

The Board of Directors and the General Management place great value on responsible and transparent corporate governance and control in the interests of shareholders, customers and staff.

The disclosure of corporate governance as given below takes its model from SIX Swiss Exchange Ltd. and complies with the corporate governance best practice rules of “economiesuisse”. At Tornos, corporate governance is based on the Articles of Association and the Rules of Organization.

Corporate Governance 2021

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1 Group Structure and Shareholders

1.1 Group structure

	Share capital	% held*	
		2021	2020
Tornos Holding Ltd., Moutier <i> Holding</i>	CHF 69 571 848.50		
↳ Tornos (Taichung) Machine Works Ltd., Taichung <i> Production</i>	TWD 60 250 000	100%	100%
↳ Tornos Ltd., Moutier <i> Production and sales</i>	CHF 65 000 000	100%	100%
↳ Tornos Technologies Deutschland GmbH, Pforzheim <i> Support services</i>	EUR 511 292	100%	100%
↳ Tornos Technologies Iberica SA, Granollers <i> Support services</i>	EUR 60 200	100%	100%
↳ Tornos Technologies Italia Srl, Rho/MI <i> Support services</i>	EUR 93 600	100%	100%
↳ Tornos Technologies Poland Sp. z o.o., Katy Wroclawskie <i> Support services</i>	PLN 50 000	100%	100%
↳ Tornos Technologies UK Ltd., Coalville <i> Support services</i>	GBP 345 000	100%	100%
↳ Tornos Technologies France SAS, St-Pierre-en-Faucigny <i> Support services</i>	EUR 310 000	100%	100%
↳ Tornos Technologies U.S. Corp. Des Plaines, IL <i> Sales and service</i>	USD 2 400 000	100%	100%
↳ Tornos Technologies Asia Limited, Hong Kong City <i> Support services</i>	HKD 10 000	100%	100%
↳ Tornos Technologies (Thailand) Co, Ltd., Bangkok <i> Support services</i>	THB 3 000 000	100%	100%
↳ Tornos Technologies (Malaysia) Sdn. Bhd., Penang <i> Support services</i>	MYR 40 000	100%	100%
↳ Tornos Technologies (Shanghai) Limited, Shanghai <i> Sales and service</i>	USD 500 000	100%	100%
↳ Tornos (Xi'an) Machine Works Co., Ltd., Xi'an <i> Production</i>	RMB 25 000 000	100%	100%

*percentage held equal to voting rights

Organizational structure of the Group

Tornos Group's organizational structure is defined by functional areas as follows: sales and marketing, production and development, customer service, and general and financial services.

Tornos Group is managed by the General Management comprising the three members as listed below:

General Management

Michael Hauser, chair

Stéphane Pittet

Jens Thing

Listed companies in the consolidation

Tornos Holding Ltd. is the only consolidated company within the Group listed on the stock exchange. The subsidiaries are not listed. Tornos shares are traded on SIX Swiss Exchange, Zurich, under securities number TOHN (ISIN code CH0011607683). The market capitalization as at the balance sheet date amounted to CHF 131.2 million.

Unlisted companies in the consolidation

Tornos Holding Ltd. has no unconsolidated shareholdings.

2021

During the year 2021 the business in UK was ceased to the local distributor and as a result the building was also sold. In parallel Malaysian activity was merged into Tornos Asia. The ongoing process of liquidation for both companies should be completed in 2022.

There are no other changes in scope to report for the period under review.

2020

Tornos Ltd. took over the minority stake in Tornos (Xi'an) Machine Works Co., Ltd., which was held by Shanxi Robot Automation Technology Co. Ltd. in January of the year under review and has since been fully consolidated.

1.2 Significant shareholders

As at December 31, 2021, 1,617 shareholders were registered in the share register and held the following numbers of shares:

More than 1 000 000 shares	2 shareholders
From 100 001 to 1 000 000 shares	10 shareholders
From 15 001 to 100 000 shares	35 shareholders
From 1 to 15 000 shares	1 570 shareholders

As at December 31, 2021, 1,411,444 shares, representing 7.2% of the total number of shares issued, were not registered in the share register (not assigned).

