2%	35.7%	35.3%
EBITDA	111.8	89.3	137.6	135.3	110.5
as % of net sales	13.5	12.1	16.0	14.2	13.0
EBIT	80.5	61.2	104.6	103.2	77.6
as % of net sales	9.7	8.3	12.1	10.8	9.1
change in % over prior year	(2.4)	(24.0)	70.9	(1.3)	(24.8)
Financial result	(1.7)	(0.6)	(2.3)	(1.8)	(2.9)
Net income	62.8	52.3	87.3	85.2	64.8
as % of net sales	7.6	7.1	10.1	8.9	7.6
change in % over prior year	2.3	(16.7)	66.9	(2.4)	(23.9)
Purchases of PP&E and intangible assets	37.5	37.7	50.7	45.3	51.4
change in % over prior year	38.9	0.4	34.6	(10.8)	13.6
Cash flow from operating activities	129.1	86.5	101.7	87.3	115.7
change in % over prior year	29.7	(33.0)	17.5	(14.1)	32.5
Free operating cash flow	45.1	50.2	56.6	37.7	63.7
change in % over prior year	(37.1)	11.3	12.7	(33.4)	69.1
Net liquidity as of 31.12.	190.2	202.9	219.8	151.1	163.1
change in % over prior year	(4.3)	6.7	8.3	(31.3)	7.9
Return on invested capital (ROIC) in %¹⁾	-	-	23.2%	20.9%	15.8%
Equity as of 31.12.	587.7	591.6	643.8	606.7	609.6
as % of balance sheet total	78.4	79.9	77.2	74.4	78.5
Employees at year-end (permanent employees)	4 823	4 410	4 588	4 469	4 109
change in % over prior year	8.2	(8.6)	4.0	(2.6)	(8.1)
Employees, yearly average (permanent employees)	4 636	4 726	4 466	4 608	4 279

¹⁾ as from 2021 onwards ROIC is disclosed as an additional KPI (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.

	2023	2022
Net sales	851.1	954.6
Cost of goods sold	(550.5)	(614.1)
Gross profit	300.6	340.5
Selling, administrative and research and development expense	(226.6)	(239.8)
Other operating expense / income	3.6	2.5
EBIT (= operating profit)	77.6	103.2

EBITDA

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

	2023	2022
EBIT (= operating profit)	77.6	103.2
Depreciation of property, plant and equipment	28.6	27.7
Amortisation of intangible assets	4.4	4.4
EBITDA	110.5	135.3

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:

	31.12.2023	31.12.2022
Trade receivables	131.1	162.2
Other short-term receivables (excl. derivative financial instruments)	20.6	28.2
Inventories	163.2	193.9
Accrued income	5.1	4.1
Property, plant and equipment (excl. undeveloped property)	224.5	211.9
Intangible assets	28.8	26.3
Deferred tax assets	14.0	10.5
Operating assets	587.3	637.2
Trade payables	(60.6)	(76.1)
Other short-term liabilities (excl. derivative financial instruments)	(49.8)	(65.9)
Short-term provisions	(10.2)	(17.2)
Accrued liabilities	(15.7)	(19.5)
Other long-term liabilities	(2.3)	(2.7)
Long-term provisions (excl. retirement plan obligations)	(6.0)	(6.3)
Deferred tax liabilities	(21.3)	(18.9)
Operating liabilities	(165.8)	(206.5)
Invested capital	421.4	430.6
	2023	2022
Average invested capital	426.0	415.3
EBIT (= operating profit)	77.6	103.2
Effective income tax rate	13.1%	16.0%
Income taxes	(10.2)	(16.5)
NOPAT (= net operating profit after taxes)	67.4	86.7
Return on invested capital (ROIC) in % = NOPAT / average invested capital	15.8%	20.9%

Free operating cash flow

Free operating cash flow is defined as cash flow from operating activities (excl. purchases of marketable securities) less cash flow from investing activities.

	2023	2022
Cash flow from operating activities	115.7	87.3
Cash flow from investing activities (excl. marketable securities)	(52.0)	(49.7)
Free operating cash flow	63.7	37.7

Free cash flow

	2023	2022
Free operating cash flow	63.7	37.7
Payment of dividend	(38.8)	(38.2)
Payment of dividend to minority interests	(0.3)	(0.6)
Purchase of treasury shares	(9.0)	(63.1)
Free cash flow	15.6	(64.4)

Net liquidity

	2023	2022
Cash and cash equivalents	108.1	151.1
Marketable securities	55.0	0
Short-term financial liabilities	0	0
Net liquidity	163.1	151.1

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	2023	2022
Net Sales		455 493	461 207
Other operating income	3.1	24 499	27 770
Change in semi-finished and finished goods		(8 342)	6 251
Total operating income		471 650	495 228
Material expenses		(205 179)	(218 338)
Personnel expenses		(146 755)	(148 582)
Other operating expenses		(65 533)	(67 138)
Depreciation and amortisation		(22 552)	(28 762)
Total operating expenses		(440 019)	(462 820)
Operating profit (EBIT)		31 631	32 408
Financial income		4 883	1 772
Financial expense		(3 441)	(3 674)
Income from investments	3.2	30 938	44 821
Non-operating income		1 248	1 048
Non-operating expenses		(969)	(638)
Income before taxes		64 290	75 737
Income taxes		(3 771)	(3 741)
Net Income		60 519	71 996

Balance Sheet

in CHF 1 000	Notes	31.12.2023	%	31.12.2022	%
Assets					
Cash and cash equivalents		67 116		96 571	
Marketable securities		55 000		–	
Trade receivables third party		22 339		23 146	
Trade receivables group companies		30 266		42 819	
Other short-term receivables third party		4 910		7 674	
Other short-term receivables group companies		2 152		2 122	
Inventories	3.3	34 750		51 900	
Accrued income		3 418		2 031	
Current assets		219 951	41.4	226 263	43.6
Property, plant, equipment and intangible assets	3.4	105 327		103 695	
Investments in subsidiaries	3.5	163 670		149 161	
Long-term loans group companies		42 046		39 924	
Non-current assets		311 043	58.6	292 780	56.4
Assets		530 994	100.0	519 043	100.0
Liabilities and equity					
Trade payables third party		24 530		23 406	
Trade payables group companies		8 341		10 635	
Other short-term liabilities third party		16 115		18 933	
Short-term provisions		561		1 463	
Accrued liabilities		5 294		4 656	
Current liabilities		54 841		59 093	
Long-term provisions		30 514		28 662	
Other long-term liabilities		2 345		2 590	
Non-current liabilities		32 859		31 252	
Liabilities		87 700	16.5	90 345	17.4
Share capital	3.6	5 050		5 050	
Legal reserves		40 271		40 271	
General reserves		90 991		90 993	
Retained earnings		389 366		367 620	
Treasury shares	3.7	(82 384)		(75 236)	
Equity		443 294	83.5	428 698	82.6
Liabilities and equity		530 994	100.0	519 043	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 from investments

Income from investments includes dividend payments from subsidiaries in the amount of KCHF 30 938 (previous year: KCHF 44 821). No impairments of investments were recognised (previous year: no impairment) or reversed (previous year: no reversal).

3.3 Inventories

in CHF 1 000	31.12.2023	31.12.2022
Raw materials and supplies	20 173	18 069
Work in progress	6 095	8 795
Semi-finished and finished goods	59 553	67 895
Inventory provision	(51 071)	(42 859)
Total	34 750	51 900

3.4 Property, plant, equipment and intangible assets

in CHF 1 000	31.12.2023	31.12.2022
Land	6 225	6 225
Buildings	43 107	44 200
Technical equipment and machinery	17 946	16 889
Other equipment	688	746
Assets under construction	7 824	7 933
Investment property	2 080	2 080
Intangible assets	27 457	25 622
Total	105 327	103 695

3.5 Investments in subsidiaries

Directly and indirectly held subsidiaries are listed in chapter [Group Companies](#) of the Group Financial Statements.

3.6 Share capital

Both at 31 December 2023 and at 31 December 2022 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 27](#)).

The company holds 1 748 640 treasury shares (726 640 treasury stock, 1 010 000 treasury shares as part of the concluded share buyback programme 2021, and 12 000 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 programme was successfully concluded by 30 March 2023 via a second trading line on the SIX Swiss Exchange. The shares acquired under this programme will be proposed for cancellation by means of a capital reduction at the next Annual General Meeting on 27 March 2024.

3.7 Treasury shares

	2023	2022
Number at 1.1.	1 655 799	893 140
Purchases	115 941	786 584
Allotment	(23 100)	(23 925)
Number at 31.12.	1 748 640	1 655 799

For details of transactions and balances relating to treasury shares see [note 27](#) of the Notes to Group Financial Statements.

4 Contingent liabilities

in CHF 1 000	31.12.2023	31.12.2022
Parent guarantee for long-term lease	5 971	6 489
Parent guarantee for repayment of an advance payment	1 888	1 973

5 Liabilities to pension funds

in CHF 1 000	31.12.2023	31.12.2022
Total liabilities to pension funds	–	–

6 Net release of undisclosed reserves

in CHF 1 000	2023	2022
Total net release of undisclosed reserves	–	–

7 Allotted Shares

Allotted number of shares to:

	2023	2022
Board of Directors	7 600	6 400
Executive Group Management	11 800	11 800
Employees	4 500	4 900

Allotted shares

in CHF 1 000	2023	2022
Expensed amount in Income Statement	1 625	1 994

The expense amount excluding social security is based on the market price of CHF 78.30 at date of allotment for 1 600 shares allotted during the year and the 2023 year-end share price of CHF 68.00 for outstanding shares (previous year: CHF 86.30). For members of Board of Directors and Executive Group Management, the assignment is subject to approval by the Annual General Meeting. The 1 600 shares that were allotted during the year were assigned to the Board of Directors in turn of the Annual General Meeting held in 2023.

8 Full-time positions

As in the previous year, HUBER+SUHNER AG had over 250 employees (full-time-equivalent) in 2023.

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 2023:

in CHF 1 000	2023	2022
Prior-year retained earnings	328 847	295 624
Net income for the year	60 519	71 996
Total retained earnings	389 366	367 620
Dividend	(31 367)	(38 773)
Total appropriation	(31 367)	(38 773)
Retained earnings carried forward	357 999	328 847

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	1.700	2.100
Less 35 % withholding tax	0.595	0.735
Net dividend	1.105	1.365



Ernst & Young Ltd
Aeschengraben 27
P.O. Box
CH-4002 Basle

Phone: +41 58 286 86 86
www.ey.com/ch

To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 28 February 2024

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 balance sheet as at 31 December 2023, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 102 to 109) 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 109).



Valuation of inventories

Area of Focus As of 31 December 2023, inventories amounted to CHF 34.8 million, representing 6.5% 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 2023, the HUBER+SUHNER AG holds investments in subsidiaries of CHF 163.7 million and loans to group companies of CHF 42.0 million, which corresponds to 30.8% and 7.9% 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 page 59 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

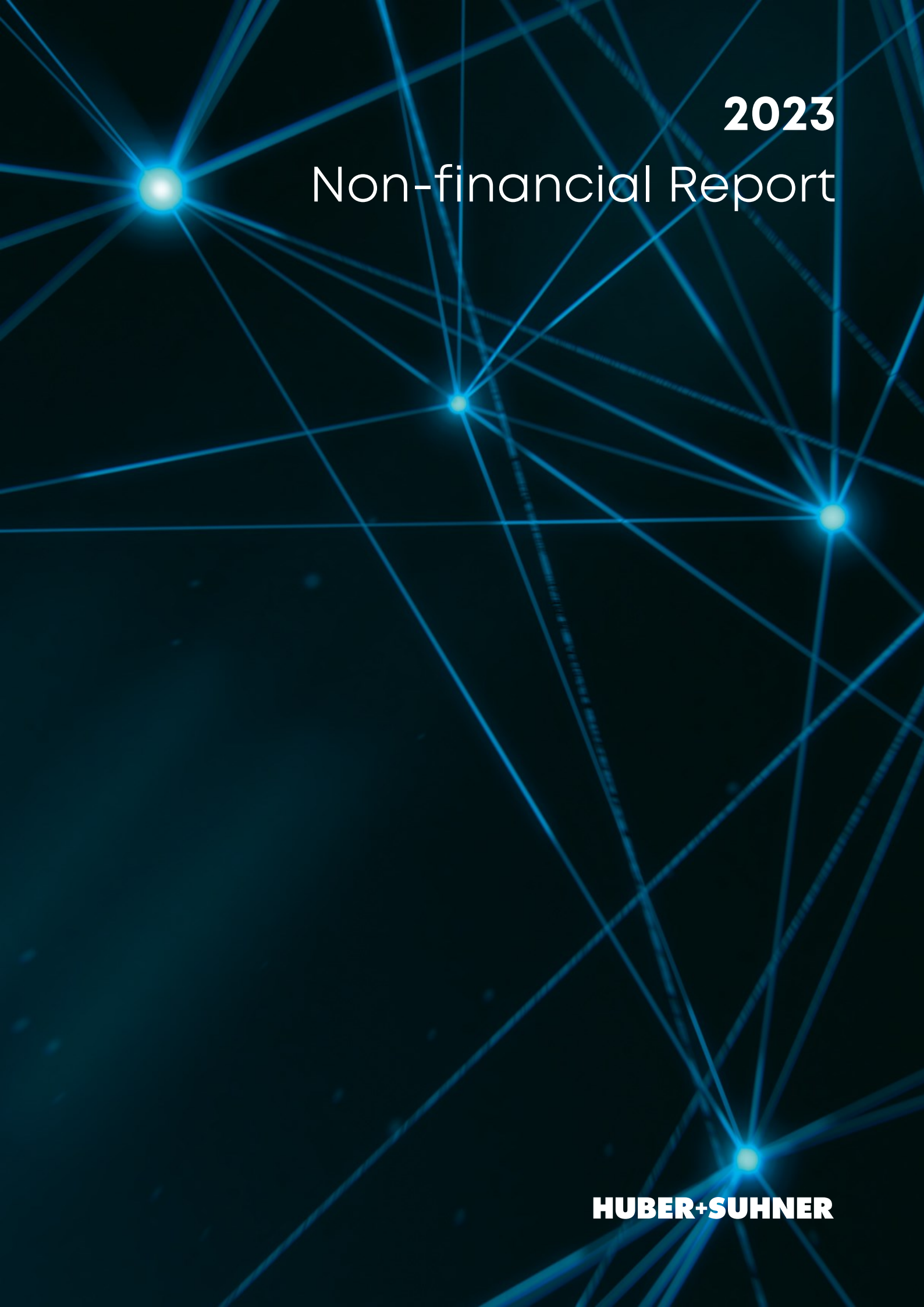
Registered shares at 31.12. (nominal value CHF 0.25)	2019	2020	2021	2022	2023
Number of issued shares	20 200 000	20 200 000	20 200 000	20 200 000	20 200 000
Number of shares entitled to a dividend	19 464 860	19 472 360	19 306 860	18 544 201	18 451 360
Number of shareholders at 31.12.	4 702	5 365	6 861	6 054	7 353
Stock market price (in CHF)					
high	85.90	78.80	88.00	95.60	92.40
low	60.80	44.80	69.00	71.50	59.90
year-end	76.80	69.90	87.00	86.30	68.00
Amounts per registered share¹⁾ (in CHF)					
Net income	3.22	2.66	4.45	4.47	3.48
Dividend	1.60	1.30	2.00	2.10	1.70 ³⁾
Pay-out ratio	50%	49%	45%	47%	49%
Market capitalisation²⁾					
in CHF million	1 495	1 361	1 680	1 600	1 255
as % of net sales	180	184	195	168	147
as % of shareholders' equity	254	230	262	265	207

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.



2023

Non-financial Report

HUBER+SUHNER

Introduction Non-financial Report

At HUBER+SUHNER, our commitment to sustainability is integral to our business strategy. This includes taking sustainability aspects into account when developing innovative solutions and delivering our climate and resource use targets. Beyond our environmental responsibilities, we are equally dedicated to fostering a diverse, inclusive, international, agile, and safe work environment for our employees.

In 2023, we continue to deliver on our sustainability targets and specifically on our focus topics. We achieved a 47 % reduction in the intensity of our operational emissions in comparison to our 2015 baseline and continue to be aligned with our science based target. Additionally, our ongoing efforts have resulted in a further 10 % year-on-year reduction in the intensity of our core environmental footprint.

