

# Corporate Governance

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# Group structure and shareholders

## Management organisation

### Board of Directors

Walter Fust, President  
 Prof. Dr. Christian Belz  
 Dr. Hanspeter Geiser  
 Adrian Stürm

### CEO

Prof. Dr. Frank Brinken (until 12.04.2014)  
 Walter Börsch (from 12.04.2014)

### Business Unit 1

Dr. Bernhard Bringmann  
 ▶ Starrag  
 ▶ TTL

### Business Unit 2

Dr. Eberhard Schoppe  
 ▶ Heckert  
 ▶ WMW

### Business Unit 3

Dr. Norbert Hennes  
 ▶ Berthiez  
 ▶ Dörries  
 ▶ Droop+Rein  
 ▶ Scharmann

### Business Unit 4

Jean-Daniel Isoz  
 ▶ Bumotec  
 ▶ SIP

### Operations

Dr. Georg Hanrath

### Customer Service

Günther Eller

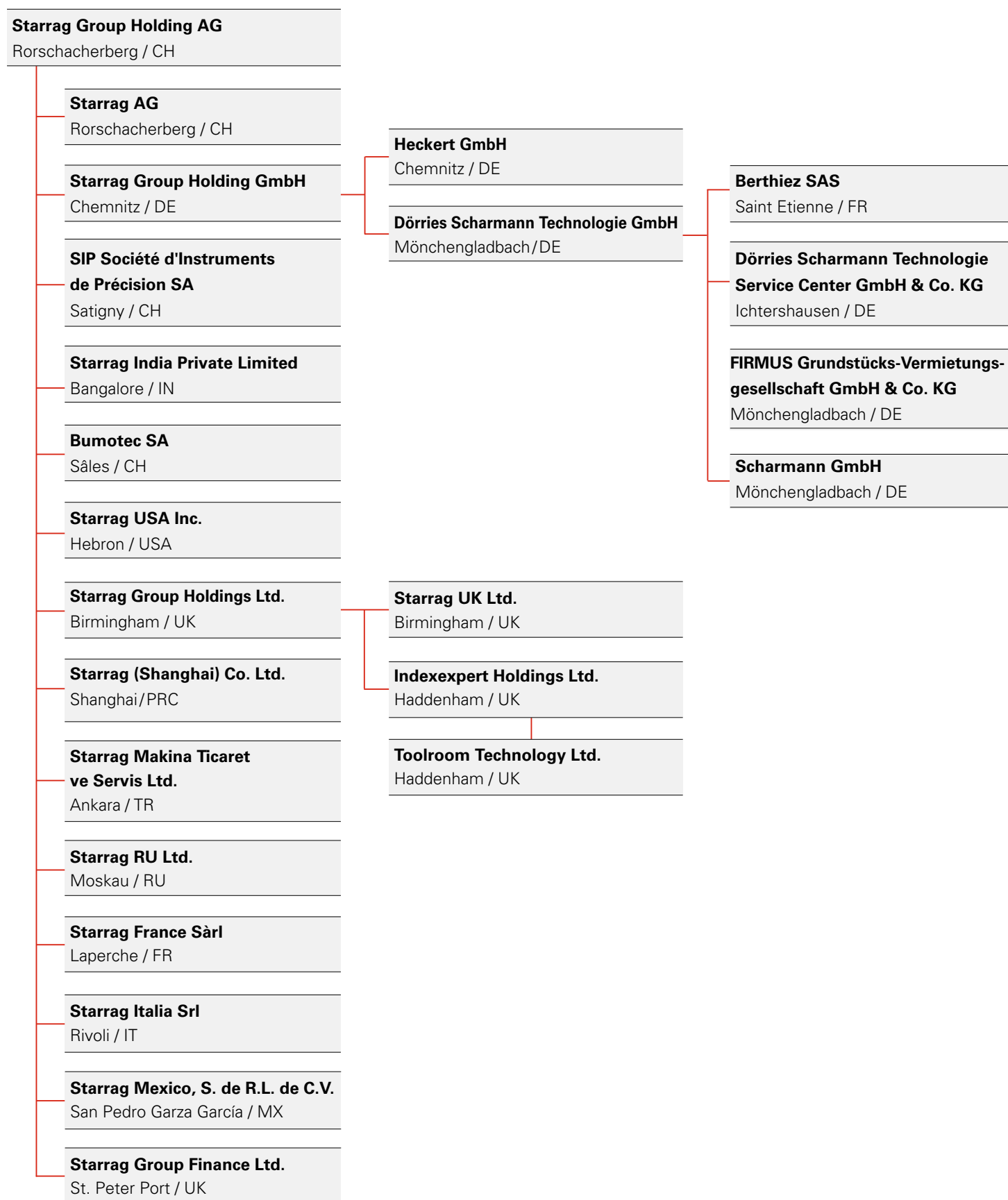
### Regional Sales

Walter Börsch

### CFO / Corporate Center

Gerold Brüttsch

## Participation structure



The registered shares of Starrag Group Holding AG (hereafter referred to as the "company") are traded at the SIX Swiss Exchange (securities number 236106, ISIN CH0002361068, ticker STGN). The market capitalisation on 31 December 2013 was CHF 254.5 million.

- 04.05.2011: Walter Fust, Freienbach, Switzerland 54.88 %
- 27.12.2007: Frank Brinken, Rotkreuz, Switzerland, 3.04 %  
(registered shares 0.06 %, rights of purchase 2.98 %)

## Shareholders

There were 740 shareholders registered in the company's share register on 31 December 2013. Distribution by number of shares held was as follows:

More than 100'000 shares	▸ 3 shareholders
10'001 to 100'000 shares	▸ 16 shareholders
1'001 to 10'000 shares	▸ 66 shareholders
1 to 1'000 shares	▸ 655 shareholders

209'377 shares or 6.2 % were not registered in the share register on 31 December 2013 (cleared shares).

The following registered shareholders each held more than 3 percent of voting rights:

- Walter Fust, Freienbach, Switzerland  
1'848'074 shares, 55.00 %
- Eduard Stürm AG, Goldach, Switzerland  
315'840 shares, 9.40 %
- Max Rössler / Parmino Holding AG, Goldach, Switzerland, 190'185 shares, 5.66 %

No disclosure notifications were made during the 2013 financial year in accordance with Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading:

In earlier reporting periods the following current disclosure notifications were made in accordance with Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading:

- 29.09.2011: Max Rössler, Goldach, Switzerland  
5.25 %
- 04.05.2011: Eduard Stürm AG, Goldach, Switzerland, 9.73 %

Further information about the respective disclosure notifications is published on the website of the Disclosure Office of the SIX Swiss Exchange AG: [http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en.html?fromDate=19980101&issuer=19612](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=19612)