Significant shareholders registered in the share register (i.e. representing 5% or more of the company's voting rights) are the following:

Shareholders	31.12.2021		31.12.2020	
	No. of shares	%	No. of shares	%
Walter Fust	9 710 686	48.85	9 620 529	48.40
Michel Rollier / Rollomatic Holding SA	2 853 733	14.36	2 853 733	14.36

Number of shares known by the company or according to the latest declaration made to SIX Swiss Exchange Ltd. The percentages are based on the effective number of shares at the balance sheet date.

According to Article 20 of the Federal Law on Stock Exchange and Security Trading, there was two notifications published in 2021 for an acquisition of shares by a fund.

Detailed information regarding the above-mentioned or earlier publications can be found on the SIX Swiss Exchange website:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=TORNOS>

Tornos Holding Ltd is unaware of any shareholders' pact.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2 Capital Structure

2.1 Capital

The Tornos Holding Ltd. share capital is as follows:

	31.12.2021			31.12.2020		
	No. of shares	Par value CHF	Share capital CHF	No. of shares	Par value CHF	Share capital CHF
Share capital	19 877 671	3.50	69 571 848.50	19 877 671	3.50	69 571 848.50
Authorized share capital	n/a	n/a	n/a	n/a	n/a	n/a
Conditional share capital	706 662	3.50	2 473 317.00	706 662	3.50	2 473 317.00

2.2 Authorized and conditional capital in particular

2.2.1 Authorized capital

2021

As at December 31, 2021, Tornos did not have any authorized capital.

2020

As at December 31, 2020, Tornos did not have any authorized capital.

2.2.2 Conditional capital

2021

As at December 31, 2021, the share capital could have been increased by up to CHF 2 473 317.00, to the exclusion of the subscription right or priority subscription right of the shareholders, for good reasons (acquisition of shareholdings by employees), by issuing fully paid-up registered shares with a par value of CHF 3.50 each, up to a maximum of 706 662 shares with the said par value, through the exercise of option rights granted to members of the Board of Directors and to employees and contracted staff under an employee stock option scheme.

2020

As at December 31, 2020, the share capital could have been increased by up to CHF 2 473 317.00, to the exclusion of the subscription right or priority subscription right of the shareholders, for good reasons (acquisition of shareholdings by employees), by issuing fully paid-up registered shares with a par value of CHF 3.50 each, up to a maximum of 706 662 shares with the said par value, through the exercise of option rights granted to members of the Board of Directors and to employees and contracted staff under an employee stock option scheme.

2.3 Changes in capital

There were no changes in share capital, authorized capital or conditional capital recorded in the year 2021 and 2020.

Share capital	Number of shares	Source of share capital	Par value (in CHF)	Share capital (in CHF 1000)
At December 31, 2019	19 877 671		3.5	69 572
At December 31, 2020	19 877 671		3.5	69 572
At December 31, 2021	19 877 671		3.5	69 572

Authorized capital	Number of shares	Increase/ decrease in capital	Par value (in CHF)	Authorized capital (in CHF 1000)
At December 31, 2019	-		-	-
At December 31, 2020	-		-	-
At December 31, 2021	-		-	-

Conditional share capital	Number of shares	Increase/decrease	Par value (in CHF)	Conditional capital (in CHF 1000)
At December 31, 2019	706 662		3.5	2 473
At December 31, 2020	706 662		3.5	2 473
At December 31, 2021	706 662		3.5	2 473

2.4 Shares and participation certificates

As at December 31, 2021, the ordinary share capital of Tornos Holding Ltd. amounted to CHF 69 571 848.50 and, was divided into 19 877 671 fully paid-up registered shares with a par value of CHF 3.50 per share, all having equal rights to dividends. There are no preferred shares or limitations with regard to voting rights. Each share corresponds to one vote ('one share, one vote').

There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registration

Tornos Holding Ltd. has only one type of share. These shares are not subject to any restriction on transfer out of for beneficiaries of shareholding plans for persons designated by the Board of Directors. See Note 27 of the consolidated financial statements in the financial report with regard to the provisions of the share ownership plan in favor of individuals designated by the Board of Directors.