This Non-financial Report outlines the progress the HUBER+SUHNER Group made by further implementing its sustainability strategy in 2023. It covers the obligations stipulated under Article 964b of the Swiss Code of Obligations and the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO).

In various chapters, the report details the company's material [environmental matters](#), encompassing its CO2 reduction targets, [social considerations](#) such as employee welfare and human rights, and [governance matters](#), notably the efforts to combat corruption. For each of these issues, it describes relevant policies, measures and performance indicators. The chapter '[responsible supply chains](#)' specifically covers the due diligence obligations defined under the DDTrO.

Ernst & Young Ltd performed a [limited assurance engagement](#) on selected KPIs in accordance with [specific GRI standards](#) for this report.

Non-financial Report

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Sustainability strategy

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Introduction sustainability strategy

Sustainability is an integral part of business; it drives financial performance, especially in the medium and long term. At HUBER+SUHNER, our proactive approach to sustainability allows us to detect risks and opportunities early and improve the company's resilience in a changing world.

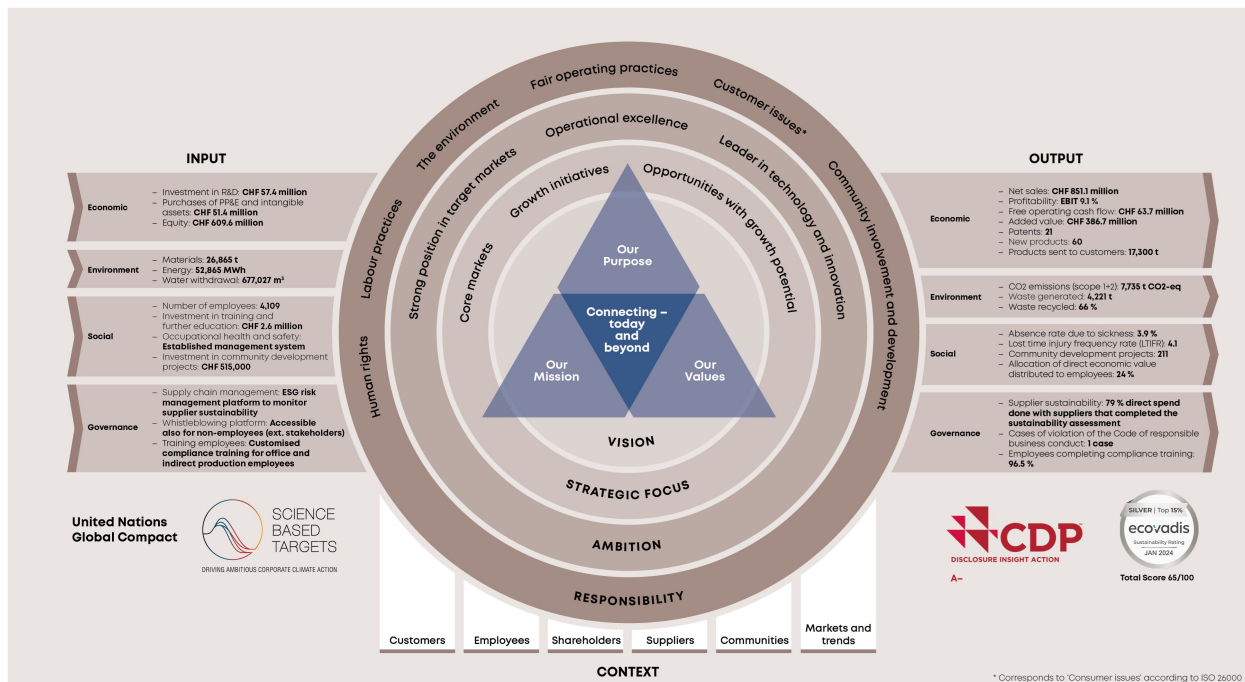
We want to be a company that positively contributes to global issues – including with our solutions and products. Taking sustainability aspects into account when developing innovative solutions is key to reaching our own sustainability goals and helping our customers reach theirs. Specifically, we aim to further improve our sustainability performance regarding the 13 material topics and three focus topics for the whole Group in order to manage risks and tap into opportunities. On this basis, we will achieve sustainable growth by accessing new revenues while restoring resources and saving costs.

Our business model: How we create and distribute value

HUBER+SUHNER creates value in multiple dimensions. The business model below shows how we transform economic, environmental, social and governance inputs into valuable outputs and outcomes for our five key stakeholder groups: employees, customers, shareholders, suppliers, and communities (which neighbour the company’s sites) over time, concretely over the twelve months of the reporting period. Today, companies are required to disclose risks and opportunities they face as well as their own positive or negative impact on social wellbeing and natural resources. The business model discloses key data regarding our financial and non-financial economic, environmental, social and governance performance and impacts generated in 2023. As an organisation, we fully understand that the insufficient management of social and environmental impacts will eventually impact our financial performance.

HUBER+SUHNER strives to maintain and grow 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.

Figure 1: How we create and distribute value



* Corresponds to 'Consumer Issues' according to ISO 26000

Value distribution

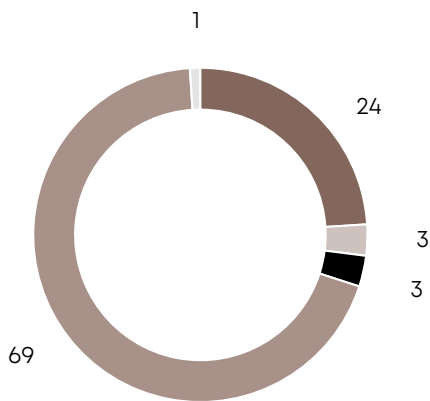
The direct economic value generated and distributed indicates how much value HUBER+SUHNER created as net sales and how this value is distributed among various stakeholders or is retained within the company. The following chart discloses how the economic value was distributed. In 2023, the direct economic value generated amounted to CHF 851.06 million.

24%

of direct economic value distributed to employees

In 2023, 24 % of the direct economic value distributed and retained directly or indirectly benefited employees, and 1 % the public sector in the form of income taxes. Shareholders received 3 % of the direct economic value, and 69 % were the operating costs. The economic value retained (3 %) remained in the company in the form of amortisation, depreciation, and retained earnings.

Figure 2 : Direct economic value distributed and retained 2023* (in %)



- Employees (personnel costs and benefits)
- Payments to providers of capital
- Economic value retained
- Operating costs
- Public authorities (income taxes)

* In previous years, we measured the global added value that directly or indirectly benefited employees, as opposed to the direct economic value distributed and retained. In 2022, this value stood at 68%. In 2023, the employee costs and benefits relative to the added value are 72%.

Material issues

Through a materiality assessment, HUBER+SUHNER identifies and prioritizes relevant environmental, social and governance issues.

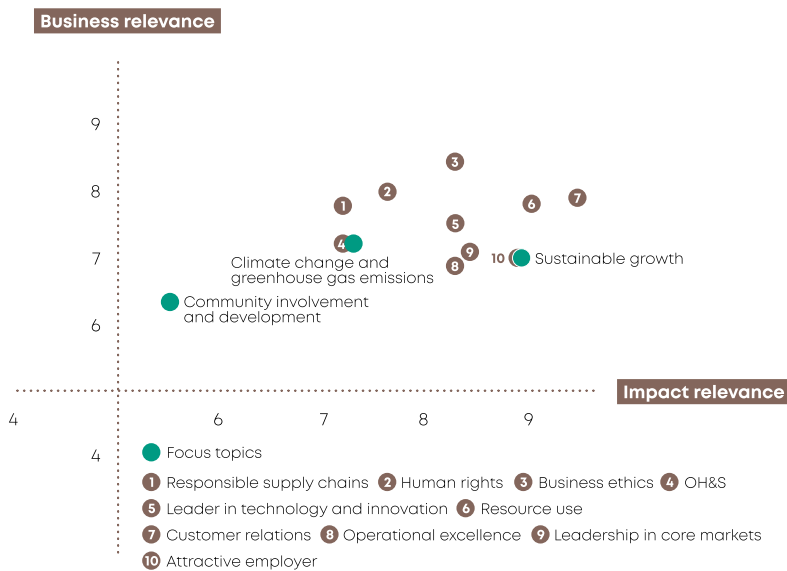
The last materiality (re)assessment took place in 2022. Using a double materiality approach, the Executive Group Management (EGM) assessed the business relevance (outside-in perspective) as well as the impact relevance (inside-out perspective) of all 13 material topics. The result is shown in the materiality matrix below. The reassessment revealed that the differences between the topics are rather small, which confirms that all topics are essential to the company. Hence, we manage all 13 issues actively and report on our progress in subsequent chapters.

As part of the materiality assessment, the EGM also confirmed the three material topics, initially defined in 2021, which are to be taken into special focus:

- **Sustainable growth** is a prerequisite for investments in favour of the environment and society, which in turn are an indispensable part of sustainability
- **Climate change and greenhouse gas emissions** are a top priority in the environmental area since climate change poses substantial risks to a functioning economy and the society overall
- **Community involvement and development** is important to all sites of the HUBER+SUHNER Group as we have a long-standing tradition to actively engage with the communities where we conduct business.

The material issues were identified in 2021 based on their strategic significance to the company. Despite a decrease in materiality from 2021 to 2022, our ongoing multi-annual strategy for managing these issues remains in place.

Figure 3: Material issues assessed for their business and impact relevance



Materiality assessment results: to make the small differences more visible, the graph only shows the upper right quadrant of the assessment matrix, spanning a rating scale from 0 to 10. Focus topics, strategically defined in 2021, are highlighted in green. Despite a decline in materiality of these topics in 2022, these areas are actively managed as integral components of a multi-annual strategy.

Focus topics

In 2021, the Executive Group Management (EGM) determined three focus topics, which have since been reaffirmed. The EGM defined clear targets for these focus topics for the coming years.

Approach

Sustainable growth

The financial health and commercial success of HUBER+SUHNER are the result of the Group's 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 sustainability.

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 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.

Growth initiatives have been identified based on their potential for significant sales, profitable growth, and their strategic fit: aerospace and defense, data center, advanced driver assistance system (ADAS), electric vehicle, and rail communications. 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.

Climate change and greenhouse gas emissions

The EGM decided to make climate change and greenhouse gas (GHG) emissions a focus topic because it considers this topic a crucial challenge to mankind, one that presents the company with both risks and opportunities.

In 2017, the company had two intensity-based greenhouse gas emissions reduction targets approved by the Science Based Targets initiative (SBTi). CEO Urs Ryffel officially signed the SBTi's net-zero commitment. In 2024, the company plans to submit new interim absolute targets for 2030 to reduce emissions across all three scopes to the SBTi for approval.

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.

HUBER+SUHNER has the goal of spending at least 0.5 % of the budgeted earnings before interest and taxes (EBIT) or CHF 500,000, whichever one is higher, for community development.

Progress

The Group is mostly on track regarding its targets. In 2024, we will review these targets and define a new target for sustainable growth.

Sustainable growth: Net sales share from growth initiatives in 2023 was 31 % (plus 5 percentage points y-o-y). The goal was to achieve 33 % of net sales from growth initiatives by 2023. Despite narrowly missing this target, our growth initiatives contributed significantly to our net sales in 2023.

Climate change and greenhouse gas emissions: In 2023, HUBER+SUHNER managed to further reduce its scope 1+2 GHG emission by 19 % (year-on-year) to 7,735 t CO₂-eq and remains on track with its SBTi commitment.

Community involvement and development: In 2023, HUBER+SUHNER supported 211 community development projects with a total CHF 515,000 in the form of cash or contributions in kind, along with paid leave hours for employees involved in these projects, thereby achieving our spending goal in community involvement and development.

Table 1: Score card focus topics

Score card			
Focus topic	2023	Target	Time horizon
Sustainable growth	31 % of net sales from growth initiatives	> 33 % of net sales from growth initiatives	2023
Climate change and greenhouse gas emissions	7 735 t CO ₂ -eq (scope 1+2)	8 400 t CO ₂ -eq (scope 1+2)*	2025
Community involvement and development	CHF 515 000 spent on 211 community development projects	The company sets aside and spends at least 0.5 % of the budgeted EBIT or CHF 500 000**, 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 2024.

** 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](#)).

Sustainability governance

HUBER+SUHNER has embedded sustainability within its organization. A well-defined governance structure, with clearly assigned responsibilities, enable effective monitoring of the progress in implementing the Group's sustainability strategy.

The Board of Directors

The Board of Directors (BoD) convenes at least five times annually. During at least two of these meetings, the Executive Group Management (EGM) reports on relevant sustainability-related matters. The BoD oversees the implementation of the company's sustainability strategy and targets. The BoD is also responsible for approving the company's sustainability reporting.

Management

The CEO is responsible for approving and overseeing the implementation of the company's sustainability strategy. The Head of Global Sustainability reports to the members of the extended EGM and the CEO on the progress in implementing the company's strategic targets. Sustainability-related objectives constitute a component of the extended EGM's variable compensation package.

Global sustainability

The Head of Global Sustainability is responsible for proposing and implementing the company's sustainability strategy. In this role, the Head of Global Sustainability directs a global network of local environmental and corporate responsibility managers who are responsible for coordinating and implementing the sustainability strategy at the company's various sites. Together with this network, the Head of Global Sustainability also monitors relevant sustainability compliance obligations and assesses sustainability related risks.

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. 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

This involves regular assessments of our upstream supply chain, the implementation of processes to monitor and track compliance, as well as to corporate responsibility managers, who are responsible for coordinating and implementing the sustainability strategy at the company's different sites.

Sustainable sourcing

The global sourcing team is responsible for engaging with suppliers on sustainability issues. In 2023, HUBER+SUHNER formulated a due diligence policy, which is compliant with due diligence requirements under the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO).

Grievance mechanism and the whistleblowing steering committee

To address cases of misconduct, HUBER+SUHNER provides employees and supply chain workers with a grievance mechanism. Reports are handled by the whistleblowing steering committee, composed of two area compliance officers (legal compliance, human rights, and labour) and the corporate responsibility communication lead. The committee is the liaison to the independent operator of the platform as well as the person who filed the report. The number of violations of the Code of responsible business conduct are reported to the BoD annually.

Environment

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Introduction environment

This section zooms in on the company’s environmental risks and impacts. Supported by facts and figures, it shows how HUBER+SUHNER works to keep its environmental impact as low as possible, while also actively managing the risks that result from changes in our natural environment. In continuously reducing our environmental impact, we pursue ambitious emissions reduction and resource efficiency targets.

Environment - Performance 2023 at a glance



*The -3 percentage points reflect an increase in non-recyclable waste.

y-o-y

Ernst & Young Ltd performed a limited assurance engagement on selected environmental KPIs for 2023, these are summarized in [Addendum 3: Detailed environmental performance indicators](#).

Environmental footprint

HUBER+SUHNER regards care for the environment as an important and vital aspect of its sustainability efforts. As stated in our environmental policy, we strive to continuously improve our environmental performance. Although environmental stewardship for many years has been a priority of HUBER+SUHNER, we have intensified our efforts to improve our environmental performance over the past few years.

Approach

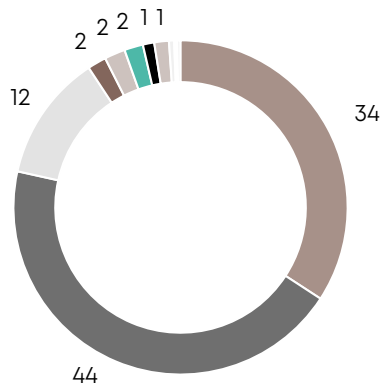
As early as 1999, the company implemented an environmental management system according to ISO 14001 and obtained certification for its sites in Switzerland. Today, two-thirds of all production sites are certified: Pfäffikon and Herisau, Switzerland; Changzhou, China; and Tczew and Krzeszowice, Poland; Warren, New Jersey, United States; and Cambridge, United Kingdom.

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 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).

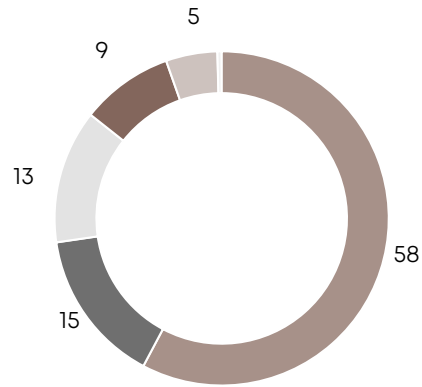
Figure 4: Environmental impact 2023

Figure 4 shows how the various material and energy flows contribute to the total environmental impact of HUBER+SUHNER. The total balance is our complete environmental impact. The core balance includes those material and energy flows that the company can directly influence.