The company is not aware of any agreements between shareholders regarding the exercise of their rights as shareholders.

## Cross-shareholdings

There are no cross-shareholdings.

# Capital structure

## Issued share capital

The company's issued share capital amounts to CHF 28'560'000 and is split into 3'360'000 fully paid-in registered shares with a nominal value of CHF 8.50 each.

## Authorized share capital

The Board of Directors is authorized to increase the share capital up to CHF 10'710'000 by issuing 1'260'000 fully paid-in registered shares with a nominal value of CHF 8.50 at any time until 20 April 2014. A partial increase is permitted. Subscription and purchase of new registered shares as well as any subsequent transfers are subject to § 5 of the Articles of Incorporation.

The Board of Directors specifies the date of issue, the amount of issue, the kind of payment, the execution of the pre-emptive rights and the date of entitlement for receiving a dividend. The Board of Directors is able to issue new registered shares by a fixed acceptance of a bank or a financial syndicate and subsequent offer to the present shareholders. The Board of Directors is entitled to fix the amount of issue of the new registered shares as close as possible to the market value of the registered shares. In such case, the Board of Directors is authorized to restrict or bar trading in pre-emptive rights. The Board of Directors may allow unexercised pre-emptive rights to lapse. Additionally, the Board of Directors is allowed to use such rights and the registered shares for which pre-emptive rights have been with issued but not exercised in the company's interests or place them at market conditions.

Furthermore, the Board of Directors is authorized to restrict or abrogate shareholders' pre-emptive rights and allocate them to third parties in the

event the registered shares are to be used as a means of payment in the acquisition of companies in whole or part, or for mergers, or for the exchange of shareholdings or the placement of shares as a means of financing such transactions.

## Conditional share capital

The company has no outstanding conditional share capital.

## Changes in capital

In the last three years under report, the share capital of Starrag Group Holding AG has changes as follows:

- 02.05.2011: Increase of capital of CHF 7'140'000 to refinance the acquisition of Dörries Scharmann Technologie GmbH and subsequent 1:10 share split, reducing the nominal value from CHF 85.00 to CHF 8.50.