2.7 Convertible bonds and options

There are no convertible bonds. Shareholding plans for persons designated by the Board of Directors exist. See Note 27 of the consolidated financial statements in the financial report with regard to the provisions of the share ownership plan in favor of individuals designated by the Board of Directors.

3 Board of Directors

3.1 Members of the Board of Directors

François Frôté (1953), Swiss

Chairman | Appointed in 2002 | Elected until 2021

Previous activities for Tornos: legal adviser | Committees: Remuneration Committee | Training - final qualification on completion of studies: lawyer, law degree, University of Bern, 1979 | Current directorships: Rollomatic Holding SA: Board member; Esco SA: Chairman; Bien-Air Holding SA: Board member; Azurée Holding SA: Chairman; Member of several further unlisted companies' Boards of Directors | Professional activities: Law offices of Frôté & Partner: Lawyer and Chairman (since 1979)

Walter Fust (1941), Swiss

Appointed in 2014 | Elected until 2021

Previous activities for Tornos: none | Committees: Chairman of the Remuneration Committee; | Training - final qualification on completion of studies: Engineer ETHZ (Swiss Federal Institute of Technology Zurich), 1964 | Current directorships: Starrag Group Holding AG: Member of the Board; Immofust AG: Chairman | Otherbodies: Fraunhofer Institute IWU University of Chemnitz: Member of the council | Former professional activities: Dipl. Ing. Fust AG: Founder (1966); Jelmoli Holding AG: Board member (from 1997 to 2009, Chairman until 2007)

Michel Rollier (1959), Swiss

Appointed in 2002 | Elected until 2021

Previous activities for Tornos: none | Committees: Remuneration Committee | Training - final qualification on completion of studies: EPFL (Swiss Federal Institute of Technology Lausanne) engineer, 1985 | Current directorships: Rollomatic Holding SA: Chairman; Rollomatic SA: Chairman; Azurée Holding SA: Board member; Esco SA: Board member | Professional activities: Rollomatic SA, various management functions in the Group (from 1989 to 2018)

Till Fust (1993), Swiss

Vice-Chairman | Appointed in 2019 | Elected until 2021

Previous activities for Tornos: none | Committees: Remuneration Committee | Training - final qualification on completion of studies: Master in International Economics, Graduate Institute Geneva, 2020 | Current directorships: none | Professional activities: Solarify GmbH, Sales & Marketing Manager and Business Controller | Former professional activities: Kreislauf Bern, Co-Founder

2021

The Board of Directors comprises four members who are all non-executives. In 2021, there was no change in the composition of the Board of Directors. No member has close business relations with Tornos Holding Ltd or any Group company.

2020

The Board of Directors comprises four members who are all non-executives. In 2020, there was no change in the composition of the Board of Directors. No member has close business relations with Tornos Holding Ltd or any Group company.

None of these people was a member of the management of Tornos Group within the last 3 years.

3.2 Other activities and vested interests

No member of the Board of Directors has a permanent or temporary managerial, supervisory or consultative role in any significant undertakings or interest group other than those mentioned on page 90. No member holds an official function or political office.

3.3 Additionally for issuers subject to the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC)

The members of the Board of Directors may hold a maximum of five offices as directors or members of the senior management of another listed company.

3.4 Election and terms of office

The Board of Directors of Tornos Holding Ltd. is made up of at least three members (currently four), all of whom are independent members with no executive function in the company. Members of the Board are elected individually by the General Meeting of Shareholders for a term that ends with the conclusion of the next ordinary General Meeting of Shareholders. They are eligible for reelection. The Chairman is elected by the General Meeting of Shareholders.

All members of the Board of Directors were elected members of the Remuneration Committee by the General Meeting of Shareholders for a term ending with the next ordinary General Meeting of Shareholders. The Remuneration Committee appointed Mr. Walter Fust as its Chairman.

3.5 Internal organization

The Rules of Organization of Tornos Holding Ltd. lay down the regulations for the company's operation, which are published on the website:

https://investors.tornos.com/sites/investors.tornos.com/files/data/governance/corporatedocuments/reglement_dorganisation_fe_2020-12-17.pdf

In accordance with Article 16 of the Articles of Association, the Board of Directors will, with the exception of its Chairman, constitute itself. It chooses, if necessary, one or more Vice Chairmen, deputies, as well as the Secretary. The Secretary does not need to be a member of the Board of Directors.