Total balance* (in %)



Core balance (in %)



- Copper
- Commercial goods
- All other materials
- Transport products
- Transport intercompany
- Paper/packaging
- Electricity
- Commuting
- Business traffic < 1 %
- Disposal < 1 %
- Fuel < 1 %
- Heating < 1 %
- Electricity
- Heating
- Disposal
- Chemicals
- Fuel
- Water < 0.4%

*Unlike our greenhouse gas inventory, which distinguishes between different emission scopes, our environmental impact accounting delineates between a total balance and a core balance to differentiate between our operational impact and our impact across our value chain.

In 2023, the largest share of the company's environmental impact came from commercial goods which accounted for 44 %. In contrast to previous years, the extraction, processing, and transport of copper which accounted for 34 %, has only the second largest impact. The growing impact from commercial products is a result of a shift in our business mix, leading to a reduction in our own value creation.

Other significant environmental aspects were the remaining raw, auxiliary, and process materials (12 %) [1], product transports to customers and between HUBER+SUHNER sites (4 %), paper and packaging material (2 %), electricity (1 %), and commuting (1 %).

Looking at the company's core balance, the significant environmental aspects were electricity (58 %), heating (15 %), and waste disposal (13 %), followed by direct emissions of chemicals (9 %) [2] and fuel (5 %).

[Addendum 1](#) provides further details on the scope and methodology on our life cycle impact assessment (LCIA).

[1] In particular: glass fiber, plastics, metals other than copper, refrigerants, sulphur hexafluoride, dry ice, and solvents.

[2] Losses of solvents, sulphur hexafluoride, dry ice, and refrigerants

Objectives

Our life cycle analysis determines most environmental targets of our production, which generally relate to the top three environmental aspects of the core balance. At all sites, we aim to avoid air and water pollution and to minimise the use and disposal of toxic and hazardous chemicals. Our efforts to reduce our environmental footprint go hand in hand with our efforts to reduce our [resource use](#) and [greenhouse gas emissions](#), which are detailed in subsequent chapters.

Progress

In 2023, we reduced both the absolute impact of our core and total balance. However, only the intensity of the company's core balance is decreasing (see Figure 5 left side), whereas the company's total impact is showing a slight increase.

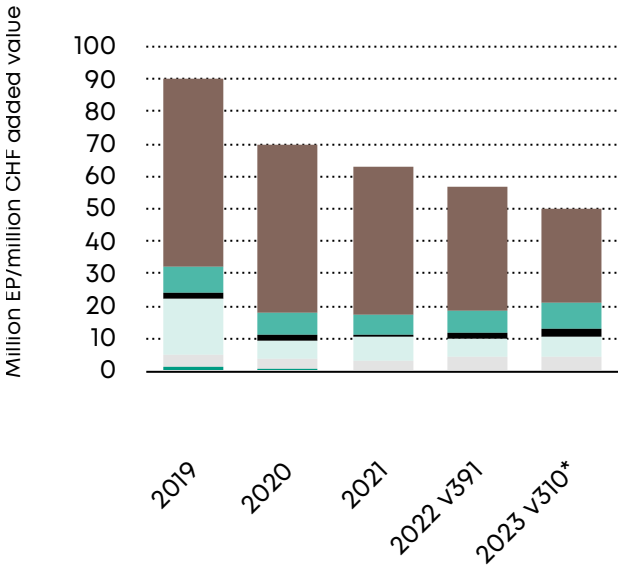
Core balance: Encouragingly, the downward trend in the intensity of the environmental impact (core balance) continued in 2023. It decreased by a further 10 % compared to the previous year (see Figure 5 left side). This reduction is almost exclusively due to the production and purchase of more green electricity.

Total balance: In 2023, there was a decrease of 5 % in the overall environmental impact compared to the previous year, as illustrated in figure 5 (right side). The transition to greener sources of electricity is not the sole factor contributing to this change; a decrease in the utilization of copper has also played a significant role. Furthermore, we have conscientiously implemented measures to reduce our environmental impact, including efforts to mitigate the impact of product transportation and packaging. The growing impact from commercial products is a result from a shift in our business mix as explained above.

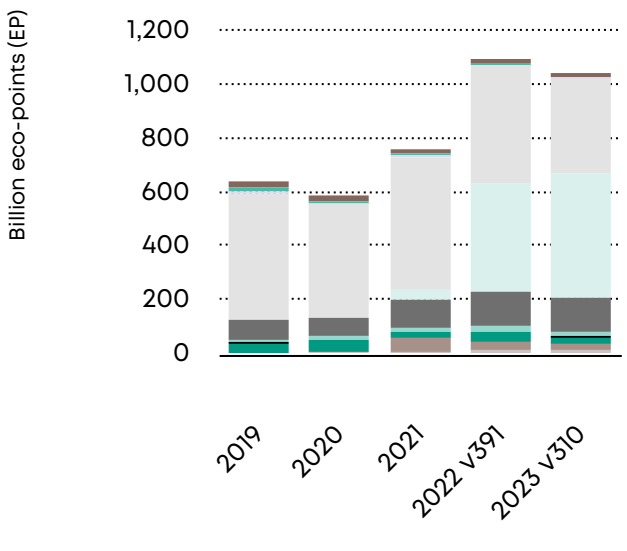
Figure 5: Environmental impact total balance and core balance 2023

Figure 5 illustrates that until 2022, the overall environmental impact experienced a substantial increase. This rise is primarily attributed to the expansion of the scope of collected data.

Intensity of the environmental impact (core balance)



Environmental impact (total balance)



- Water
- Chemicals
- Disposal
- Fuel
- Heating
- Electricity

- Commuting
- Transport intercompany
- Transport products
- Business traffic
- Paper/packaging
- All other materials
- Commercial goods
- Copper
- Disposal
- Fuel
- Heating
- Electricity

* We updated the 2023 background data using v310 of theecoinvent data, released at the end of 2023.

Planned actions

As mentioned above, our efforts to reduce our environmental footprint are aligned with our efforts to reduce our [resource use](#) and [greenhouse gas emissions](#). While we describe these in more detail in the following chapters, our ambitions for 2024 include minimising our resource use by, for example, building on advanced analytics to reduce our operational scrap, further reducing our emissions by implementing our transition plan, and limiting the use of plastics in packaging.

Resource use

Resource efficiency, with its monetary and ecological aspects, is a material sustainability topic for HUBER+SUHNER. At the same time, resource efficiency is gaining increasing relevance as we see a growing number of supply chain disruptions, rising material and energy prices, and volatility in global demand, in particular for some of the metals used in our products. 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.

Approach

As part of the company's environmental management, the production sites have targets to improve their resource efficiency. Based on these targets we continuously monitor:

- The intensity of energy consumption
- The intensity of waste not sent to recycling
- The intensity of water withdrawal
- Material consumption

Objectives

As of 2022, we introduced three new global reduction targets to monitor resource efficiency as part of our environmental management. These targets include the intensity of total energy consumption; the intensity of waste sent to landfill or incineration; and the total water withdrawal. In 2023, HUBER+SUHNER's added value reached CHF 386.7 million. This value, calculated from profit before tax and depreciation plus personnel costs, minus other financial results, serves as the denominator for intensity.

Progress

As shown below, in 2023, our focus on resource efficiency yielded results, showing reductions in the intensity of our water consumption. We were also able to maintain a stable energy consumption, despite the ramp-up of new energy-intensive production.

Table 2: Resource use performance 2023

KPI	2021	2022	2023	Difference 2022/2023	Difference 2021/2023	Target 2030
Intensity of energy consumption [MWh/million CHF]	131	136	136	0.3	(4)	15 % reduction from 2021 base year
Intensity of waste sent to landfill or incineration [kg/million CHF]	3 632	3 346	3 739	12	3	25 % reduction from 2021 base year
Intensity of total water withdrawal [m3/million CHF]	2 349	2 203	1 751	(21)	(25)	20 % reduction from 2021 base year

Energy: Despite our efforts to reduce energy consumption, as shown below, the intensity of our energy usage remained stable despite implementing several energy-saving initiatives. The main reason behind this is our continuous

ramp-up of our production capacity for radar antennas to be used in advanced driver assistance systems (ADAS). Contributors to the reduction in energy intensity, despite the growing demand from the antenna production, were:

- Reduction in heat loss through a roof replacement at the production site in Tczew, Poland
- Reduction in energy consumption by using heat recovery
- Optimised energy use and continue building on advanced analytics to better monitor energy saving measures

Waste: Our goal to decrease the intensity of non-recyclable waste faced challenges due to the relocation within Pfäffikon, Switzerland, resulting in increased construction waste. We are confident that our efforts to continuously integrate the five Rs of waste management (refuse, reduce, reuse, repurpose, recycle) into our waste management will put us back on track with our targets. In parallel, we are working towards consuming fewer resources in our production processes to reduce both recyclable and non-recyclable waste.

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 2 %. 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.

Water: The year 2023 saw an encouraging 21 % reduction in water withdrawal intensity (y-o-y). An important driver behind the reduction was our relocation within Pfäffikon, which facilitated a more efficient use of cooling water. Additionally, we reduced our consumption through advanced monitoring and the installation of tap water proximity sensors.

Material consumption: Copper consumption decreased by 9 % compared to the previous year. Plastic consumption has decreased by 22 % in the same period. At the same time, we continued to reduce plastics from our packaging. While changes in our business mix, with a growing focus on the procurement of commercial goods, play a role in this, additional contributors to the reduction in material consumption were:

- Reduction of the reject rate for plastic material consumption through two green belt projects
- Initiating the replacement of protective plastic foils (evaFlex) for spools from plastic to cardboard

See detailed data on energy, water, materials consumption and waste in the [environmental performance indicators table](#).

Planned actions

To further increase our resource efficiency, we are constantly exploring ways to reduce our energy, material, and waste consumption. In this context, promoting the use of renewable materials is becoming increasingly important. Key actions for the year 2024 will include:

- Further minimising the use of single plastics and maximising the recyclable content in our primary and secondary packaging whenever we identify high-performing alternatives
- Further reducing operational scrap by continuing to improve our business intelligence around scrap production, including new metrics and objectives
- Reducing the use of colour granulate by switching to micro granulate
- Continuing to create a sustainable value proposition by taking into consideration the environmental impact of our products throughout their life cycles

Story from Switzerland

Separating and recycling metals in our antenna production

Not only do rising global demand and supply chain disruptions affect the prices of the metals we purchase, but the large part of our environmental footprint comes from the metals in our production. Among other things, this impact is significant in our antenna production for ADAS.



Deflector with metal coating

Together with a German recycling company, we have explored different ways of separating and recycling these metals in an effort to reduce our material consumption. We were able to successfully separate and recycle different metals from the deflector plates that were used in production and to recycle leftover pure metals from the coating process. Separating and recycling these pure metals is economical and reduces our environmental and carbon impact.

Climate change and greenhouse gas emissions

Climate change and greenhouse gas (GHG) emissions are among the three focus topics of the company's sustainability strategy. HUBER+SUHNER in 2018 also set targets validated by the Science Based Targets initiative (SBTi) for its scope 1+2 emissions. We will submit new targets for validation in 2024. Our climate transition makes us more resilient to climate-related risks, specifically growing regulation to phase out fossil fuels and curb emissions. Nonetheless, we believe that physical and transition-related climate risks have a potentially large impact on our company, and we manage them within our standard risk management framework (see Chapter [risk management](#)).

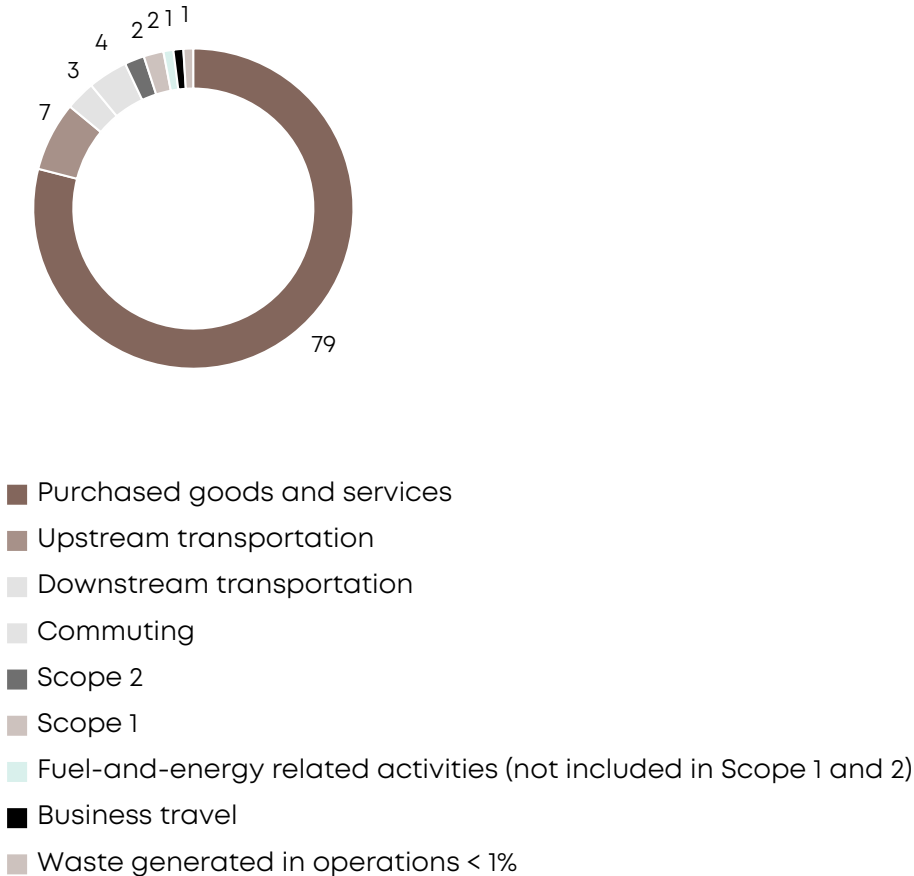
Approach

HUBER+SUHNER for many years has determined its carbon footprint in all three scopes. To curb our emissions in line with our climate targets, we drafted a transition plan in 2023 that outlines our planned actions to minimize our GHG emissions. It builds on the following elements:

- Replacement of the remaining fossil-based heating systems with low-carbon alternatives
- Increase in renewable electricity supply to 100 % by 2030
- Installation of rooftop photovoltaic (PV) panels, where feasible
- Decarbonization of our fleet by switching to electric vehicles
- Increase in energy efficiency through various initiatives
- Reduction in material consumed, where feasible
- Engagement with suppliers on their climate strategies
- Reduction of business travel, where possible
- Optimised logistics flow and promotion of a "regional for regional" model

Figure 6: Carbon footprint – 2023 Scope 3 categories according to GHG protocol (in %)

Figure 6 shows that the main contributors are purchased goods and services, accounting for 79 % of our carbon footprint. Direct emissions (scope 1) and emissions from purchased energy (scope 2) together account for only 4 % of our carbon footprint.



Objectives

In 2016, HUBER+SUHNER committed to achieving a science-based GHG reduction target in scope 1+2 [1] by 2025. This target was validated by experts from the Science Based Targets initiative (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. The target of the HUBER+SUHNER Group is to reduce its scope 1 and 2 GHG emissions 50 % per added value [2] by 2025 from a 2015 base year. In scope 3 [3], HUBER+SUHNER has defined a voluntary, non-validated reduction target committing to reduce its scope 3 GHG emissions per added value 30 % by 2025 from a 2015 base year. With the target period coming to an end in 2025, we will submit new targets, aligned with the SBTi requirements, in 2024.

[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] Intensity data in this case refers 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.

[3] Scope 3 emissions are emissions caused by the company's activities but not under its control. The following GHG emission sources (including extraction, production and transport to the HUBER+SUHNER sites) were accounted for; 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 transport and distribution: transports between the sites and transports of finished products to customers; commuting traffic.

Progress

In 2023, we've stayed on track with our scope 1+2 SBTi target, cutting our emissions intensity by almost half two years ahead of time (see figure 7).