## Shares

Shareholder rights are stipulated in the Swiss Code of Obligations as well as in the company's Articles of Incorporation. Each registered share with a nominal value of CHF 8.50 has one vote at the annual general meeting. The right to vote can only be exercised if the shareholder is registered in the company's share register as a shareholder with voting rights.

Distribution of profit can be decided upon by act of law by the general meeting and can be carried out in relation to the amount of shares. The company's Articles of Incorporation are published on [www.starrag.com](http://www.starrag.com) (click on Article of association under Investors). It is possible to obtain hard copies from the company at any time.

### Participation and profit sharing certificates

The company has not issued any participation or profit sharing certificates.

### Limitations on transferability and nominee registrations

In general, there are no limitations to the transfer of shares. The registration of shareholders with voting rights or beneficiaries into the share register can be denied due to the following reasons:

- if the acquirer does not explicitly confirm that he acquired and is holding the shares on his own behalf, in his own interests and for his own account;
- if and as long as the registration of the acquirer may, based on the available information, prevent the company from complying with Swiss law requiring proof of Swiss control of the company.

Nominee entries are permitted (without voting rights).

### Convertible bonds and options

There are no outstanding convertible bonds or issued option rights.

## Board of Directors

**Walter Fust** (1941, Swiss) has been a member of Starrag Group Holding AG's Board of Directors since 1988 and its Chairman since 1992.

From 1997 to 2009 he was a member of the Board of Directors of Jelmoli Holding AG (Chairman until 2007), in which he held a majority shareholding from 1996 to 2003. He was the founder of Dipl. Ing. Fust AG, which was listed on the stock market in 1987 and of which Jelmoli Holding AG acquired a majority stake in 1994,

which later sold Dipl. Ing. Fust AG to Coop in 2007. Mr. Walter Fust holds a degree in engineering from the Swiss Federal Institute of Technology in Zurich (ETHZ). He has never held an executive position in Starrag Group and he does not have any significant business relationships with the Group.

From left to right: Adrian Stürm, Prof. Dr. Christian Belz, Walter Fust, Dr. Hanspeter Geiser



**Prof. Dr. Christian Belz** (1953, Swiss) has been a member of the Board of Directors of Starrag Group Holding AG since 2008.

He has been a tenured professor of economics at the University of St. Gallen since 1989 with a special focus on marketing and has headed the Institute of Marketing at the University of St. Gallen since 1992. He has never held an executive management position with Starrag Group and he does not have any significant business relationships with the Group.

**Dr. Hanspeter Geiser** (1947, Swiss) has been a member of the Board of Directors of Starrag Group Holding AG since 1994.

He is a practicing lawyer and partner in the law firm Advokaturbureau Brunner Geiser Dudli in St. Gallen. Mr. Hanspeter Geiser holds a Ph.D. in corporate law from the University of St. Gallen. As a non-executive director, he has never held an executive management position with Starrag Group and he does not have any significant business relationships with the Group.

**Adrian Stürm** (1970, Swiss) has been a member of the Board of Directors of Starrag Group Holding AG since 2008.

He has worked in Controlling and Risk Management at UBS AG since 2001. Prior to that he was an auditor with KPMG Zurich from 1997 to 2000. He is a member of the Board of Directors of the family-owned company Eduard Stürm AG (Holding) and its subsidiaries Holz Stürm AG and Eduard Stürm Immobilien AG, which are all based in Goldach, Switzerland. Mr. Adrian Stürm holds a degree in economics from the University of St. Gallen (Lic. oec. HSG). He has never held an executive management position with Starrag Group and he does not have any significant business relationships with the Group.

## Elections and term of office

The members of the Board of Directors were elected in globo to a term of office of three years at the AGM in 2011. They may be re-elected. The term of office of members who are elected during a running term of office will finish at the same time as that of the other members. The term of office of the current members of the Board of Directors ends on the date of the general meeting in 2014.

## Internal organizational structure

The Board of Directors constitutes itself. Meetings of the Board of Directors are called by the Chairman, as often as business requires or upon written demand. Usually, six board meetings are held per annum with a duration of approximately five hours each. If requested, executive management is asked to take part in these meetings. Resolutions and elections are passed and carried out in board meetings by the majority of the votes. The Chairman has the casting vote. Resolutions can be achieved by way of circulation, unless one of the members requests a meeting. In the 2013 financial year, seven board meetings with an average duration of 3.5 hours were held.