Due to the size and composition of the Board of Directors, it can offer advice and make decisions on all questions as a full Board of Directors and can therefore dispense with the creation of further committees, with the exception of the Remuneration Committee. However, it can transfer individual powers to an executive committee.

In the financial year, François Frôté held the office of Chairman. Till Fust was nominated Vice-Chairman. Luc Widmer and then Stéphane Pittet (CFO) have acted as Secretary to the Board of Directors.

3.6 Definition of areas of responsibility

The authorities of the various internal bodies are as follows:

The Board of Directors has the following duties and competencies:

- To exercise overall management of the company and issue the necessary instructions, including the approval of company policy and strategy;
- To determine the company's organization;
- To establish the accounting, financial control and planning principles and approve the annual plans and budgets (including investments);
- To define the strategic objectives of Tornos Group;
- To appoint members of the General Management;
- To appoint and dismiss persons responsible for representing the company;
- To supervise the individuals entrusted with the management of the business, ensuring in particular that they comply with the provisions of law, and of the Articles of Association and regulations, and with the instructions issued;
- To convene the General Meeting of Shareholders and to prepare all matters falling within its remit, including preparation of the Financial Report and the remuneration report, Group accounts, annual financial statements and resolutions for the appropriation of profits, and to carry out the decisions of the General Meeting of Shareholders;
- To inform the court in the event of over-indebtedness;
- To decide on calls to be made on partly-paid shares;
- To record capital increases and amend the Articles of Association appropriately;
- To determine the financial policy;
- To set guidelines for the company's information policy;
- To approve operations with major legal implications, exceptional transactions or unbudgeted financial commitments, where potential foreseeable risks exceed CHF 1.0 million, and in particular:
 - Contracts with third parties in areas outside the company's normal sphere of business;
 - Decisions to enter new business sectors or abandon existing ones;
 - The acquisition or sale of minority share holdings;
 - The acquisition or sale of shareholdings;
 - Decisions to commence or terminate legal acts, or to enter into negotiated settlements.
- To approve unbudgeted investments in excess of CHF 250 000;
- To decide on the issuance of public loans and other capital market transactions;

- To decide on the establishment and liquidation of subsidiaries, and the acquisition or disposal of majority shareholdings;
- To decide on the purchase, mortgaging or sale of properties where the amount of the individual transaction is in excess of CHF 1.0 million;
- To oversee the activity of the General Management and in particular the implementation of the Board's decisions;
- Where the law requires auditors to be used, to ensure that they have the requisite professional skill;
- To provide advice to the General Management in all cases where the Board of Directors or the General Management itself deem it necessary or appropriate;
- To assess the members of the General Management;
- To approve employment conditions that are not related to remuneration;
- To recruit members of the Board of Directors in view of proposals to the General Meeting of Shareholders.
- In relation to the professional financial management of the Group, the Board of Directors has the following competencies
 - Proposal of the financial auditors to the General Assembly of Shareholders
 - Definition and interpretation of the accounting standards
 - Validating and drafting the Financial Report as well as the half-year report
 - Validates and structures transactions on the financial markets
 - Oversees compliance with directives of SIX
 - Oversees the Group financial strategy
 - Oversees the management of the administration group and the financial operations.
 - Defines the financial strategy and dividend of the Tornos Group

In cases where it is uncertain whether an issue falls within the remit of the General Management or the Board of Directors, the question is to be put to the Board of Directors for a ruling.

As far as is legally permitted, and subject to the responsibilities mentioned above, the Board of Directors delegates all aspects of management to the CEO. Accordingly, the CEO is responsible for all management and representation of the company. Hence, in matters falling within his remit, he will take the final decision.

In order to form a quorum, the majority of the members of the Board of Directors must be present at a meeting. If the votes are equal, the Chairman has the casting vote.

The Board of Directors meets as often as necessary, but at least four times a year. During 2021, eight meetings of varying duration were held, of which 3 conference calls. The Board of Directors regularly invited members of the General Management, as well as other members of the Management, to attend its meetings when the items on the agenda required their expertise. Members of the General Management also attended committee meetings.