Scope 1+2: emissions in our own operations

The company is still fully on track regarding its target in scope 1+2 (see figure 7). The GHG emissions in scope 1+2 decreased to 7,735 t CO₂-eq in 2023 (absolute reduction of 19 % y-o-y). Most notably this reduction can be attributed to:

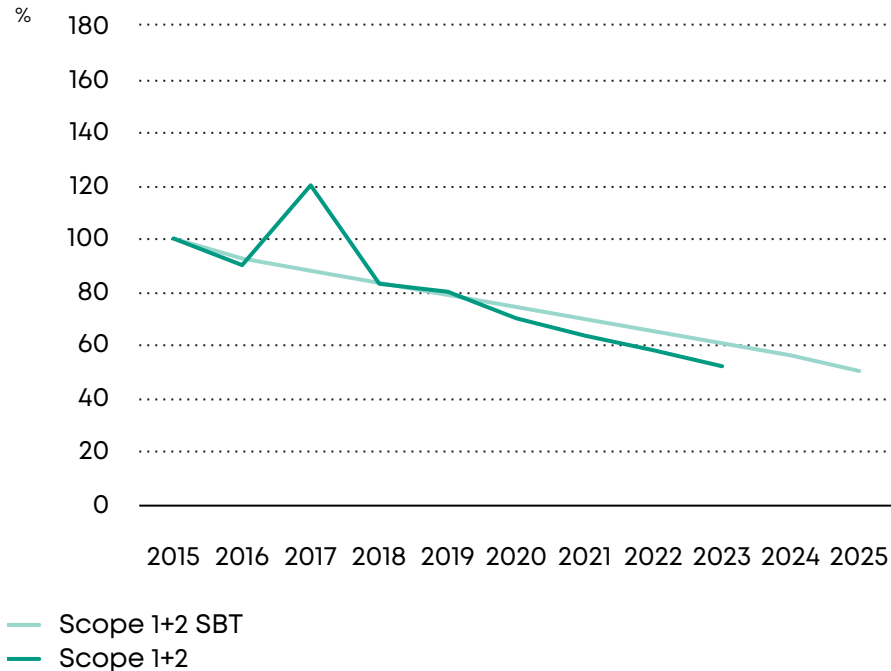
- An increase in the share of purchased electrical energy consumed worldwide from renewable sources (hydro, wind, and solar power plants) from around 12 % in 2019 to 59 % in 2023 as planned [4]
- More self-generation of renewable electricity through rooftop PV panels, where we generated an additional 242 MWh in Herisau, Bicester, Gurgaon, and Tczew in 2023
- Various energy efficiency initiatives, including replacement of obsolete machinery, optimisation of control mechanisms, closed cooling systems, and heat recovery
- Reduced refrigerant losses by 38 % from 2022 in 2023
- Advanced monitoring to keep our sulphur hexafluoride (SF₆) leakage to a low level
- Replacing dry ice blasting with water blasting to reduce emissions in our serial production of radar antennas at our Herisau site

Due to the impending energy scarcity in early 2023, the Swiss government requested that companies, where feasible, transition their heating fuel from gas to oil. The change to oil as heating fuel led to increased heating emissions during the 2022/2023 heating period, ultimately contributing to a 2 % y-o-y rise in scope 1 emissions.

[4] 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.

Figure 7: Science-based target in scope 1+2 and actual performance

Figure 7 shows the development of total GHG emissions during the past eight years and our consistent progress in reducing our scope 1+2 emissions.



Scope 3: emissions in our value chain

Until 2022, our GHG emissions in scope 3 increased significantly. This can be explained by changes in our data collection method and the inclusion of purchased commercial goods, which were important steps towards reliable and realistic scope 3 data. In 2023, we expanded our data collection to encompass approximately 95 % of our scope 3 emissions, in accordance with SBTi requirements. In addition to changes in our business mix, with a growing procurement of commercial goods. This resulted in further increase in the intensity of our scope 3 emissions by 13 % y-o-y (using v391 of the ecoinvent data).

However, simultaneously, we have made efforts to reduce our scope 3 emissions. This effort is reflected in the fact that when comparing absolute emissions in 2023 to ecoinvent v310, we actually see a decrease by 1 % (see figure 8). While a declining material consumption significantly contributes to this reduction, we have also undertaken notable efforts to decrease emissions from transportation and packaging by implementing the following measures:

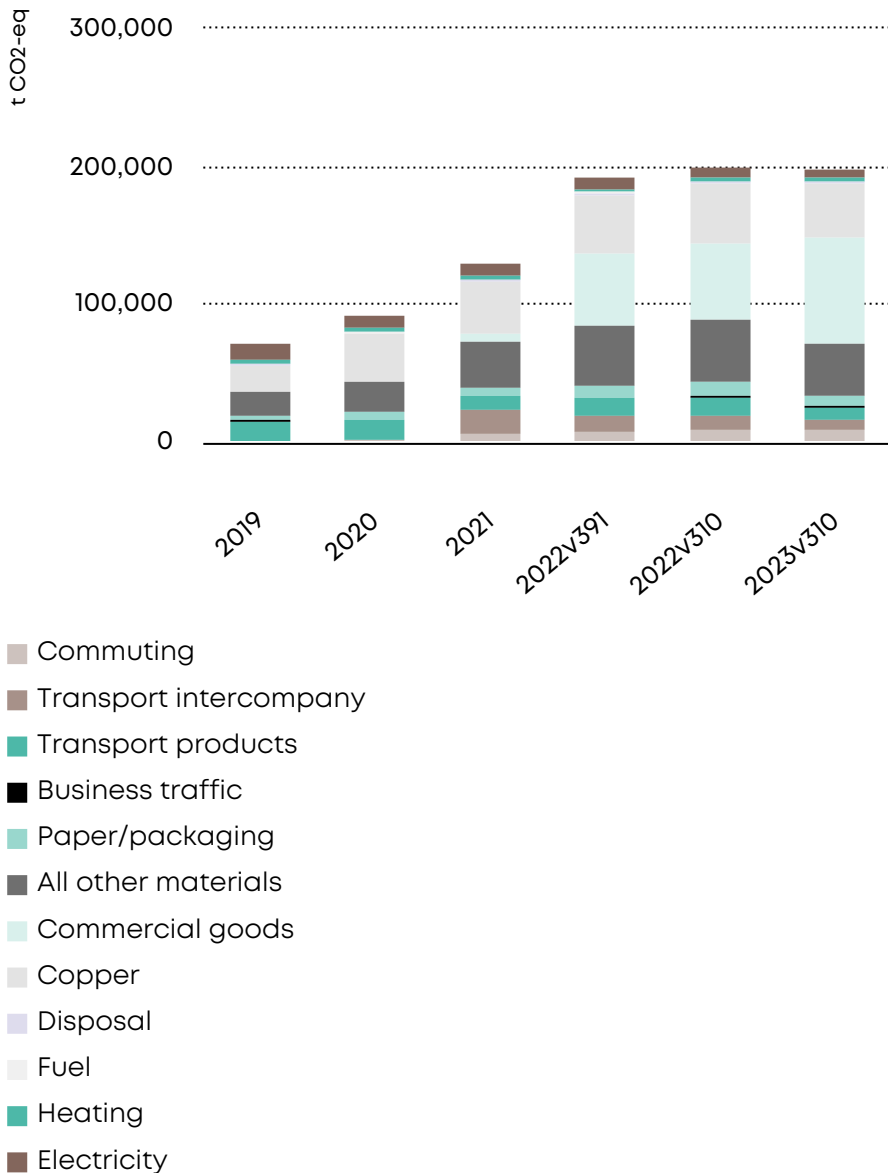
- Reducing emissions from transport by consolidating shipments and increasing the fill rate to reduce the number of shipments
- Reducing emissions from transport through production network optimisation, e.g. by focusing on a “regional for regional” model, thereby reducing the distance of shipments
- Reducing emissions from packaging by optimizing packaging and reducing the use of plastics

To further reduce emissions from our purchased goods and services, we have started integrating climate criteria into our global sourcing process. We engage with our suppliers via an established platform, where we track their efforts in gathering climate data and setting climate targets. For new suppliers, HUBER+SUHNER introduced reporting on their emissions and climate targets as additional criteria in the supplier assessment.

We annually publish our emissions through the CDP platform where we received an [A- rating](#) in 2023.

Figure 8: Total GHG emissions 2019-2023

Figure 8 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. We updated the background data for 2022 using v391 of the ecoinvent data, which was released at the end of 2023. The v310 data is provided for reference.



See detailed data on emissions in the [environmental performance indicators table](#).

Planned actions

To achieve further emission reductions in line with our targets, key actions in 2024 will include:

- Submitting new near- and long-term targets to the SBTi for approval
- Defining site-specific transition plans
- Stepwise introduction of electric vehicles starting in 2024
- Extending the supplier engagement program to collect primary data for purchased goods and services
- Exploring the use of low-carbon alternatives and materials in our products
- Leveraging advanced business analytics for closer energy efficiency monitoring
- Establishing further measures to consolidated shipments

Story from Switzerland

Our Air Ring Packaging: a low carbon, low waste and more packaging dense alternative to wood spools

After delivering cable products to our customers, spools are often left as waste. Currently, there are few or no collection-and-return systems that would allow us to ensure the environmentally efficient reuse and recycling of these spools. In an effort to reduce the use of spools that end up as waste, we developed an alternative: Air Ring Packaging. Instead of delivering cables on spools to our customers, we deliver shorter cables coiled in cardboard boxes certified by the Forest Stewardship Council (FSC).



Air Ring Packaging with a cable coiled in a cardboard box

In addition to ensuring that no spools end up as waste, Air Ring Packaging has several other sustainability benefits:



- **Material efficiency:** When replacing wooden spools, it reduces the use of wood
- **Circular economy:** The pallet and cardboard box can be easily disassembled, reused, or recycled at low cost to our customers
- **Lower carbon footprint:** The pallet and cardboard box not only save energy during production, but also reduce CO2 emissions due to the lower transport weight, higher packing density, and higher recycling rate

Pallet and cardboard box used for the Air Ring Packaging

We are currently providing Air Ring Packaging to two of our large Swiss customers and are evaluating where else this packaging can replace spools.

Sustainable products

At HUBER+SUHNER, we aim for a sustainable value proposition, which takes into consideration the environmental impacts of our products. Dedicated to innovation, responsible practices and transparency, we are committed to creating products that meet global and regional standards. We have strategically developed a comprehensive approach that prioritizes transparency and embraces continuous improvements in product compliance.

Approach

Our strategy to ensure transparency and openly share the materials and substances employed in our products builds on five key pillars:

- Tracking alterations in global and regional material compliance regulations
- Continuous improvement of product compliance process
- Responsible material selection and traceability
- Prioritising ongoing innovation in materials
- Collaborative supplier engagement

Objectives

We aim to continuously explore and adopt safer alternatives to hazardous materials, complying with evolving regulations and restrictions (such as the European Union [EU] regulation on the registration, evaluation, authorisation and restriction of chemicals [REACH]) to ensure product safety and environmental protection. We are also committed to staying updated and adhering to international standards and regulations governing materials, ensuring compliance with laws such as the EU Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) directives. In reaching this objective, we consciously invest in research and development to explore and integrate innovative, eco-friendly materials, and we collaborate with material scientists and industry partners to leverage the latest advancements in sustainable materials. Another key focus is to collaborate with suppliers to promote sustainable practices, encourage the use of eco-friendly materials, and build a mutual commitment to sustainability.

Progress

In 2023, we introduced our latest innovation in sustainable product development: lead-free connectors.

Our commitment to environmental responsibility includes the integration of materials that align with stringent compliance standards. Our new line of lead-free SMA connectors redefines the benchmark for eco-conscious manufacturing. By eliminating lead from our products, we're not just meeting regulatory requirements; we're prioritizing our environmental responsibility.

Crafted with meticulous attention to detail, these lead-free SMA Connectors maintain the high performance and reliability our customers expect while significantly reducing the environmental impact. We've invested in research and development to ensure that these lead-free SMA Connectors do not only meet but exceed industry standards, contributing to a healthier ecosystem without compromising on quality. With our sustainable material compliance approach, we're fostering a future where innovation and responsibility go hand in hand.



Lead-free SMA Connectors

Planned actions

In a continuous effort to reduce the environmental impact of our products, in 2024 we will:

- Provide training to both employees and suppliers on the importance of sustainable material practices
- Continuously improve internal processes based on evolving regulations and technological advancements
- Closely collaborate with suppliers to understand their challenges and constraints related to material compliance
- Explore ways to produce products with a lower CO2 footprint
- Expand the integration of lead-free technology to other product lines or series based on market demand

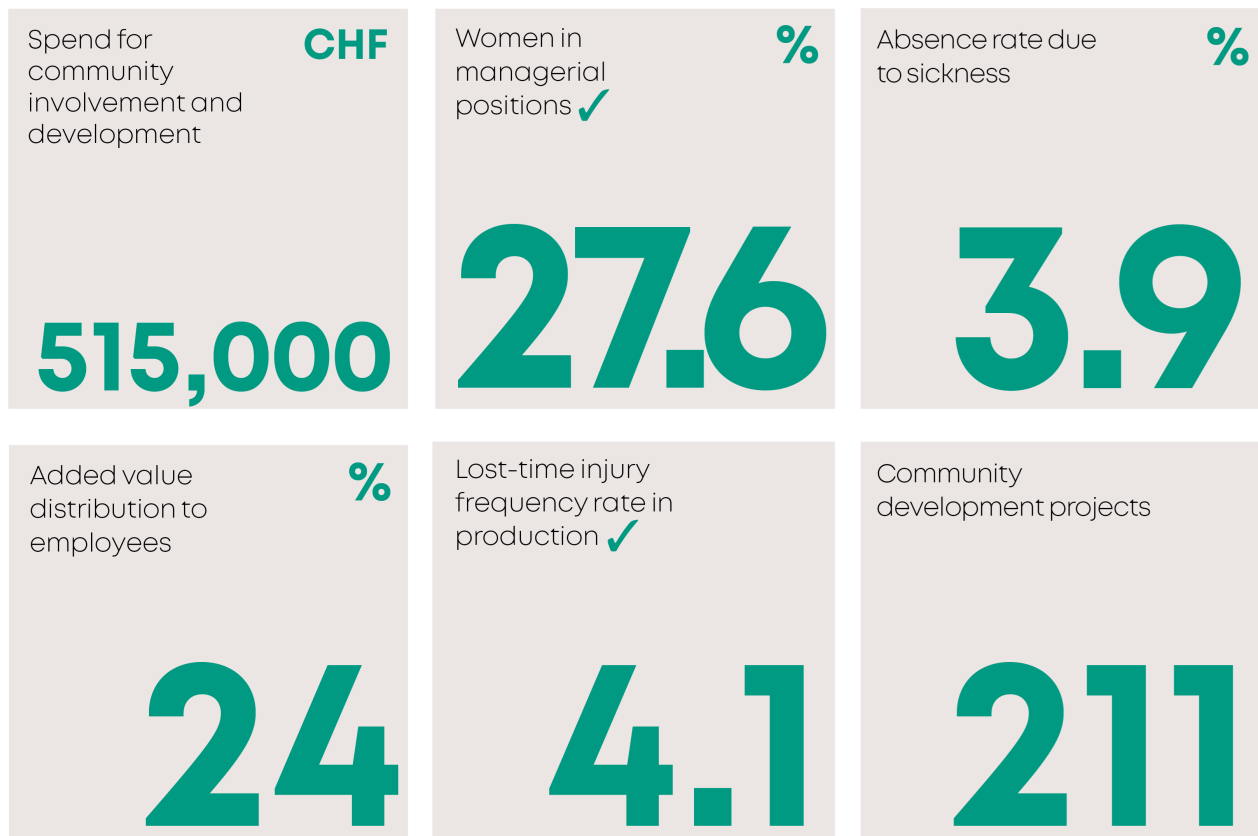
Social

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Introduction social

In the following chapters, HUBER+SUHNER reports qualitatively and quantitatively on its priorities, risks, opportunities, and impacts in the social area. Material topics include our own workforce and how we create an inclusive, agile and open culture that attracts new employees while allowing continuous development and retention of our people. This also requires special attention on upholding human rights, our employees' health and safety at work and beyond, and interaction with important stakeholders such as the customers and communities in which we operate. Community involvement and development is one of our three focus topics. It shows how HUBER+SUHNER is growing with the local communities where we have operations and how we become and remain part of the social system through relationships with a variety of people and organisations.

Social – Performance 2023 at a glance



Ernst & Young Ltd performed a limited assurance engagement on selected KPIs marked with a ✓ for 2023.

Our own workforce

Together, we are a strong global network that values entrepreneurial spirit and rewards success. Our sustainable approach, and genuine respect for one another, are fundamental to grow and thrive. At HUBER+SUHNER, passionate people collaborate in diversified teams to provide connectivity and innovation to customers and society. This is how we help bring people closer together. Today and beyond.