In accordance to the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has not appointed further committees. In our medium sized company, the duties in question are executed by the Board of Directors. Additionally, when dealing with important matters, the management consults the Chairman of the Board of Directors and single members of the Board of Directors in an informal way.



### Definition of areas of responsibility

The Board of Directors has the overall responsibility for the management of the company as well as the supervision of the executive management. According to an organisation directive and the accompanying functions chart, the Board of Directors has delegated most of the responsibility for daily business to the CEO. The Board of Directors though, remains responsible for duties that legally cannot be delegated and other important business. These include in particular matters such as business strategy, approval of the budget, decisions with regard to acquisitions and important personnel matters.

### Information and control instruments vis-à-vis the Executive Board

Executive management control is exercised primarily through regular reporting by the Executive Board to the Board of Directors, in particular by means of:

- monthly and quarterly financial reports including commentary on the corresponding key figures (order intake, sales revenues, margins, profits, capex, liquidity, working capital);
- information about market and business developments as well as major projects;
- detailed information about market and business developments at every Board meeting, which are occasionally attended by the CEO and CFO and by other members of the Executive Board as required.

Furthermore, the Chairman of the Board of Directors regularly attends the management meetings. Walter Fust and Adrian Stürm also exercise further control functions as members of the supervisory board of Dörries Scharmann Technologie GmbH.

### Risk management

As one of the world's leading manufacturers of precision milling machines, the Starrag Group is faced with various risks, with the most important being:

- The weakening of the economic environment in customer markets and also of business cycles could lead to a reduction in demand;
- Misjudgements of developments in customer markets or in the competitive environment could lead to missed business opportunities or losses;
- Failure in research and development and other innovation-based activities could prevent business potential from being realised,
- A lack of availability of financial resources could have an impact on the performance and operations of the Starrag Group and
- Natural occurrences (such as fires) can have an influence on operating activities.

The Board of Directors and management give high priority to the careful handling of strategic, financial and operational risks. The Starrag Group has a holistic risk management process which is analysed every year by management and the Board of Directors, with the following aims being pursued:

- Systematically identifying special risks,
- Establishing processes to monitor, reduce and ideally to prevent risks and
- Finding the right balance between risks and opportunities.

The risk management system is based on a classic risk matrix involving the probability of occurrence and possible extent of damage (identification and classification) and includes internal guidance as well as a risk log, in which operational data as well as action planning for risk management are documented.

The Executive Board appointed a risk management representative for the moderation and implementation of the risk management, which reports directly to the CFO, and assigned one responsible member of the Executive Board to each risk area.

In the annual risk review there is a diligent identification, assessment, analysis and evaluation of risks and appropriate measures are defined to reduce the risks. This information is documented in a group wide risk matrix. The implementation of the measures is monitored by the risk management representative. In business processes with recurring risks the measures are integrated as process steps in the operative processes of the daily business.

On an annual basis, the Executive Board reports nature, extent and assessment of significant risks and the measures taken for risk minimization to the Board of Directors. Risks in accounting and financial reporting are monitored and reduced by an adequate internal control system.

Additional information on financial risk management can be found on page 74.

### Internal auditing

In accordance with the simplifications stated in the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has decided not to implement an internal audit.

The codex implies certain simplifications for medium and small companies as well as for companies with active majority shareholders.

# Executive Board

## Members of the Executive Board

The Board of Directors has appointed an Executive Board and has specified its authorities and duties in the organizational guidelines and the accompanying functions diagram:

From left to right: Jean-Daniel Isoz, Dr. Norbert Hennes, Gerold Brütsch, Dr. Georg Hanrath, Prof. Dr. Frank Brinken, Günther Eller, Walter Börsch, Dr. Eberhard Schoppe, Dr. Bernhard Bringmann





**Prof. Dr. Frank Brinken** (1948, Swiss) assumed office as CEO of Starrag Group in 2005 (until 12. April 2014).

He previously served as president and delegate to the Board of Directors of Maag Pump Systems Textron AG in Zurich. After holding a position in research and industrial consulting at the Plastics Processing Institute (IKV) in Aachen, he joined Georg Fischer as Product Manager and then served as a Business Unit Head at Alusuisse-Lonza before accepting the position of CEO at Maag Pump Systems AG in 1995. Frank Brinken has been a member of the Board of Directors of Tornos Holding AG in Moutier, Switzerland since 2011.