The Chairman of the Board of Directors has the following duties and competencies:

- To chair the General Meeting of Shareholders and meetings of the Board of Directors;
- To represent the Board of Directors in public and with authorities, shareholders and General Management;
- To brief the Board in a timely manner on all matters of importance to the company;
- To supervise the work of the General Management, and in particular the implementation of decisions of the Board of Directors;
- To advise the General Management;
- To carry out all tasks falling within his remit under the terms of the law, Articles of Association and Rules of Organization.

Remuneration Committee

Walter Fust (Chairman), Francois Frôté, Michel Rollier, Till Fust.

Under Article 8.2 of the Rules of Organization of Tornos Holding Ltd, the Remuneration Committee has the following duties:

- Definition and periodic review of the remuneration policy and principles, of goals and allowance criteria of further remuneration related to the results; periodic review in terms of their implementation and submission of related proposals and recommendations to the Board of Directors;
- Submission of proposals to the Board of Directors concerning the granting of remunerations to members of the Board of Directors and the General Management within the meaning of Article 14 al. 2 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares;
- Submission of proposals to the Board of Directors regarding the participation plan;
- Reviewing and preparing the remuneration report and presenting it to the Board of Directors as a whole;
- Defining and setting terms and conditions for the recruitment and compensation of members of the General Management;
- Defining the annual remuneration increases for the members of the General Management;
- Recommendations to the Board of Directors for the compensation arrangements of the Chairman of the Board and other directors.

The Remuneration Committee has to consist of at least two non-executive directors. The CEO is a permanent invitee of the Committee with consultative vote, and, lastly, the CFO may be invited to participate, with a consultative vote, either fully or partly in the Committee, depending on the decisions of the CEO. With respect to decisions, the rules also stipulate that in the event of an equally split vote on a decision, the Committee Chairman shall have the casting vote.

The Remuneration Committee convened one time in the course of 2021.

Mr. Michael Hauser (CEO) attended all meetings as a permanent guest.

In particular, the following subjects were covered:

- *Identification of the individuals to participate in the “Management and Board Participation Plan 2007 (MBP 07)”;*
- *Benchmarking the remuneration for the Board of Directors as well as for the General Management;*
- *Assessment and review of Management and senior staff salaries for 2022;*
- *Recommendations to the Board of Directors on the recruitment and selection of members of the General Management;*

The minutes of committee meetings were distributed to the Board of Directors, who are all committee members.

3.7 Information and control instruments vis-à-vis the General Management

At its meetings, the Board of Directors is regularly kept verbally informed by the General Management on the progress of business. In addition, a periodic management information system is in place, distributed to all members of the Board, whereby the most important indicators are compared on a weekly basis (orders received) and on a monthly basis written reports are issued, containing information on order intake, financials, supply chain management, and operations. Forecasts are compiled on a monthly basis and distributed to all members of the Board of Directors. The General Management also identifies and quantifies risks on an annual basis, defining appropriate preventive measures.

4 General Management

4.1 Members of the General Management

Michael Hauser (1961), Swiss, German

Chief Executive Officer | Appointed in 2011

Training - final qualification on completion of studies: Diplom-Kaufmann, University of Mannheim, 1988 | Current directorship: Schlatter Industries AG: Board member; Starrag Group Holding AG: Chairman of the Board | Other professional bodies: SWISSMEM, Board member and chairman of the "Machine tools and manufacturing technology" division; CECIMO "European Committee for Cooperation of the Machine Tool Industries", Swiss Delegate (Board member from 2007 until 2017, Chairman from 2009 to 2011) | Previous professional activities: Mikron AG, Nidau (CH): Managing Director (1996-2000); Agie Charmilles Group (CH): Head of Milling Division [Mikron Agie Charmilles AG (CH), Bostomatic Inc. (US) (2008-2010), Georg Fischer Ltd. (CH): President of GF AgieCharmilles and Member of the Executive Committee (2008-2010)