We work as a team across the globe to achieve common goals in an agile and diverse environment.

Approach

HUBER+SUHNER continuously strives to be a great place to work, a place where people feel inspired and safe and can develop their potential. Our goal is to retain our talents and, at the same time, to attract new employees. This is based on an enticing employer value proposition (EVP) and a global employer branding programme. We offer a strong purpose, regular training and learning opportunities, and a truly diverse, inclusive, international, agile, and safe work environment.

In an environment where change has become a constant, teams must ensure that everyone is empowered to address challenges and look for opportunities together. Our leadership principles are a common guideline for all our employees, placing a high priority on both psychological safety and work in diverse teams. Learning together from mistakes and focusing on constructive feedback enables all employees to perform at their best.

On the following pages, we outline our objectives and our progress on:

- Agile mindset
- Attracting and retaining employees
- Training and continuous education
- Diversity, equality, and inclusion

Objectives

Agile mindset

Our world is in constant motion, and as an organisation, we must adapt to stay relevant and thrive. We acknowledge the need for stability in certain areas while embracing agility where it is essential for outside-in-perspectives, progress, and innovation. Our agile transformation initially focused on the realms of information technology (IT) and selected business units coordinated by the Agile Transformation core team. Adopting agile principles in IT projects yields substantial benefits and helps us to reduce complexity and minimise silo thinking.

We also addressed the aspect of learning and adopting. A culture of learning and constantly evolving is central to our commitment to quality. While agility encourages us to focus on the essentials, we must not lose sight of the importance of attention to detail where it matters.

Our intention is to foster agility across segments, technologies, and international teams, helping to connect the right experts. While we still see plenty of traditional waterfall approaches and top-down decisions, we envision a future where self-learning teams become the norm where applicable. Within five years, we aspire to leverage the advantages of autonomous teams, ensuring that they align with the bigger picture while contributing to our shared goals.



Members of the Agile Transformation core team in one of their workshops.

Attracting and retaining 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 needs. For many years, HUBER+SUHNER has offered the opportunity for employees with jobs in an office environment to work remotely. We continue to strive for a harmonious blend of remote and on-site work, harnessing the advantages of both options for the benefit of the company and its workforce where applicable. We remain committed to investing in an inspiring work environment that caters to flexible and secure work needs, enhancing productivity, and fostering collaboration with internal and external stakeholders.

We strive for long-term relations with employees right from the recruitment stage. The company is committed to selecting candidates who wish to grow and learn with the organisation. This is why HUBER+SUHNER offers specialised

programmes and benefits to all but also tailored to employees aged 50 and above; our commitment to their ongoing development and well-being is evidence of our appreciation for their long-term contributions. HUBER+SUHNER is a cofounder of the focus50plus network in Switzerland, demonstrating our awareness of demographic change and how it may result in workforce shortages.

It is fundamental to keep employees healthy, motivated, and committed until they retire or even beyond. Offers such as health and safety services, flexible working and retirement arrangements, and training opportunities until the last day of work are highly valued by our mature employees as they stay professionally up to date and acquire new skills while preparing for or transitioning into retirement. This holistic approach underscores our dedication to nurturing durable relationships with our employees throughout their professional journeys.



A diverse workforce has been an asset for HUBER+SUHNER for many years.

Training and continuous education

The apprenticeship and trainee programmes are important offerings that attract the next generation of employees. At HUBER+SUHNER Switzerland, we offer nine different types of apprenticeships to help young people learn essential skills for their chosen vocations through practical and classroom learning.

Diversity, equality, and inclusion

People with different backgrounds and cultures bring different perspectives and additional know-how to our company. People with diverse viewpoints, and expertise enrich our working environment. This aspiration is also firmly anchored in trust, one of our five corporate values: "We treat everyone with respect and value diversity."

HUBER+SUHNER is convinced that our people with a variety of cultures from around the globe help us 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.

Progress

Agile mindset

In 2023, we successfully integrated agile roles within our framework. This transformative shift introduced three key roles: facilitator, agile coach, and product owner.

The facilitator, acting as a catalyst for collaboration, ensures smooth communication and teamwork within the organisation. This role is crucial in removing obstacles and fostering an environment conducive to agile practices. Agile coaches, acting as guides and mentors, play key roles in facilitating the adoption of agile methodologies. Drawing upon extensive experience, these coaches provide invaluable insights, mentorship, and support to teams navigating the complexities of agile processes. The product owner assumes a pivotal role in aligning projects with organisational goals, ensuring that the end product meets stakeholders' needs.

Embracing agility doesn't replace existing roles; rather, it enhances them. As we celebrate this achievement, we look forward to the positive impact these agile roles will have on our projects and, ultimately, our organisation's ability to navigate an ever-evolving business landscape with resilience and agility. Part of our transformation is also a data-driven mindset. This means incorporating data into our daily operations, nurturing a deep understanding of its potential, and making data-backed decisions at every level. To get there, we recruited more data analysts, data engineers, and data scientists.

Attracting and retaining employees

Again, we registered varied turnover rates across our regions, influenced by business performance and the given local frameworks. Therefore, we stuck to our designed local target figures for a stable workforce. The defined target range for countries like Germany or Switzerland ranges between 8 % and 12 %, whereas China can range between 35 % and 45 % to be within the target frame. In total 647 positions were filled in 2023; 433 of these with new hires. Overall, we are happy to report that we have maintained a turnover rate below our target range in several locations. The lowered turnover rate is indicative of our commitment to retaining and developing our employees.

Table 3: Employee turnover rate by country*

Country	2022	2023	Target range
China	27.8%	22.9%	35–45 %
Germany	13.7%	5.5%	8–12 %
India	8.2%	7.7%	10–20 %
Malaysia	7.3%	3.8%	10–20 %
Poland	20.8%	15.3%	10–20 %
Switzerland	8.3%	9.6%	8–12 %
Tunisia	51.9%	41.1%	20–30 %
UK**	19.8%	25.1%	10–20 %
USA	18.4%	17.3%	20–30 %

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

** United Kingdom includes the site of HUBER+SUHNER Polatis Sp. z o.o., Nawojowa Góra,

Despite the challenges faced in 2023, HUBER+SUHNER remained resilient as an employer. The company navigated a tough business environment especially in North America with declining rollouts in the 5G sector. When the decline in the Communication segment, linked to our global production network, was recognised, proactive measures such as reducing business trips, forgoing international conferences, and revising budgets were implemented. Despite these efforts to adapt to the changed market conditions, job cuts to cope with the lower volumes became unavoidable, particularly in the United States, in Tunisia, Mexico, and Poland.

Training and continuous education

In 2023, we welcomed 21 new apprentices who work across our Swiss sites; 75 apprentices were trained in Switzerland in 2023 in total (PY: 83). HUBER+SUHNER provides internships and apprenticeships for young people and graduates in the United Kingdom, Germany, India, and Malaysia. Other countries, like Australia, started offering work experience programmes which provide a first on-the-job experience for students. You may read more about our internship and apprenticeship programmes in India and Malaysia in a recent article on [Sustainable Switzerland](#).

75

apprentices were trained in Switzerland in 2023



Since decades, young people get a chance to emerge into the world of work thanks to internships or apprenticeships.

HUBER+SUHNER invests in individual training opportunities for its employees to ensure their professional development. In 2023, our training time for employees totalled 60,848 hours. This equals 14 hours of training per employee across all functions which is a slight decrease from 2022. We will work towards increasing these again in 2024 to the target of 16 hours, as defined previously.

Table 4: Overview of training hours and costs

Year	Training hours overall	Training hours per employee	Training costs per employee (in CHF)
2021	56 450	13	380
2022	73 257	16	529
2023	60 848	14	621



Our employees learn and develop new skills through internal and external training and further education.

Diversity, equality, and inclusion

In 2023, we introduced an inclusive language toolkit in the German-speaking region. We aim to facilitate the inclusion of all individuals through our language usage, expressing equality of opportunities and fairness at HUBER+SUHNER. Our language compass offers guidance for various cases, proposes solutions, links to reference materials, and also provides tips and tricks for using images to promote inclusion. Our recommendations are not solely focused on gender-neutral language; rather, they are intended to inspire reflection on how we use language and images.



Embracing diversity in our teams across the globe enriches the way we collaborate and drives innovation.

At the end of 2023, the Group had more than 4,100 employees globally. Out of the total workforce, 45.1% were women. The share of women in managerial roles further increased to 27.6% in 2023 (up 1.5 percentage points y-o-y). This brings us closer to our 2030 target figure with 30% women in managerial positions. HUBER+SUHNER strives to promote women in general and into management positions in particular. We committed to raising quotas for upcoming years and to submit data for gender reports. For many years, HUBER+SUHNER has worked with [Landolt & Mächler Consultants](#) to actively promote equal pay for women and men at our Swiss sites. The consulting company continues to review the development on a regular basis

27.6% ✓

woman in managerial positions

Figure 9: Distribution of age groups

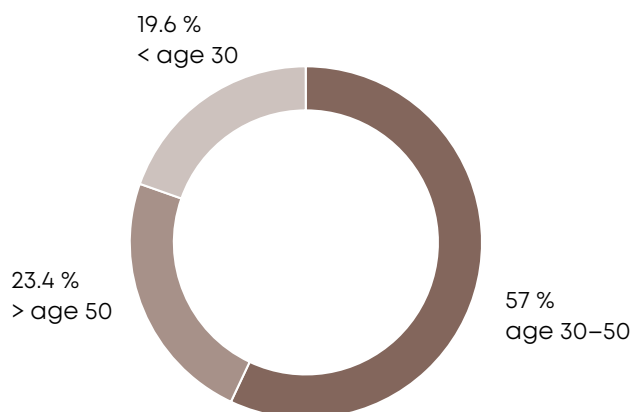
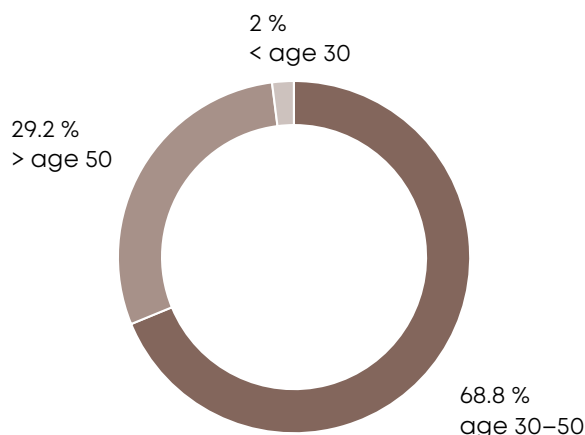


Figure 10: Distribution of age groups in managerial positions*



* 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 Group Management can be found in the Corporate Governance section of this report. The category "Distribution of age groups" corresponds to GRI disclosure 405-1.

In Switzerland, where close to 1,200 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.

Table 5: 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
2023	43.5	56.5	27.6	72.4	16.7	83.3	37.5	62.5

* The 'Gender distribution' as shown here corresponds to GRI disclosure 405-1.

** 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.

Figure 11: Employees by region (HC)

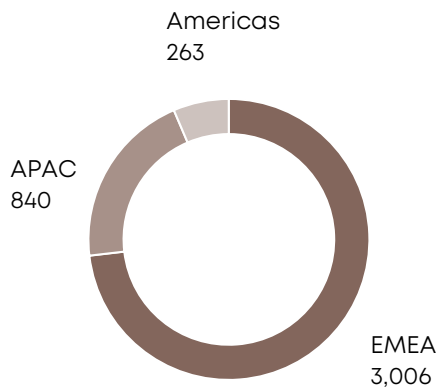
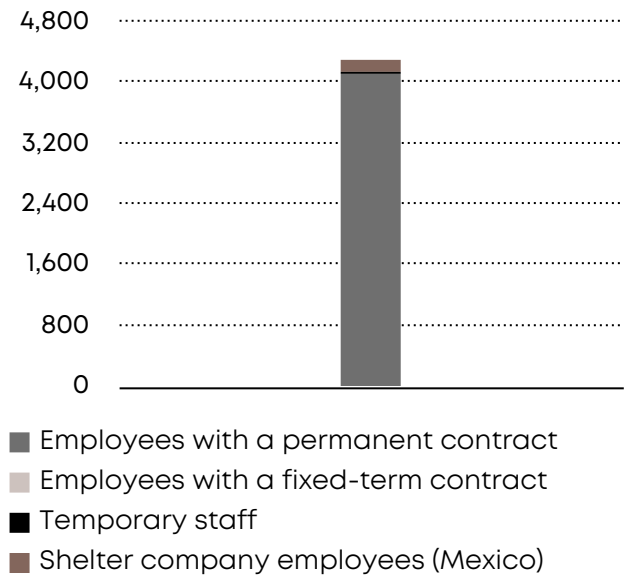


Figure 12: Number of employees by employment type at year-end (headcount)



Planned actions

Complementing the leadership journey at HUBER+SUHNER

As part of our commitment to being an attractive employer, HUBER+SUHNER is set to introduce new training modules to all leaders worldwide. The “Leading Myself” module focuses on increasing behavioral awareness, leveraging impact as a leader, and improving personal effectiveness. The “Leading Teams” module aims to build teams and leaders effectively while empowering them for success. Our goals are clearly defined:

- Strengthen our ability to perform in a dynamic business environment
- Put leadership principles into practice and foster the leadership culture at HUBER+SUHNER
- Provide hands-on tools for line managers (vertical lead) and project managers (lateral lead)
- Maintain a lean and focused training framework
- Achieve impact through a local footprint and targeted trainings

These initiatives underscore our commitment to enhancing technical skills and nurturing personal and team-oriented capabilities, creating an inspiring work environment, and supporting employees in their professional development.

Feel the employee pulse

Our employees’ passion and ambition was also reflected in the 2022 employee survey conducted at all sites worldwide. The participation rate was remarkably high with 85 % and more than 3,600 employees took the opportunity to voice their opinions. To thrive in an ever-changing environment, the need to feel the employee pulse more frequently became obvious. HUBER+SUHNER will therefore increase the frequency of global employee surveys from every third year to every second year.

Move of our Taufkirchen office

The German location in Taufkirchen will move to Unterhaching in summer 2024. The new location in the greater Munich area is only a few hundred metres away. The move will also be used to introduce the shared desk and clean desk principles in the open office environment, which offers numerous meeting and retreat opportunities. Employees can

look forward to a state-of-the-art working environment with a roof terrace, several meeting rooms and spacious and attractively designed employee kitchens to foster cross-functional collaboration.

Stories from around the globe

Anniversaries at various locations

Australia

At HUBER+SUHNER, we believe that celebrating successes is important for our team spirit. In Frenchs Forest, Australia, HUBER+SUHNER celebrated the 50th anniversary of the company's activities in August 2023. Half a century ago, HUBER+SUHNER expanded down under and opened its first fully owned and operated subsidiary in a small industrial unit in the Sydney area. We have both a factory and administration there and the site, which has been operating since 1973, is one of our oldest sites abroad.

Malaysia

One month later it was our Malaysia site's turn to celebrate its 25th anniversary within the HUBER+SUHNER Group; we have been present in Malaysia since 1998. In Petaling Jaya, Selangor, around 80 colleagues make an impact every day – in the factory and in the office. The organisation is combined with our Singapore office to manage sales for Malaysia and Southeast Asia in general. The local team covers most applications, especially strong in the Industry segment, namely test and measurement, running a medium-size production for radio frequency (RF) products. Malaysia can be considered as our centre of competence for semi-rigid RF assemblies.



80 colleagues at our site in Petaling Jaya, celebrated the 25th anniversary of HUBER+SUHNER Malaysia in 2023.

China



In March, customers, partners, suppliers, and employee representatives gathered at our Changzhou factory in China for the tenth anniversary themed “Connecting – today and beyond.” As a symbolic act to acknowledge the positive development of the Changzhou factory and its future, CEO Urs Ryffel, local management, and other representatives attended the ceremony to ring in the next successful chapter for this site.

Team building at its best in India

HUBER+SUHNER India organised a lively team-building event with 150 employees at Ranthambore National Park in December 2023. The two-day trip included such activities as a jungle safari, a town hall meeting, cultural events, and team-building exercises. Our managing director in India acknowledged the 2023 achievements, addressed challenges and opportunities for 2024, and expressed gratitude for the team's dedication. With events like this, HUBER+SUHNER acknowledges the importance of a rich corporate culture and a strong team spirit.