He earned a degree in mechanical engineering at the University of Aachen and later completed a marketing program at the University of St. Gallen and an international management program at the Wharton Business School of the University of Pennsylvania. In 2013, Prof. Dr. Frank Brinken was appointed Honorary Professor at the Technical University of Chemnitz.



**Walter Börsch** (1959, German) will be CEO of Starrag Group from 12th April 2014 and is Head of Regional Sales since 1st Januar 2014. Before he has been Head of Business Unit 1 since January 2012 until end of 2013 with responsibility for the Starrag brand in Rorschacherberg (Switzerland) and as well as for the TTL subsidiary in Haddenham (UK).

He previously held the position as Head of Operations at Starrag Group up to the year 2007. From 2005 to 2007 Mr. Walter Börsch was Head of Sales and Engineering at an internationally active machine tool manufacturer (Witzig & Frank GmbH). From 2000 until 2004, he headed a business unit of Hüller Hille GmbH. Prior to that he held various management functions in that company's development, sales, customer service and sales departments beginning in 1987.

Walter Börsch holds a Master's degree in mechanical engineering from Aachen University and also completed post-graduate studies in marketing at the University of St. Gallen.



**Gerold Brüttsch** (1966, Swiss) has been Chief Financial Officer (CFO) of Starrag Group since 2000 and since 2005 Deputy CEO and Head of Corporate Center.

Mr. Brüttsch previously served as Chief Financial Officer of an international machine manufacturing company (Müller Martini Buchbinde-System AG) and as an auditor with KPMG in Zurich and San Francisco.

Gerold Brüttsch is a graduate of the School of Economics and Business Administration in St. Gallen and earned his degree in business administration in 1990. He is a Swiss Certified Accountant and U.S. Certified Public Accountant.





**Dr. Bernhard Bringmann** (1978, German) has been Head of Business Unit 1 since 1st January 2014 with responsibility for the Starrag brand in Rorschacherberg (Switzerland) as well as for the TTL subsidiary in Haddenham (UK).

He joined Starrag in 2008 as Head Test Field. He has occupied different positions, from 2009 Deputy Head of Development, from 2010 Innovation Manager for Starrag Group and since the beginning of 2012 Head of Engineering at Starrag Rorschacherberg. Previously, he had worked at the ETH Zurich as a scientific assistant.

Bernhard Bringmann has a degree in mechanical engineering from ETH Zurich and a Master of Science in Mechanical Engineering from the Rensselaer Polytechnic Institute in Troy/USA. He is Member of the International Academy of Production Engineering CIRP.



**Günther Eller** (1960, German) has been Head of Customer Service at Starrag Group since 2007.

He previously held various management positions at OC Oerlikon's sales and customer service units beginning in 1986. From 2001 to 2006 he was Managing Director of the Business Unit Customer Service of the company's Data Storage Division. He was appointed Managing Director of a sales and service subsidiary for OC Oerlikon's engineering business in 1995 and he also held various sales and key account management positions.

Günther Eller has a degree in engineering physics.



**Dr. Georg Hanrath** (1965, German) has been Head of Operations at Starrag Group since 2012.

He had previously served as managing director of Droop+Rein since 2006, one of the brands of Dörries Scharmann Group, which was acquired by Starrag in 2011. From 2003 to 2006 he was Head of Construction and Development at Deckel Maho and prior to that he coordinated the research activities of Thyssen Krupp Metal Cutting Group from 1997 to 1999 and was Senior Manager Engineering at Giddings & Lewis in Wisconsin (USA) from 2000-2003.

Georg Hanrath has a degree in mechanical engineering from Aachen University and a Master of Science in Organizational Leadership and Quality from Marian University, WI, USA.



**Dr. Norbert Hennes** (1964, German) has been Head of Business Unit 3 in Mönchengladbach since 2011, with responsibility for the brand Berthiez in Saint Etienne (France), Dörries and Scharmann in Mönchengladbach (Germany) and Droop+Rein in Bielefeld (Germany).

In 2002 he was appointed head of engineering at Dörries Scharmann since 2002, from 2005 with responsibility for production and sales, and in 2006 he assumed the position of CEO. From 1999 to 2002 he held various management positions with Dörries Scharmann in development and construction.