Stéphane Pittet (1973), Swiss

Chief Financial Officer | Appointed in 2021

Training-final qualification on completion of studies: Master in Business Administration, HEC, University of Lausanne | Previous professional activities: Interdica Ltd. (Richemont), Freiburg (CH): Various positions (from 1997-2001), Rado Watch Company Ltd. (Swatch Group), Lengnau (CH): Project Manager and Head of Procurement (2001-2005), Hamilton International & Endura Ltd. (Swatch Group), Biel (CH): Head of Operations (2006-2007), Swatch Group Ltd. (Headquarter), Biel (CH): Corporate Controller (2007-2011), Rado Watch Company Ltd. (Swatch Group), Lengnau (CH): Vice-President Finance and Operations (2011-2021)

Jens Thing (1964), Danish

Chief Sales Officer | Appointed in 2020

Training-final qualification on completion of studies: Executive Master of business administration (MBA) University of Toronto, St. Gallen and Rotman School of Management Previous professional activities: Mikron Ltd., Nidau: Regional Sales Manager (1987-1994); Mikron Ltd., Hanover: Managing Director (1994-2000); Mikron Agie Charmilles Ltd., Nidau: Head of Marketing and Sales Support Milling (2000-2008); GF Agie Charmilles Management Ltd., Geneva: Head of Global Marketing (2008-2011), Head of Business Unit Services and Group Management Member (2011-2014); Haas Automation Europe NV, Brussels: Managing Director (2014-2020)

In accordance with the Tornos Group's organizational structure described above, General Management consists of two members plus Mr. Michael Hauser, who also acts as Chief Executive Officer.

4.2 Other activities and vested interests

No member of the General Management has a permanent or temporary managerial, supervisory or consultative role in any significant undertakings or interest groups, other than those mentioned on page 96. No member holds an official function or political office.

4.3 Additionally for issuers subject to the OaEC

The Articles of Association of Tornos Group are published on the website:

https://investors.tornos.com/sites/investors.tornos.com/files/data/governance/corporatedocuments/e_20180807_statuts_tornos_holding_sa.pdf

4.4 Management contracts

There are no management contracts with companies or individuals outside the Tornos Group.

Competencies

The **General Management** has the following duties and competencies:

- To manage the company in such a way as to ensure sound and sustainable development of the Tornos Group;
- To define the management tools to be used throughout the Group, in particular the planning, accounting, IT systems and internal control systems;
- To carry out regular analyses of company strategy and annual planning as well as their implementation; to submit proposals to the Board of Directors;
- To develop the corporate culture;
- To prepare all matters falling within the remit of the Board of Directors or its committees, and to implement their decisions;
- To approve job descriptions, instructions and guidelines issued within the organizational framework defined by the Board of Directors; approval of the job descriptions of members of the General Management is the responsibility of the Board of Directors;
- To enter into contracts with third parties where the interests of several divisions of the company are involved or where the contracts are of importance to the Group;
- In general, to take decisions within all areas of the company's activity, within the scope of its delegated authority;
- To introduce the innovation process and examine development projects to be submitted to the Board as a whole;
- To define the portfolio of products and markets for approval by the Board of Directors;
- To examine acquisitions and disposals;
- To propose innovations to the Board of Directors for approval.

The CEO's duties and responsibilities include overseeing the company; representing the General Management to the Board of Directors, to the public and before the authorities; submitting proposals to the Board of Directors on all matters falling within the latter's remit; and organizing and overseeing the General Management.

The CEO may delegate management to certain members of the General Management and other employees, as well as arrange for a deputy to represent him in case of absence, although this shall not absolve him from his responsibilities.

5 Compensation, Shareholdings and Loans

Guidelines

The compensation paid to the members of the Board of Directors and the General Management during the 2021 financial year is shown in the remuneration report. It gives a complete picture of the principles and elements applied by the Tornos Group, and of the structure and responsibilities relating to compensation. It contains detailed information about the remuneration, shares and loans of the Board of Directors and the General Management.

6 Shareholders' Participation Rights

6.1 Voting rights restrictions and representation

In accordance with Article 10 of the Articles of Association, there are no voting restrictions, with each share entitling its owner to one vote. Under the Articles of Association, shareholders may only be represented at General Meetings of Shareholders by their legal representative, another shareholder with voting rights or the independent proxy.