150 team members in India went for a team-building event at the Ranthambore National Park to look back at 2023 and plan for 2024.

New production facility in Switzerland



The new state-of-the-art production site in Pfäffikon ZH, Witzberg. Its rooftop is equipped with 866 photovoltaic modules producing 355,000 kWh annually.

Celebrating new and established production locations In 2023, a state-of-the-art production environment with associated office workplaces and photovoltaic rooftop was created right on our doorstep in Pfäffikon ZH, Witzberg, Switzerland. The goal of the new two-storey building project was to concentrate the cable production. The new building is now home to multi-core and other cable production and has service bridges to the already existing buildings as well as 200 additional parking spaces. The investment in the new building is a clear commitment to Switzerland as a manufacturing base.

Best career management policy in Tunisia

HUBER+SUHNER Tunisia has proven its commitment to excellence by securing the national human resources (HR) prize for the “best career management policy” at the HR AWARDS Tunisia 2023. The award, organised by ARFORGHE and the Konrad Adenauer-Stiftung, marks the second consecutive win for HUBER+SUHNER Tunisia, showcasing our dedication to building an environment of professional growth and development. The recognition is a testament to the implementation of human resources practices with a focus on transparent communication, personalised career plans, extensive training opportunities, and an internal promotions and mobility programme.



Human rights and labour practices

As a globally active company, HUBER+SUHNER is obligated to respect and uphold human rights in the sphere of our influence. According to our Code of responsible business conduct, which is distributed to all employees, HUBER+SUHNER 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. 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 [1].

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

Approach

The company constantly monitors that no form of child labour [2] or forced labour [3], 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 member to the United Nations (UN) Global Compact adhering to its ten principles of which principles 1 through 6 are related to human rights and labour practices. (See "The Ten Principles of the UN Global Compact" [4]. In Switzerland, where almost one third of our workforce is based, we are a signatory of the Collective Employment Agreement (CEA) of the Mechanical and Electrical Engineering Industries. Furthermore, 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 anonymously raise concerns, we implemented a grievance mechanism in 2021 called Trustline. In July 2023, the secure SpeakUp® service also provided by the independent third party provider [SpeakUp](#) (formerly People Intouch) was launched for suppliers and other external stakeholders. Both mechanisms are accessible around the clock in several languages, online via a website or an application as well as by phone. The platform is accessible in all local languages of key HUBER+SUHNER countries.

Process to address a report

- An internal whistleblowing steering committee comprising representatives from Human Resources (HR), Legal, Compliance, and Sustainability will be notified via the SpeakUp® platform upon submission of a written or verbal (transcript) report
- The whistleblowing steering committee will meet within seven days of the receipt of the report to determine whether the concern qualifies as a misconduct falling under the [Code of responsible business conduct](#) or the [Supplier code of conduct](#) and whether to investigate further
- The submitter of the report will receive confirmation of receipt of his/her concern as well as a unique report number
- The whistleblowing steering committee will, after assessing the case, take further action and respond to the submitter via the platform
- At any time, the submitter can use the unique report number enquire about his/her case
- If the content of the report is substantiated further actions will be taken by the whistleblowing steering committee as appropriate and the submitter will be contacted and kept informed via the platform until the case is resolved and subsequently closed
- If the content of the report is not substantiated, the case will be closed

This anonymous means of reporting potential breaches is available in addition to the possibility of directly reaching out to superiors, country managing directors, the general counsel, or local HR business partners.

[2] See ILO: <https://www.ilo.org/ipec/facts/lang--en/index.htm>

[3] See ILO: <https://www.ilo.org/global/topics/forced-labour/definition/lang--en/index.htm>

[4] See UN Global Compact: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Objectives

The objective is to have zero human rights or labour practices non-compliances. We encourage our employees to report any observations via our independent and secure [SpeakUp®](#) whistleblowing system

Progress

To further sensitise employees to human rights and labour practices risks and to identify potential non-compliance, in 2023 all office employees underwent a procurement due diligence training, which focused on specific risks as well as corresponding remediation actions if non-compliance is identified. In the reporting year 2023, one case was reported in the area of labour practices infringements via our whistleblower platform (see also [Compliance and business ethics](#)).

Planned actions

We will continue to focus on sensitising our employees to human rights and labour practices by:

- Further tracking potential risks according to specific KPIs
- Continuously training and sensitising our employees about human rights and labour practices risks
- Continuing to introduce Trustline as part of our global employee onboarding process

Occupational health and safety

As a manufacturing company, HUBER+SUHNER regards employees' occupational health and safety (OH&S) as a priority and a material topic. 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 employees from having accidents at work and leisure, as well as from developing occupational diseases and their consequences.

Approach

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 at the end of 2020 and subsequently rolled out. Our [global Health and Safety Policy](#) is applied throughout our operations. Every plant has health and safety officers on duty to conduct regular trainings and walk-throughs which sensitise employees to both work-related hazards and 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, we:

- Comply with all applicable laws and regulations in the respective countries
- Ensure that manufacturers and importers of hazardous materials provide information and instructions for safe handling, including the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) hazard pictograms, hazard statements, and precautionary statements
- Request the safety data sheet [\[1\]](#) (SDS) from the supplier, preferably in the local language. The sites' environmental health and safety (EHS) specialists must ensure that SDSs for all chemicals used are filed in such a way that they are easily understandable and accessible to all affected employees.

Guiding principles when handling hazardous materials

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 hazardous materials stock 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 correctly worn
- For new purchase orders, ensure the most recent SDS is provided/downloaded from the supplier's website
- Check SDS for updates/changes and inform affected employees accordingly.

A global action plan and process board

The company has developed a global action plan to ensure globally aligned OH&S management.

All sites with production and/or warehousing activities are required to establish and maintain an OH&S management system. Internal audits continuously verify the effectiveness and efficiency of the OH&S processes and system, which are aligned with the requirements defined under ISO 45001.

Currently, only our production sites in Changzhou and Shanghai, China, are TÜV SÜD-certified according to ISO 45001 and underwent a recertification in 2023. Our mid-term ambition is however to have all major production sites certified according to ISO 45001.

In 2023, the Global OH&S Process Board, established in 2022, continued its work with a focus on more proactive approaches and professional practises. Annual OH&S targets, along with detailed management programmes, were set for all sites. These are regularly monitored to track the O&HS performance and to proactively identify and control hazards to improve incident and injury prevention. Special attention was paid to adapting management processes to identify and mitigate any potential hazards.

We monitor our performance according to three key figures:

- The absence rate due to sickness
- The lost-time injury rate
- The lost-time injury severity rate
- Fatalities

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

Objectives

We want to continue to ensure our employees' OH&S with the following objectives:

- We continue to work on lowering our lost-time injury rate per 1 million hours worked
- We aim to be below the Swiss manufacturing sector's average absence rate
- We continue to work on lowering our lost-time injury frequency rate in production
- We want to pursue a zero work-related fatalities target

Progress

Absence rate

In 2023, the absence rate due to sickness [2] was 3.9 % (PY 4.0 %). For comparison: in the Swiss manufacturing sector, the absence rate was 4.0 in 2022 (most recent available statistics). [3]

3.9%

absence rate due to sickness

Lost-time injury frequency rate ✓

The lost-time injury frequency rate [4] for our employees in production (according to GRI disclosure 403-9) stayed at 4.1 in 2023 (PY 4.1), with ten sites reporting zero lost-time injuries.

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.

4.1 ✓

lost-time injury frequency rate in production

Table 6: Lost-time injury frequency rate

Year	Lost-time injuries	Number of hours worked in production	Lost-time injury frequency rate ✓
2020	25	6 127 312	4.1
2021	28	5 582 078	5.0
2022	24	5 908 505	4.1
2023	22	5 371 050	4.1

Lost time injury severity rate: The lost-time injury severity rate [5] (in production and warehouses) was recorded for the third time. It showed 16 lost working days per lost-time injury (PY 16.8).

Fatalities: No work-related fatalities were recorded during the reporting period.

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

[3] Source: [Swiss Federal Statistical Office](#)

[4] 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.

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

Planned actions

In 2024, we want to focus on the following actions to further promote and maintain our performance in occupational health and safety:

- Promote and address organisational health and safety topics with all employees globally
- Continue to organise regular trainings to raise awareness and understanding about work-related health and safety topics
- Ensure state of the art protective equipment for all production employees
- Encourage health initiatives and check-ups across the whole organisation

Stories from around the globe

Awareness campaigns

In China, India, Malaysia, Poland, Switzerland, Tunisia, and the United States, we organise health and safety campaigns and health check-ups (diabetes, breast and cervical cancer, spine health). To maintain and increase health, sports activities including yoga, Jom.Fit, and running events, and seminars about healthy nutrition are organised. Some locations also provide our employees with fruit baskets at work.



Our colleagues in Malaysia have been participating in the Jom.Fit fitness programme and organised nutrition workshops, aiming to adopt healthy habits such as regular exercises and a balanced diet to minimise the risk of cardiovascular diseases.

Safety trainings



In India and Switzerland, we raise awareness about health and safety by joining team events such as the road safety "[Honda Manesar half marathon](#)" and our "[Bike to Work](#)" participation.

Fire and first-aid emergency drills and trainings are conducted regularly in China, India, Mexico, Poland, Switzerland, and the United Kingdom.

Read our [blog post](#) on mental health in the workplace on the occasion of World Mental Health Day 2023.

We are fully committed to prevent incidents on the shop floor. HUBER+SUHNER India is organising quarterly safety weeks to support our goal of a "zero incident company".

Customer relations

The success of HUBER+SUHNER is directly linked to our ability to cultivate mutually beneficial and trusting relationships with our customers. In 2023, HUBER+SUHNER served a base of approximately 4,500 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.

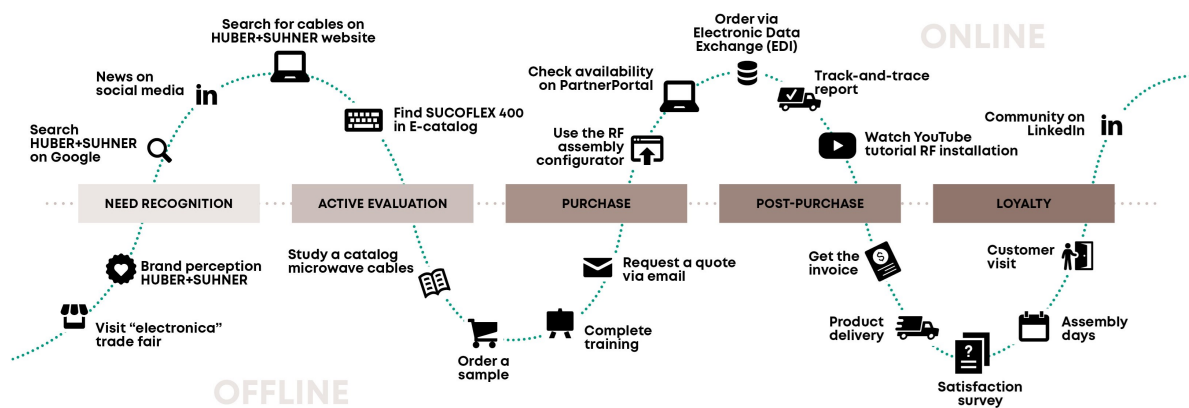
Approach

Driving a seamless customer experience

Offering a valuable customer experience is key for growth (see figure 13: Customer experience journey). Taking the pulse of customers 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 engineering, logistics, and supply chain partner, 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 twelve monthly touchpoints. After the go-live of our new website and e-commerce platform in November 2023, we will further expand our measurements of customer satisfaction for the digital channels in 2024.

Figure 13: Customer experience journey



Personal interactions remain paramount

Personal contact is crucial to building and maintaining close relationships with customers. They typically are assigned a single point of contact at HUBER+SUHNER for all their needs. Key customers are assigned a representative from executive management to encourage exchange and mutual trust with top management. Initial feedback shows the further improvement of customer proximity on the executive level.

Regulatory and sustainability requirements

As a business-to-business (B2B) company, HUBER+SUHNER must comply 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 our focus on sustainability and constantly working to enhance our sustainability performance, HUBER+SUHNER also contributes to customers' sustainability, which positions us as a valuable partner beyond technical expertise and product quality. Due to the sharp rise of sustainability regulations in Switzerland and Europe, we have seen an increasing number of customers requesting information about our sustainability performance and impact. We communicate our performance via recognized platforms such as CDP, EcoVadis, and IntegrityNext.

Product-specific disclosures about per- and polyfluorinated substances (PFAS)

HUBER+SUHNER established an internal task force to monitor regulatory updates concerning PFAS restrictions. We have started a thorough assessment of our current product lines to identify any components or materials containing PFAS compounds. Collaborating closely with our suppliers and industry partners, we are exploring PFAS-free material perspectives. Additionally, we actively participate in the public consultation regarding the European Chemicals Agency (ECHA) PFAS proposal.

Objectives

To further create a seamless customer experience and to continue to create mutually beneficial and trusting relationships, our objectives are to:

- Aim for 90 days to close a customer complaint
- Further build trust as a secure and professional partner for customers
- Cooperate with customers on specific applications and business cases
- Expand our customer base
- Closely monitor customers' expectations regarding sustainability
- Continue to contribute to disclose our sustainability performance via mentioned platforms and reaching above-average performance

Progress

One of the indicators we measure is the average number of days until a customer complaint is closed. In 2023, the duration to closure of a complaint remained stable. Focusing on the full customer experience will help HUBER+SUHNER to gain a more holistic view beyond pure customer satisfaction.

Planned actions

To continue the creation of a seamless customer experience, our planned actions for 2024 and beyond include:

- Reducing the number of customer complaints by at least 5 %
- Initiating product carbon footprint (PCF) analysis in 2024
- Continuing the European Chemicals Agency's (ECHA) assessment of PFAS which is anticipated to extend until June 2024. Following this, we will acquire further details regarding the impending restriction, which will enable us to establish transparent communication with our customers about PFAS

Stories from around the globe

Sustainability supplier award from Airbus

On 7 March 2023, HUBER+SUHNER received a supplier sustainability award at the Airbus electrical standard parts supplier event in Toulouse. We have been providing radio frequency (RF) interconnectivity technologies to Airbus for more than a decade, supporting major developments in its existing and future commercial fleet.

Read more in the [media release](#).



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 which have the common goal of achieving a positive impact everywhere we operate. For HUBER+SUHNER, this includes the promotion of education, culture, and sports, as well as support for groups at the edge of social and/or workplace exclusion. Open, honest, and fair interactions with local and regional administrative authorities and other organisations such as schools, universities, and charitable organisations, are also part of this broad topic. The company's direct investments globally and via its foundation for projects in education, the environment, culture, 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.

Approach

Country organisations are responsible for their community involvement and development activities according to the local setting, needs, and possibilities. The local teams from various departments select and execute projects according to our globally binding [Community involvement and development guidelines](#). Outcomes are shared quarterly within our organisation to promote different successful projects so they can be implemented in varying forms on other locations if possible and appropriate.

In 2022, HUBER+SUHNER for the first time coordinated various actions from Europe to the United States to support Ukrainian people and refugees in a three-step approach: [involve, welcome, and integrate](#). This included volunteering time and goods, financial donations, housing, and workplace integration. It was the first initiative where several countries joined together for one cause.

In November and December 2023, country organisations from across the world joined the initiative with locally adapted activities to support organisations which help underprivileged groups. This will be continued.

Objectives

As of the 2022 financial year, HUBER+SUHNER is investing a total of 0.5 % of budgeted earnings before interest and taxes (EBIT), or at least CHF 500,000, for the support and initiation of projects. The funds are provided from the operating business as well as from the HUBER+SUHNER Foundation.

With this focus topic, the goal is not only to support the communities where we operate, but to increase employee motivation and engagement beyond our daily business operations. The spirit of giving reflects a deep sense of stewardship and our compassion for people. These are crucial traits in everyday life, in business, and beyond. For HUBER+SUHNER this shapes our culture and is one of many ways we live and cultivate our five values:

- Care
- Trust
- Passion
- Accountability
- Transparency.

HUBER+SUHNER will continue its exchange and sharing of best practices among our country sustainability representatives on a quarterly basis to align activities and further increase employee engagement and our relationships with local community members and organisations. Our ambition is to build strong ties and foster a mutual understanding of social and environmental risks and opportunities.

Progress

Country organisations

In 2023, we supported 211 community involvement and development projects (PY 173) through the engagement of 79 % of HUBER+SUHNER Group companies (PY 67 %). This equalled a financial investment of CHF 515,000. Despite the lower absolute investment, we remain on track and were able to support more projects than in previous years.