Norbert Hennes studied machine tool engineering at Aachen University, earning a post-graduate degree from the Laboratory for Machine Tools and Production Engineering (WZL).



**Jean-Daniel Isoz** (1959, Swiss) has been Head of Business Unit 4 since March 2013, with responsibility for the brand Bumotec in Sâles (Switzerland) and SIP in Geneva (Switzerland).

Prior to that, he was Managing Director of SIP Société d'Instruments de Précision SA from 2006. After first working as sales manager for SIP from 2000 to 2002, he took over as CEO of Bula Machines until end-2005. Previously, he had acquired 15 years of experience in various management positions in production and customer services for Bobst SA in Lausanne, USA and Asia.

Mr Isoz is qualified engineer specialising in electrical engineering. He also continued his studies in Finance and Marketing at INSEAD in Fontainebleau, France.



**Dr. Eberhard Schoppe** (1955, German) has been Head of Business Unit 2 in Chemnitz since 2004, with responsibility for the brand Heckert in Chemnitz (Germany).

Since 1999 he has been head of Production and Technology and member of management. Prior to that, he held various positions of responsibility from 1994 onwards, as head of factory planning and work scheduling and also international sales. This followed on from his post as head of technology with another international machine tool producer (Fa. Saupe & Sohn GmbH, previously known as Präzisionsdrehmaschinen Limbach-Oberfrohna).

Dr. Eberhard Schoppe is a qualified mechanical engineer from Chemnitz Technical University.

## Management contracts

There are no management contracts with companies outside Starrag Group.



# Compensation, participation and loans

This report explains the system of compensation and its application in the 2013 financial year. It is in accordance with Annexe 1 of the Swiss Code of Best Practice for Corporate Governance and with chapter 5 of the corporate governance guidelines of the SIX Swiss Exchange Regulation, as well as taking into account the transparency regulations set out in the Swiss Code of Obligations Art. 663b and Art. 663c.

## Guidelines

The Starrag Group has comprehensive transparency regarding the indemnities of members of the Board of Directors and of management. Indemnities at the Starrag Group are based on the principles of value-based company management with the aim of guaranteeing a fair market compensation for management and thus ensuring that qualified members of management can be recruited and remain at the company for the long term. Individual tasks and services, the state of the Group's business, market conditions in the global sales and local labour markets as well as salary comparisons of similar positions based on the function and the business activity, size and international nature of the employers are taken into account for setting the indemnities of members of the Board of Directors and of management. Method for the determination of compensation to members of the Board of Directors and of management.

## The process of setting the indemnities for the Members of the Board of Directors and of management

The Board of Directors

- sets the system of compensation for members of the Board of Directors and of management upon the request of the Chairman of the Board of Directors
- sets the fixed indemnities of the Members of the Board of Directors and of the CEO

- sets the additional indemnities of the Members of the Board of Directors for special tasks
- sets the plans for the variable indemnities to the Members of the Board of Directors and of management
- is informed on an annual basis about the indemnities paid to members of management
- performs its duties without calling on external consultants

The Chairman of the Board of Directors

- sets in consultation with the CEO the fixed indemnities of the members of management (other than the CEO), individually for each member of the management
- submits proposals to the Board of Directors for setting the indemnities systems and the indemnities
- performs his duties without calling on external consultants

## System of compensation

The members of the Board of Directors are compensated by means of a fixed basic fee, additional daily fees for additional services (in particular when the Chairman of the Board of Directors takes part in management meetings, working on the supervisory board of Dörries Scharmann) and a variable profit-share. The members of management are compensated with a fixed basic salary and a variable profit-share.

The basis for assessment for the variable profit-share of the members of the Board of Directors and of management is net income reduced by advance return on equity. The amount of variable profit-share is proportional to this basis for assessment. The amount of advance return on equity is fixed by the Board of Directors, according to their best judgement. The variable profit, sharing and thus the ratio of variable compensation to total compensation is not limited.

The fixed indemnities are paid every month in-cash. The variable profit-shares are paid annually in cash after approval of the consolidated financial-statements by the annual general meeting. Since 2004, there has been an option contract between the majority shareholder and the CEO. The majority shareholder grants the CEO the right to draw 101'010 registered shares of the Starrag Group Holding AG from the majority shareholder at his normal retirement date in 2013 (60'760 at the price of CHF 35.00, 15'000 at the price of CHF 40.00 and 25'250 at the price of CHF 77.00), insofar as the CEO has not previously ended his working relationship with the Starrag Group by unilateral termination. The CEO will exercise his rights under the option agreement after his retirement, planned for April 2014.