6.2 Quorums required by articles of association

Apart from the quorums specified in Article 704 CO, in accordance with Article 11 of the Articles of Association a decision of the General Meeting of Shareholders adopted by at least two thirds of the votes attributed to the shares represented and an absolute majority of the par value represented is required for:

- *modification of the Company purpose;*
- *creation of shares with preferred voting rights;*
- *restriction of the transferability of registered shares;*
- *restriction of the exercise of the right to vote and any modification or elimination of such restriction;*
- *an authorized or contingent increase in the capital stock;*
- *increasing the capital stock using own capital, on the basis of a contribution in kind or for the purpose of acquisition of assets and of a granting of special advantages;*
- *a limitation or elimination of preemptive subscription rights;*
- *moving the main office of the company;*
- *dissolution of the company.*

6.3 Convocation of the General Meetings of Shareholders

Convening General Meetings according to Article 8 of the Articles of Association must comply with statutory prescriptions.

6.4 Inclusion of items on the agenda

Shareholders representing a nominal value of CHF 1 000 000 or more may demand that an item for discussion be entered on the agenda. They must submit their request at least 45 days before the General Meeting of Shareholders in writing, quoting the items to be discussed and the motions.

6.5 Entries in the share register

Entries in the share register (register closing date) must be made at least 11 days before the General Meeting of Shareholders.

7 Changes of Control and Defense Measures

7.1 Duty to make an offer

The legal thresholds apply with regard to the obligation to submit a public offer.

7.2 Clauses on changes of control

In the event of a takeover, the lock-in period stipulated for shares and options under the employee share option schemes will become null and void. There are no other clauses relating to takeovers in favor of members of the Board of Directors and members of the General Management.

8 Auditors

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

Since financial year 2006, the auditors of the holding company and Group have been PricewaterhouseCoopers Ltd., Neuchâtel. The auditors are appointed annually by the General Meeting of Shareholders. Mr. Gerhard Siegrist, Chartered Public Accountant, took over in 2020 the audit responsibility, this for a maximum period of 7 years. Every three to five years a call for tender is issued to duly qualified accountants. The decision is based on the quality of the bid, its presentation by the auditors who will be leading the assignment, and the proposed audit fee. Audit services provided are evaluated on the basis of the written and oral reports provided by the auditors to the Board of Directors, and by feedback from management on the way the audits are conducted. The same procedure applies to the evaluation of additional non-audit services supplied.

8.2 Audit fees

The audit fees paid to PricewaterhouseCoopers Ltd. are as follows:

in CHF	2021	2020
Audit	176 000	189 100

8.3 Additional fees

The additional services paid to PricewaterhouseCoopers Ltd. are as follows:

in CHF	2021	2020
Other services	-	21 600

Other services include tax and other assurance services.

8.4 Information instruments pertaining to the external audit

The audit plan is submitted by the auditors to the Board of Directors for approval of the areas to be the object of particular scrutiny in the year under review. The Board of Directors also asks the auditors to carry out reviews of specific areas that are not included in the audit plan but for which particular reassurance is sought. PricewaterhouseCoopers Ltd. keeps the Board of Directors regularly advised of its activity, and participates in its meetings as required. In 2021, the auditors attended one meeting of the Board of Directors and submitted two reports to it. After the year-end financial closing, the Board of Directors examines, together with the auditors and in the presence of the CEO and CFO, the annual accounts of the holding and the Group together with the financial report.

9 Information Policy

Tornos keeps its shareholders informed of the state of business and events relevant to the stock exchange through the annual and half-yearly reports and by way of media releases to the media. All important information can be consulted on the company's website at www.tornos.com. The annual report as well as the financial report containing information relating to the remuneration of members of the Board of Directors and the General Management may be downloaded via the following <http://investors.tornos.com/ar21> and <http://investors.tornos.com/fr21>

One institute is currently publishing reports on Tornos' business performance:

- *Research Partners, Robin Seydoux*

No hard copy of the Financial Report is being dispatched.

The Corporate Governance report is only available in English.

Financial calender

13.04.2022

Annual General Meeting

10.08.2022

Publication Mid-Year Report 2022

18.01.2023

Publication order intake and sales 2022

06.03.2023

Publication Annual Report 2022 | Financial Report 2022

06.03.2023

Media and analysts' conference