In 2023, we organised for the first time a joint [holiday season activity](#) to support underprivileged groups, with the participation of employees in Australia, Costa Rica, India, Poland, Switzerland, the United Kingdom, and the United States to donate goods, toys, food, or money to select organisations. India took the occasion of Diwali – the festival of lights – to hold [various events](#), including stall sells from local pottery craftsman and artwork from a school, as well as conducting a clothing, toy, and book drive for underprivileged people in the vicinity of our offices.

211

projects supported for community involvement and development

At the end of 2022, HUBER+SUHNER published its globally binding [guidelines](#) on the topic of community involvement and development. As of the 2022 financial year, HUBER+SUHNER has 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.

515,000_{CHF}

spent for community involvement and development projects

Table 7: Community involvement and development

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%
2023	515 000	211	79%

*Since the easing of pandemic-related measures in 2022, our community development activities have increased significantly.

HUBER+SUHNER Foundation

The HUBER+SUHNER Foundation in Switzerland, established in 1947, is another important channel to support our own employees as well as projects by non-profit organisations in the vicinity of the Herisau and Pfäffikon ZH offices and production sites. The Foundation's mission is to fund select social, cultural, and sports projects.

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 applications and funded projects has increased again since 2022.

Two of the projects are described in more detail in our "Highlights from around the globe" section.

Table 8: HUBER+SUHNER Foundation projects

Year	Number of projects
2020	105
2021	86
2022	142
2023	145

Planned actions

Country initiatives

Going forward, we want to further collaborate and engage with the communities where HUBER+SUHNER has office and/or production sites in a strategic manner and according to our [Community involvement and development guidelines](#). We are committed to the social and environmental well-being and improvement of our surrounding communities. We will:

- Through the HUBER+SUHNER Foundation, operating in Switzerland only, and with our country organisations, invest at least 0.5 % of the budgeted earnings before interest and taxes (EBIT) or CHF 500,000, whichever is higher, into community development projects
- Continue to encourage our employees, where possible, to support projects by donating their time, know-how, funds, or goods
- Identify a global community engagement and development project as this is one of our three focus topics, where all countries can contribute to one bigger cause
- Define and implement additional processes to measure the effectiveness and outcome of our community involvement and development activities.

Stories from around the globe

China charity bazaar

In China, a charity bazaar was organised in May with the support of a variety of employee donations. A total of RMB 5,200 was raised and doubled with a company donation to RMB 10,400. The “Cheer for Mulan Foundation”, which provides free education and medical support to underprivileged women in rural areas, received the funds for its important work.



Our colleagues set up a charity bazaar to support the “Cheer for Mulan Foundation”.



Children of our employees in Mainz (Cube Optics), are being introduced to the interesting world of bees and honey.

Germany is adding more beehives

For the past couple of years, our colleagues at HUBER+SUHNER Cube Optics AG in Mainz have become bee experts. Starting with one hive, they now have a total of four beehives with: the ZomBees, FrisBees, GarBees, and CuBees. The impressive amount of 60 kg honey was harvested in 2023 thanks to colleagues who have become the beekeepers and form the “Imker AG”. The honey is offered to visitors, given to the bee caretakers and sold to other employees to fund the project. Employees’ children were invited to witness the [harvesting process](#) this year and learn about the fascinating world of bees.

India continues to fiberise rural villages and their schools

HUBER+SUHNER in India continues with its fiberisation project by empowering rural schools and their pupils with internet. The country's rural areas often lack the necessary infrastructure for reliable internet connectivity, such as broadband networks, cell towers, and power supply. Since 2022, HUBER+SUHNER in India has brought high-speed internet access to approximately 2,200 village schools. Students and teachers can expand their knowledge and digital tools, thanks to our teams' engagement beyond business.



One of the teachers in a rural school that is now connected to the internet thanks to HUBER+SUHNER India.



Our recycling room at our premises in Malaysia, where employees can hand-in personal waste such as paper, plastic and metals.

Malaysia encourages employees to recycle

Since March 2021, our team in Malaysia has been running a recycling project. Employees can bring their recyclable waste such as paper, plastic, and metals from home to the office premises as there is limited public recycling infrastructure available. In May 2023, a next step was taken with the inauguration of a recycling room infrastructure. The collected recyclable waste is handed over to a recycling center, run by the Malaysian arm of the charitable "Tzu Chi" organisation with its focus on charity, medicine, education, and humanist culture. At the foundation's recycling center, recyclable waste is sorted for reuse or disposal. All proceeds from the sale of the reusable materials are invested in, among others, the non-governmental charity for medical care and environmental protection. In 2023, 2,919 kg of waste were recycled (PY 530 kg). Over the past three years, a total of 6,000 kg waste could be recycled thanks to the project.

Mexico goods drive for a school and an elderly home

The team in Mexico got together and held a drive of goods including hygiene items and clothing for “Nuestra Señora del Rosario”, a nursing home for the elderly in Empalme, where our production site is located. Additionally, lamps, office furniture, and workshop accessories were donated to the local “Conalep technical school”.



Employees in Mexico handing over collected goods for an elderly home and used furniture for a local school.



Thinking of people in need is important for our colleagues in Tunisia on various occasions.

Tunisia thought of others during Ramadan and “World Blood Donor Day”

During the holy month of Ramadan, our colleagues in Tunisia came together with donations of basic foods for families in need. On 13 June, World Blood Donor Day, our employees were welcomed by a medical team from Work Medicine Complex to make it is easy to donate blood and ultimately save lives.

United Kingdom raised money for people with cancer

In the UK, our team in Bicester supported the Hummingbird Cancer Support Group charity with a donation of £ 2,000. The organisation provides mental support to cancer patients and their family members.





Our team in Charlotte (USA) connected for a cure

Employees of HUBER+SUHNER Inc. in Charlotte, United States, in April joined the "[PanCan \(Pancreatic Cancer\) Purple Stride Run 2023](#)" as team "Connecting for a Cure." One of our colleagues was diagnosed with pancreatic cancer and the team ran in to support him and to raise awareness. They raised USD 12,754, exceeding the targeted goal of USD 10,000, to fund vital research for new treatments.

Our team from Charlotte which participated in the "PanCan Purple Stride Run 2023" to support their colleague.

Astrolab employees in Warren (USA)

Together with "United Way", some colleagues of the team in Warren, United States, rolled up their sleeves and stuffed back-to-school backpacks with goods donated by their co-workers.

A donation drive was held in August, when our employees collected baby wipes, diapers, and other hygiene items for the "Moms Helping Moms".



Warren employees during the collection and packaging of goods for "United Way" and "Moms helping Moms".

The HUBER+SUHNER Foundation in Switzerland – select projects



The new leisure spaces for the residents of the Wagerenhof Foundation which have already been inaugurated.

Wagerenhof Foundation

"[Wagerenhof](#)," a foundation and center of competency and service, for over 100 years has provided housing, care, work, and leisure activities for adults with a cognitive impairment and their families. The organisation supports 250 people and offers 52 specialised jobs in a protected but inclusive environment so that all participants can enjoy high quality of life.

Wagerenhof residents were missing spaces where they could spend time together chatting, playing computer games, relaxing on a sofa, have a drink at the bar, dancing, and celebrating birthdays and other events. Additionally, the area was envisioned to allow for quiet time reading or listening to audio books or CDs. And very importantly: they had wanted a kitchen so they could cook and enjoy food together. The final outcome of the project is all of this and more. The Wagerenhof team also got a library that includes an aquarium and a cinema. Since November 2023, the "King's Kitchen" has offered weekly cooking events for and with Wagerenhof residents. The HUBER+SUHNER Foundation contributed to the new spaces with a substantial donation.

Werkheim Uster

Around 285 people with cognitive impairments live and work in the "[Werkheim Uster](#)". The organisation's goal is to promote equality and a self-determined lifestyle for its residents, ensuring that people with disabilities can actively participate in society.

With its Mehrwerk (meaning more work) services, the Werkheim Uster stands for more collaboration, more possibilities, more inclusion, more independence, and more capabilities for residents. Different Werkheim Uster teams as well as local companies share a common workspace at the Mehrwerk. The vision is that employees with and without impairment work together on equal terms and on an equal footing. In total, 75 employees and 12 specialised staff work at Mehrwerk and an additional 50 people work for the companies renting Mehrwerk spaces.

A next step was the [Mehrwerk Gastronomy](#), through which a range of fresh and seasonal foods and beverages could be served during breaks and lunch for Mehrwerk employees and tenant companies, as well as the neighbouring companies.



The barrier-free water dispenser in the new canteen for which the HUBER+SUHNER Foundation donated the filtrations system.

The contemporary new cafeteria will serve as a meeting place and supports inclusion and diversity. Mehrwerk Gastronomy also expands the range of service offerings and increases the collaboration of Werkheim Uster employees with the neighbouring commercial center and its companies. The HUBER+SUHNER Foundation supported the Mehrwerk Gastronomy with a donation for the purchase of the filtration system for its barrier-free, sustainable water dispenser. The Mehrwerk employees with cognitive or physical impairments have access to the water dispenser at any time. The robust, user-friendly system boasts illuminated sensor buttons with pictograms and easy-to-access panels that can be mounted at various heights, making it the perfect choice for the Mehrwerk team.

Governance

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Introduction governance

At HUBER+SUHNER, we are committed to a visible culture of integrity, ethics and compliance. This chapter provides an overview of how we established the guiding principles through our group-wide compliance programmes. It illustrates how we raise awareness for potential compliance issues and create a culture of transparency by encouraging internal and external stakeholders to report potential misconduct.

Governance - Performance 2023 at a glance

Cases of violation of the Code of responsible business conduct

1

Direct spend done with suppliers that completed the sustainability assessment

%

79

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. Our compliance program safeguards us against potential reputational, financial and legal damage resulting from non-compliance or unethical business conduct.

Approach

Compliance at HUBER+SUHNER is about living the company's values and speaking up if we witness or suspect unethical behavior or any non-compliance with the [Code of responsible business conduct](#). We follow various approaches in ensuring ethical business conduct.

Our Code of responsible business conduct

Published in six languages, our Code of responsible business conduct 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 relationships with our organisation. In 2022, HUBER+SUHNER launched a [Supplier code of conduct](#) in line with the Code of responsible business conduct, which addresses more in depth required sustainability standards. The Supplier code of conduct is also published in six languages. For certain matters, specific guidelines with more detailed information and instructions have been issued. Aligned with the code's principles and obligations, HUBER+SUHNER has established a group-wide compliance program, which specifies our policies and guidelines, procedures, and actions within a defined process to help prevent risks and detect potential violations.

Our compliance programme

Overall responsibility for implementation of the corporate compliance program has been assigned by the Board of Directors to the chief financial officer (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 with continuously improving the compliance program through a set of measurements such as:

- Overseeing the global compliance reporting
- Compliance risk identification and mitigation
- Issuing group-wide compliance rules and guidelines
- Executing annual compliance risk assessment and adaptation of compliance map
- Compliance reporting to the Board of Directors
- Defining the annual Group compliance focus and subsequent actions including trainings
- Mandating or conducting internal and/or external audits regarding actual or suspected violations

The group compliance officer has the power to veto business transactions that jeopardise the Group's reputation as a result of threatened or existing infringements of the Code of responsible business conduct. However, the final decision about execution lies with the CEO.

Twice annually, the group compliance officer meets with the area compliance officers who are responsible to ensure compliance within the Group. 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 management system of HUBER+SUHNER. The country managing director and line managers are required 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, the supply chain's adherence to our standards is ensured.

Our annual compliance report

An annual compliance report, which is part of the risk report, was 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 our internal and external grievance mechanisms, management reviews and internal quality audit reports.

Our grievance mechanism

In 2021, HUBER+SUHNER implemented an independent and secure whistleblowing 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. The whistleblowing platform can be accessed around the clock. It is available in several languages, and reports can be submitted anonymously. The company has developed guidelines encourage employees to voice their concerns about suspected misconduct within HUBER+SUHNER or in connection with the company's business relationships with respect to the principles set out in the Code of responsible business conduct.

Compliance training for employees

On a yearly basis, one compliance topic is defined according to its relevance and timeliness for an online compliance training. For office employees, topics like anti-bribery, conflict of interest, and non-competition are regularly addressed. Additionally, an online onboarding compliance training – developed specifically for HUBER+SUHNER – is available in seven languages and all employees working in office environments are asked 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 our manufacturing facilities have daily meetings with shift leaders where the topic of compliance in their sphere of influence is included on a regular basis.

Data privacy and cyber security

Safeguarding our customers' and employees' data as well as data critical to our operations is a key concern for HUBER+SUHNER. We are taking decisive action to mitigate the risks of cyberattacks and proactively answer potential threats. In addition to training our employees, constant cyber security awareness monitoring allows us to understand our risk exposure and define follow-up actions where necessary. Our susceptibility rate to phishing simulations is significantly lower than the industry average.

Objectives

HUBER+SUHNER commits to visible culture of integrity, ethics, and compliance which is built on our group-wide Code of responsible business conduct. Our compliance programme, which specifies the organisation's policies and guidelines, procedures, and actions within a defined process, helps prevent risks and detect potential violations.

Progress

To continuously strengthen our corporate compliance programme and ensure continuous commitment from our employees, actions in 2023 included:

96.5%

of office and indirect production employees globally completed the online compliance training on supply chain due diligence

- Thorough supply chain due diligence training for all of our office staff as well as production employees with access to desktop/laptops
- Opening the Trustline, the independent and secure whistleblowing platform, provided by a third party, for non-employees to also provide a grievance-reporting mechanism for workers in our supply chain and all stakeholders
- Expanding and strengthening our compliance risk assessment process
- Testing the risks of cyberattacks, an external company simulated an attack against HUBER+SUHNER, with results showing our good level of protection against cyber criminals
- Integrating sustainability as an additional pillar within our compliance system

In 2023, one violation which substantiated was reported related to the Code of responsible business conduct via the whistleblowing platform. Employees and other stakeholders can also use other reporting channel or sources (immediate or next line manager, human resources manager, local compliance officer, or local external service provider) to raise any non-compliance issues.

1

case of violation of the Code of responsible business conduct

Planned actions

To ensure an active culture of compliance, key actions for the year 2024 will include:

- Continued monitoring of compliance requirements in countries where HUBER+SUHNER operates
- Developing a compliance system to more holistically monitor cyber security and data protection compliance obligations
- Strengthening our supply chain due diligence process
- Continuous compliance training of all employees

Responsible supply chains

At HUBER+SUHNER, over 50 % of turnover is used for procurement. Based on the resulting material environmental and social impact, we aim to ensure that production materials are sourced only from qualified suppliers, guaranteeing high environmental and social standards. We promote the “regional for regional” approach to strengthen local supplier relationships and ensure short supply chain routes whenever feasible. Actively managing social and environmental risks in our supply chain enables us to meet growing regulatory and market expectations – including from the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metal from Conflict-Affected Areas and Child Labour (DDTrO) – to conduct supplier due diligence.

Approach

In 2023, HUBER+SUHNER introduced a multi-step supplier sustainability due diligence process for both new and existing suppliers in direct material categories. Going beyond the requirements defined by the DDTrO, suppliers with at least a medium sustainability risk need to show that they uphold relevant sustainability standards in the following areas: human rights and labour practices (including child labour), occupational health and safety, responsible sourcing, environmental protection and climate change mitigation, and fair operating practices. The [Supplier code of conduct](#) launched at the end of 2022 lays out the principles and standards we expect our supply chain to follow. Our Global Sourcing team leads the supplier engagement process and has updated our procurement policies accordingly.

New suppliers are required to complete nine different self-assessment questionnaires provided by an established platform as part of the qualification process. They are also required to confirm compliance with the HUBER+SUHNER Supplier Code of Conduct. For our existing suppliers, we conduct risk screenings, where both high- and medium-risk suppliers are asked to complete a self-assessment. Where the self-assessments show non-compliance for eight core sustainability risks, suppliers are required to collaborate to improve their sustainability performance.

Any form of misconduct, including in our supply chain, may be reported through our independent and secure whistleblowing platform, which is available free of cost in several languages.

In our 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.

Objectives

The objective was to assess 75 % of our production material spend through our due-diligence platform by the end of 2023. We also aim to procure according to the “regional for regional” model to strengthen local supplier relationships and ensure short supply chain routes whenever possible.