The company has no stock participation programme.

## Disclosure of indemnities to the Members of the Board of Directors and of management

The following information was verified by the auditors as part of the consolidated financial statements (see page 97, explanation 31).

The short-term benefits paid out to non-executive members of the Board of Directors amounted to CHF 299'000 in the year under report (compared with CHF 316'000 the previous year). The short-term benefits paid out to management amounted to CHF 3'732'000 (compared with CHF 2'908'000 the previous year). No post-employment payments, other payments or benefits were made.

CHF 1'000	2013					2012				
	Fixed	Variabel	Options	Pension and other	Total	Fixed	Variabel	Options	Pension and other	Total
Walter Fust	96	15	–	5	116	68	15	–	4	87
Prof. Dr. Christian Belz	36	15	–	4	55	36	15	–	4	55
Dr. Hanspeter Geiser	36	15	–	2	53	36	15	–	4	55
Adrian Stürm	45	15	–	4	64	45	15	–	4	64
Valentin Vogt (until 12. April 2013)	10	–	–	1	11	36	15	–	4	55
<b>Total Board of Directors</b>	<b>223</b>	<b>60</b>	<b>–</b>	<b>16</b>	<b>299</b>	<b>221</b>	<b>75</b>	<b>–</b>	<b>20</b>	<b>316</b>
Variable as percentage of total compensation	21%					25%				
<b>Total Executive Board</b>	<b>2'470</b>	<b>938</b>	<b>23</b>	<b>301</b>	<b>3'732</b>	<b>2'023</b>	<b>587</b>	<b>26</b>	<b>272</b>	<b>2'908</b>
Variable as percentage of total compensation	28%					22%				
Thereof:										
• Prof. Dr. Frank Brinken	380	154	23	79	636	365	155	26	92	638
Variable as percentage of total compensation	29%					30%				

The fixed salaries were higher in 2013 due to the enlarged Executive Board by one person and as a result of selective adjustments. The variable salaries have increased due to one-off special premium payments which became due in 2013, in connection with the integration of Dörries Scharmann purchased in 2011.

### Disclosure of shareholdings of members of the Board of Directors and of management

The shareholdings of members of the Board of Directors and of management are disclosed as part of the consolidated annual report on page 90 (explanation 20).

	Number of shares 31.12.2013		Number of shares 31.12.2012	
	Shares	Options	Shares	Options
Participations of Board of Directors and Management Board:				
Walter Fust	1'848'074	–	1'845'602	–
Prof. Dr. Christian Belz	2'800	–	1'330	–
Dr. Hanspeter Geiser	2'050	–	2'050	–
Adrian Stürm	26'680	–	26'680	–
Valentin Vogt (until 12. April 2013)	n.a.	–	2'660	–
Total Board of Directors	1'879'604	–	1'878'322	–
Prof. Dr. Frank Brinken	2'800	101'010	2'800	101'010
Gerold Brüttsch	300	–	300	–
Günther Eller	200	–	200	–
Total Management Board	3'300	101'010	3'300	101'010

### Disclosure of loans to the Members of the Board of Directors and of management

The Starrag Group has made no loans to Members of the Board of Directors and of management.

### Other information

There are no payments or advantages in favour of members of the Board of Directors and/or of management linked to their departures.

# Shareholders' participation rights

Shareholders of Swiss corporations have extensive participation and protective rights. The participation rights include, in particular, the right to participate in general meetings, the right to express opinions and the right to vote. The protective rights include, among others, the right for inspection and information, the right for a special audit, the right to convene a general meeting, the right to add topics to the agenda, the right to challenge resolutions and the right to raise claims regarding responsibility.

## Voting rights restrictions and representation

There are no restrictions on the voting right for all shareholders whose right to vote is registered in the share register. Every shareholder is entitled to be represented by another shareholder whose power to do so is proven in writing.

## Statutory quorum

There is no statutory quorum.

## Convocation of the annual general meeting of shareholders

There are no statutory rules on the convocation of the general meeting which differ from the legal provisions. A general meeting is convened at least 20 days before the date of the meeting by letter to those shareholders, whose addresses are registered in the share register. Shareholders disposing of at least 5 percent of the share capital are able to request convocation of a general meeting upon indication of the items and the motions.