Progress

HUBER+SUHNER purchased more than 22,775 different items from roughly 1,644 active production material suppliers located in 40 sourcing countries in 2023. Between 90 % and 96 % of the suppliers were in the same region as the receiving site of HUBER+SUHNER.

Table 9: Regional supply* by region 2023

Region	Share of purchasing expenditure with regional suppliers
AMERICAS	94%
APAC	96%
EMEA	90%

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

In 2023, HUBER+SUHNER updated its global sourcing process to align with applicable sustainability due diligence obligations. This also involved incorporating additional sustainability criteria into our evaluation of new and existing suppliers. We delivered a tailored training to our global sourcing team and provided training on due diligence processes to our staff globally.

We are pleased to report that our global spending with suppliers, who have undergone sustainability assessments, not only stayed on course but exceeded our target.

79%

direct spend done with suppliers that completed the sustainability assessment

Based on our assessments, as outlined in our [approach](#) outlined above, there are currently no reasonable grounds to suspect child labour, nor that metals and minerals originate from conflict-affected or high-risk areas.

Table 10: Share of direct spend with suppliers that have registered for the sustainability assessment

Year	Share of direct spend
2022	70%*
2023	93%

*In our previous report for the year 2022, there was an error in which we inaccurately stated that 70 % of our direct spend was conducted with suppliers who had completed the sustainability assessment. This statement has been corrected here.

Planned actions

We want to continue our efforts to collaborate with our suppliers in promoting responsible supply chains. Key actions in 2024 include:

- Continue to onboard suppliers to onboard critical suppliers, including indirect spend, on our due-diligence platform
- Review and update due-diligence processes, where necessary
- Extend the supplier engagement program to collect primary CO2 data for purchased goods and services
- Continue training the sourcing team on sustainability-related matters

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ADDENDUM 1: SCOPE AND METHODOLOGY

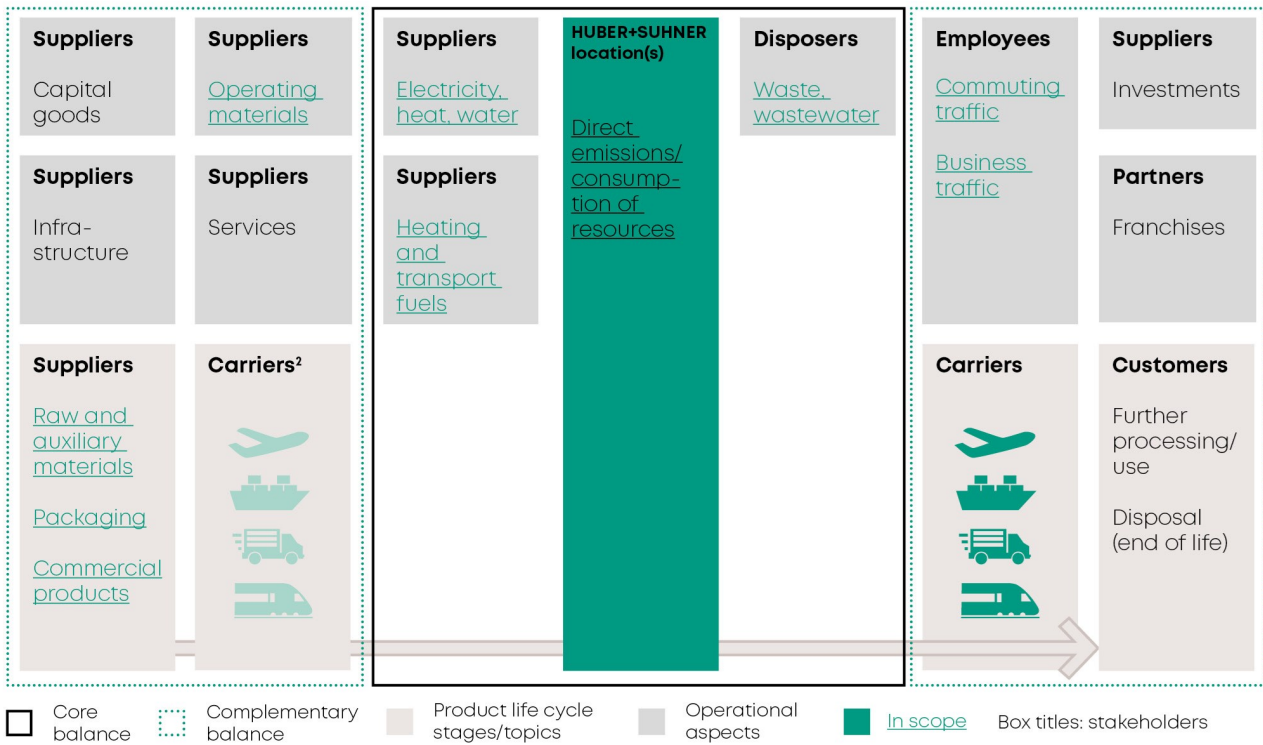
Direct emissions and the consumption of resources as well as electricity, heat, water, heating and transport fuels, and waste and wastewater (core balance) are in scope of the life cycle assessment (LCA) as are raw, auxiliary, operating and packaging materials as well as commercial goods [1], commuting and business traffic, and the transport of materials and products (complementary balance) as shown in figure 1 (see also footnote 2 in the chapter "[Climate change and greenhouse gas emissions](#)"). Materials and commercial goods are sourced from external suppliers, with the exception of certain 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 (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and nitrogen trifluoride (NF₃) as listed in the amended Annex A to the Kyoto Protocol. The footprints were calculated by using expert system REGIS and ecoinvent database version v310. 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 2019–2023 is displayed at the bottom of the [environmental performance indicators \(EPI\) table](#).

The underlying data were collected for the calendar year 2023. In cases of expected disproportionate delays in the evaluation, the data were collected for the period 1 December 2022 to 30 November 2023. HUBER+SUHNER estimates the deviation from the calendar year period to be less than $\pm 5\%$.

Figure 1: Scope of the LCA



Ernst & Young Ltd performed a limited assurance engagement on selected EPIs for 2023 (see [Addendum 4: Independent assurance report \(EY\)](#)).

[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

Addendum 2: 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 the Scope 1+2 emissions of the HUBER+SUHNER Group decreased 19 % corresponding to 1768 t CO₂eq.

Reason	Change in emissions [t CO ₂ eq]	Direction of change	Emissions value [%]	Comments
Change in renewable energy consumption	1 661	Decreased	17.5	<p>Purchase of renewable energy: CH: 15.97 GWh (hydro power, 2022: 12.4 GWh) CH: 0.49 GWh (biogas, 2022: 0.34 GWh) CN: 3.5 GWh (solar power, 2022: 3.0 GWh) IN: 0.6 GWh (wind power, 2022: 0.68 GWh) PL: 1.83 GWh (wind power, 2022: 0.52 GWh) DE: 0.6 GWh (hydro power, 2022: 0.52 GWh) US/MY/UK/MEX: 0.57 GWh (sun, hydro and wind power)</p> <p>Self-generated electricity: CN: 1.44 GWh (solar power, 2022: 1.43 GWh) CH: 0.53 GWh (solar power, 2022: 0.35 GWh) UK/DE: 0.05 GWh (solar power)</p>
Other emissions reduction activities	151	Decreased	1.6	Various energy efficiency initiatives have been undertaken and are ongoing at all H+S sites, as optimization of control/steering mechanism, closed loop cooling system and heat recovery
Divestment	0	No change	0	No divestments.
Acquisitions	15	Increased	0.2	Acquisitions of a site in the UK.
Mergers	0	No change	0	No mergers.
Change in output	803	Decreased	8.5	Decrease of net sales by 11 %. Only production related emissions (electricity, fuel) were considered.
Change in methodology	231	Decreased	2.4	Change from ecoinvent database version v3.9.1 to version v3.10 for the background processes.
Change in boundary	0	No change	0	No change in boundary.
Change in physical operating conditions	18	Increased	0.2	The number of heating degree-days has slightly increased in Switzerland and decreased across most of the international sites.
Unidentified	0	No change	0	No unidentified changes.
Other	1 044	Increased	11	New production line not yet relevant to net sales in Poland. Request from Swiss government to transition natural gas to heating oil, where feasible. The management of SF ₆ 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 supplied with a higher CO ₂ emission factor. Additionally the changes of the refrigerants emissions into air are included.

Addendum 3: Detailed environmental performance indicators (2019–2023)

Ernst & Young Ltd performed a limited assurance engagement on selected EPIs marked with ✓ for 2023.

Ernst & Young Ltd also performed a limited assurance engagement on the same set of KPIs (except water) for 2022, 2021 and 2020. On all EPIs related to previous years except for the greenhouse gas emissions, no external assurance was completed.

EPIs		2019	2020	2021	2022	2023	Difference 2022/2023	Difference 2019/2023	GRI
Energy ✓									302-1
Total Energy	MWh	53 376	48 180	54 540	57 296	52 865	(8%)	(1%)	
renewable	%	13%	21%	26%	38%	52%	+14	+40	
Purchased electricity	MWh	40 676	37 186	42 296	43 264	38 925	(10%)	(4%)	
renewable	%	12%	24%	29%	40%	59%	+20	+47	
Purchased heat	MWh	3 334	2 831	3 324	3 211	3 238	+1%	(3%)	
renewable	%	n/m	n/m	n/m	n/m	61%	n/m	n/m	
Self-generated electricity	MWh	76	78	66	1 780	2 022	+14%	+2 567%	
renewable	%	100%	100%	100%	100%	100%	+0	+0	
Total fuel	MWh	9 290	8 084	8 854	9 042	8 680	(4%)	(7%)	
renewable	%	2%	3%	2%	6%	6%	+1	+4	
Natural gas	MWh	5 805	5 236	5 564	5 471	3 271	(40%)	(44%)	
Biogas	%	n/m	n/m	n/m	6%	15%	+9	n/m	
Heating oil	MWh	1 181	1 327	1 637	1 847	3 663	+98%	+210%	
Diesel	MWh	1 520	972	1 022	1 368	1 462	+7%	(4%)	
Petrol	MWh	558	332	455	177	222	+25%	(60%)	
Ethanol	MWh	18	n/m	n/m	n/m	n/m			
Wood	MWh	208	217	177	178	62	(65%)	(70%)	
Water ✓									303-3
Total water	m ³	1 127 378	915 933	979 079	925 796	677 027	(27%)	(40%)	
Tap water	m ³	81 521	64 299	70 498	72 420	70 207	(3%)	(14%)	
other water (PL, CH)	m ³	104 269	87 654	99 614	64 786	55 990	(14%)	(46%)	
lake water (CH)	m ³	941 588	763 980	808 967	788 590	550 830	(30%)	(41%)	
Materials* ✓									301-1
Total materials	t	17 517	17 374	21 544	27 783	26 865	(3%)	+53%	
renewable (cardboard and wood)	%	13%	18%	16%	11%	11%	+0	(3)	
VOC	kg	14 542	15 563	13 846	17 056	15 505	(9%)	+7%	
SF ₆	kg	36	27	46	14	14	(3%)	(62%)	
Refrigerant	kg	334	264	305	611	377	(38%)	+13%	
Copper	t	8 360	7 569	8 715	8 159	7 404	(9%)	(11%)	
Plastics	t	5 134	4 860	6 179	5 489	4 278	(22%)	(17%)	
Glass fibre**	t	37	23	239	223	146	(34%)	+293%	
Packaging	t	3 266	4 200	4 377	5 157	4 013	(22%)	+23%	
renewable (cardboard and wood)	%	72%	76%	77%	57%	72%	+15	+0	

EPis		2019	2020	2021	2022	2023	Difference 2022/2023	Difference 2019/2023	GRI
Waste ✓									306-3
Total	t	4 604	3 941	5 285	4 449	4 221	(5%)	(8%)	
Municipal waste (incineration)	t	205	175	198	156	164	+5%	(20%)	
Municipal waste (landfill)	t	234	170	189	194	197	+2%	(16%)	
Inert waste (landfill CH)	t	11	2	5	0.3	7.9	+2 435%	(31%)	
Hazardous waste	t	487	450	474	424	416	(2%)	(14%)	
Waste (energy recovery)	t	665	576	648	632	661	+5%	(1%)	
Recycling	t	3 001	2 568	3 772	3 043	2 775	(9%)	(8%)	
Business travel***									
Total****	Mio. km	16	1.8	2.0	9.0	13.9	+55%	(12%)	
Car (expenses, rented)	%	10%	33%	23%	3%	8%	+4	(3)	
Aircraft	%	90%	67%	77%	96%	86%	(9)	(3)	
Product transport*****									
Total	Mio. tkm	90	76	94	101	67	(34%)	(25%)	
Trucks	%	32%	30%	31%	35%	34%	(1)	+1	
Sea freight	%	57%	56%	27%	41%	44%	+3	(13)	
Air freight	%	11%	13%	32%	21%	23%	+1	+11	
Rail freight	%	n/m	1%	11%	3%	0%	(3)	+0	
GHG emissions (CO2eq) ✓									305-1,2,3
Scope 1	tCO2eq	3 523	2 802	3 692	3 572	3 638	+2%	+3%	
Scope 2	tCO2eq	10 735	8 401	7 824	5 931	4 097	(31%)	(62%)	
Scope 3	tCO2eq	58 635	84 296	121 878	182 454	189 920	+4%	+224%	
Environmental impact									
Core balance	Mio. EP	34 456	24 484	26 710	23 598	19 510	(17%)	(43%)	
Total balance	Mio. EP	625 576	576 288	769 979	1 094 431	1 042 072	(5%)	+67%	
References									
Added value	Mio. CHF	386	352	417	420	387	(8%)	+0%	

* 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

*** Business travel is included based on the transaction date, rather than the travel date. This differs from the approach used in 2022.

Breakdown excludes 6% train travel because of its limited environmental impact globally.

**** Excluding km own vehicles (included in fuels).

*****2021 including transport (intercompany)

Environmental impact: all figures 2019 - 2021 calculated using ecoinvent database version v38, 2022 v391, 2023 v310

GHG emissions: values according to published GHG Inventories. Used ecoinvent database versions: 2019 v36, 2020 v371, 2021 v38, 2022 v391; based on IPCC2013 (2019 -2021) and IPCC2021 for 2022 and 2023.

Scope 1

Too low a value for Pfäffikon heating oil. Detected during data collection 2020 but not adjusted. Difference: +440 MWh resp. +120 t CO2eq

Scope 3

Packaging data CH: in 2020 also newly collected for 2019 but not adjusted. Difference: +2000 t CO2eq

Adjustments (as shown below) lead to significant increase in Scope 3 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 from new central data source, so the modelling could be extended and the data granularity and quality was further improved.



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the management of
HUBER+SUHNER AG, Herisau

Zurich, 28 February 2024

Independent Assurance Report on selected sustainability disclosures

We have been engaged to perform a limited assurance engagement (the engagement) on the selected metrics disclosed in HUBER+SUHNER AG's (the Company's) Annual Report 2023 (the report) for the reporting period from 01 January 2023 to 31 December 2023. These selected metrics are marked with a "✓"(hereafter «the KPIs») in:

- ▶ Table in Addendum 3 on detailed env. Performance indicators on pages 188-190.
- ▶ Social performance indicators in the sub-chapters "Our own workforce" on pages 153 and 154 and "Occupational health and safety" on page 163.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.



Applicable criteria

The Company defined as applicable criteria (applicable criteria):

- ▶ Selected Global Reporting Initiative Sustainability Reporting Standards (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.

Responsibility of the Management



The Management of HUBER+SUHNER AG is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control 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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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 report are free from material misstatement, whether due to fraud or error.



Summary of work performed

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 the above mentioned KPIs. 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.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Interviews with relevant personnel to understand the business and reporting processes, including the sustainability strategy, principles and management
- ▶ Interviews with the Company's key personnel to understand the sustainability reporting systems during the reporting period, including the processes for collecting, collating and reporting the KPIs
- ▶ Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- ▶ Analytical procedures to support the review of the data
- ▶ Identifying and testing assumptions supporting calculations



- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion



Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 01 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd



Mark Veser
(Qualified Signature)
Executive in charge



Kim Bischof
(Qualified Signature)
Manager

Publishing information

Concept and Editorial

Corporate Finance

HUBER+SUHNER, CH-8330 Pfäffikon

Design and Type

NeidhartSchön AG

HUBER+SUHNER AG

Degersheimerstrasse 14

CH-9100 Herisau AR

Phone +41 71 353 41 11

Tumbelenstrasse 20

CH-8330 Pfäffikon ZH

Phone +41 44 952 22 11

www.hubersuhner.com