## Agenda

The convocation consists of the agenda provided by the Board of Directors and the motions. Shareholders disposing of shares with a nominal value of at least CHF 1 million may request items to be added to the agenda.

## Registration in the share register

The Board of Directors keeps a share register in which the shareholders and beneficiaries are entered with their names and addresses.

Shareholders and beneficiaries are only recognized as such if they are registered in the share register. Any entry requires the approval of the Board of Directors, a committee determined by the Board of Directors or a single person determined by the Board of Directors. The Board of Directors has the right to demand from the applicant all information which might be useful for the assessment of the application for registration. The entry in the share register of a shareholder with the right to vote or a beneficiary can be denied for the following reasons:

- if, on request of the company, the acquirer does not explicitly confirm that he did not obtain the shares in his name, in his own interest and on his own account and that he will hold them;
- if and as long as the registration of the acquirer may, based on the available information, prevent the company from complying with Swiss acts which ask for Swiss control.

Acquirers who are not yet recognized by the company are to be registered in the share register as shareholders without voting rights. The corresponding shares are deemed not to be represented at the general meeting. After hearing the person in question, the Board of Directors can delete the registration if it resulted from invalid information. The acquirer has to be informed immediately of the deleting. 10 days before and until the day of the general meeting no entries in the share register are being made.

## Changes of control and defence measures

### Duty to make an offer

There are no statutory rules regarding “opting-out” and “opting-up” which differ from law.

### Clauses on changes of control

There are no clauses on changes of control.

## Auditors

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

PricewaterhouseCoopers AG, St. Gallen, has been the statutory and group auditor since 1981.

It is elected for a term of office of three years by the general meeting. The current term of office expires at the Annual General Meeting in 2014.

The lead auditor, Beat Inauen, was first assigned auditing responsibilities with the auditing of the 2012 annual report. The maximum period as lead auditor based on the legal rotation principle is seven years for Swiss companies.

### Audit fees

Audit fees paid to PricewaterhouseCoopers AG during the 2013 financial year and charged to the consolidated financial statements for 2013 amounted to CHF 302'900.

### Additional fees

Additional non-audit fees paid to PricewaterhouseCoopers AG and charged to the consolidated financial statements for 2013 amounted to CHF 227'000 CHF. These fees were primarily for tax advice.

### Supervisory and control instruments pertaining to the auditors

The external audit is supervised by the Board of Directors. The Board of Directors assesses the audit plan, the audit scope, the execution and the results of the audit. The auditors report directly to the Board of Directors. In the reporting year, the auditor in charge participated in two Board meetings. At those meetings, the audit schedule, scope, and results as well as other important elements of auditing were discussed.

# Information policy

The company informs its shareholders and the capital market in an open and timely fashion and with the highest possible levels of transparency. The most important information tools are the business and interim reports, the [www.starrag.com](http://www.starrag.com) website, media releases, balance sheet presentations for the media and analysts and the Annual General Meeting.

As a company listed on the stock exchange, the Starrag Group Holding AG is required to disclose information relevant to the share price in accordance with the listing regulations of the SIX Swiss stock exchange. Any interested party can register at <http://www.starrag.com/index.php/en/> (click on E-Mail distribution under Investors) to receive potential information relevant to the share price directly from the company via the E-Mail distribution list. This information is also available on the website (<http://www.starrag.com/index.php/en/>, click on Media releases under Investors) and can be provided to any interested parties upon request.

## Corporate calendar:

### ▸ 12.04.2014

Annual general meeting in Rorschacherberg (10.30 a.m. in the Mehrzweckhalle Rorschacherberg)

### ▸ 09.05.2014

Information on first-quarter 2014 results

### ▸ 25.07.2014

Letter to shareholders on 1H 2014 results

### ▸ 04.11.2014

Information on third-quarter 2014 results

### ▸ 26.01.2015

Initial information on full-year 2014 results

### ▸ 06.03.2015

Presentation of 2014 results for analysts and the media in Zurich

### ▸ 24.04.2015

Annual general meeting in Rorschacherberg

Related information and documents will be published on our website [www.starrag.com](http://www.starrag.com) to the extent possible.

Official announcements and invitations will be sent by post to shareholders using the addresses recorded in the share register. Public announcements prescribed by law are made by publication in the Swiss Official Gazette of Commerce.

## Contacts:

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