

Corporate Governance 2018

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1 Group Structure and Shareholders

1.1 Group structure

	Share capital	% held*	
		2018	2017
Tornos Holding Ltd., Moutier <i> Holding</i>	CHF 69'571'848.50		
└─ Tornos Management Holding Ltd., Moutier <i> Management of shareholdings and holding</i>	CHF 65'000'000	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, Opera/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 <i> Support services</i>	HKD 10'000	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	70%	70%

*percentage held equal to voting rights

Branches

Name	Domicile	Purpose
Tornos Management Holding Ltd., Taiwan Branch	Taiwan	Production
Tornos Ltd. Thailand, Representative Office	Bangkok	Support services
Tornos Technologies Asia LTD Malaysia, Representative Office	Penang	Support services

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, supply chain management and general and financial services.

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

General Management

Michael Hauser, chair

Bruno Edelmann

Bruno Allemand

Luc Widmer

Listed companies in the consolidation

Tornos Holding SA is the only consolidated company within the Group to be listed on the stock exchange. The subsidiaries are not listed. Tornos shares are traded on the SIX Swiss Exchange, Zurich, under securities number TOHN (ISIN code CH0011607683). The market capitalization value as on the balance sheet date amounted to CHF 122.4 million.

Unlisted companies in the consolidation

Tornos Holding SA has no unconsolidated shareholdings.

2018

The company Almac Ltd., in La Chaux-de-Fonds, Switzerland has been merged with Tornos Ltd., Moutier, Switzerland by way of a merger by absorption retroactively on January 1, 2018. This change has been decided in view of the streamlining of the Group structure. The brand name Almac is extinct and the milling machines are sold under the brand name Tornos. The change mentioned has no impact on the consolidated result of the Group.

There are no other changes in scope to be mentioned during the periods under review.

2017

The dormant companies Almatronic Ltd., in La Chaux-de-Fonds, Switzerland and Cyklos Ltd., in Yverdon-les-Bains, Switzerland have been liquidated on April 4, 2017, resp. on May 23, 2017. Furthermore, in a reverse merger, the company Tornos Technologies France SAS, St-Pierre-en-Faucigny, France has taken control and merged with the company Tornos Holding France SA, also domiciled in St-Pierre-en-Faucigny, France on June 9, 2017. These changes have been decided in view of the streamlining of the Group structure. The changes mentioned had no significant impact on the consolidated result of the Group.

There are no other changes in scope to be mentioned during the periods under review.

1.2 Significant Shareholders

As at December 31, 2018, 1'777 shareholders were registered in the share register and held numbers of shares as follows:

More than 1'000'000 shares	2 shareholders
From 100'001 to 1'000'000 shares	5 shareholders
From 15'001 to 100'000 shares	48 shareholders
From 1 to 15'000 shares	1'722 shareholders

As at December 31, 2018, 2'022'379 shares, representing 10.17% 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	31.12.2018		31.12.2017	
	No. of shares	%	No. of shares	%
Walter Fust	9'570'659	48.15	9'145'516	46.01
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 real number of shares at balance sheet date.

According with the article 20 of the Federal Law on Stock Exchange and Security Trading, there were no notification published in 2018 and 2017.

Detailed information regarding 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 SA is unaware of any shareholders' pact.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2 Capital Structure

2.1 Capital

The Tornos Holding SA share capital is as follows:

	31.12.2018			31.12.2017		
	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	4.50	89'449'519.50
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	4.50	3'179'979.00

2.2 Authorized and conditional capital in particular

2.2.1 Authorized capital

2018

As at December 31, 2018, Tornos did not have any authorized capital.

2017

As at December 31, 2017, Tornos did not have any authorized capital.

2.2.2 Conditional capital

2018

As at December 31, 2018, 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.

2017

As at December 31, 2017, the share capital could have been increased by up to CHF 3'179'979.00, 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 4.50 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

Share Capital	Number of shares	Source of share capital	Par value (in CHF)	Share capital (in CHF 1'000)
At December 31, 2016	19'877'671		4.5	89'450
At December 31, 2017	19'877'671		4.5	89'450
At December 31, 2018	19'877'671		3.5	69'572

In 2018, Tornos Holding SA reduced the share capital by CHF 19,877,671.00, i.e. from CHF 89,449,519.50 to CHF 69,571,848.50, by reducing the par value of registered shares from CHF 4.50 to CHF 3.50.

Authorized Capital	Number of shares	Increase/ decrease in capital	Par value (in CHF)	Authorized capital (in CHF 1'000)
At December 31, 2016	-		-	-
At December 31, 2017	-		-	-
At December 31, 2018	-		-	-

Conditional Share Capital	Number of shares	Increase/ decrease	Par value (in CHF)	Conditional capital (in CHF '000)
At December 31, 2016	706'662		4.5	3'180
At December 31, 2017	706'662		4.5	3'180
At December 31, 2018	706'662		3.5	2'473

In 2018, Tornos Holding SA reduced the conditional share capital by CHF 706'662.00, i.e. from CHF 3'179'979.00 to CHF 2'473'317.00, by reducing the par value of registered shares from CHF 4.50 to CHF 3.50.

2.4 Shares and participation certificates

As at December 31, 2018, the ordinary share capital of Tornos Holding SA 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 SA has only one type of share. These shares are not subject to any restriction on transfer.

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



François Frôté (1953), Swiss

Chairman | Appointed in 2002 | Elected until 2019

Previous activities for Tornos: legal adviser | Committees: Remuneration Committee; Audit Committee | Training – final qualification on completion of studies: lawyer, law degree, University of Berne, 1979 | Current directorships: Rollomatic Holding SA: Board member; Esco SA: Vice-Chairman; Bien-Air Holding SA: Board member; Gebäudeversicherung Bern (GVB): Board member; GVB Privatversicherungen AG: Board member; Azurée Holding SA: Chairman; | Professional activities: Law offices of Frôté & Partner: Lawyer and Chairman (since 1979)

Walter Fust (1941), Swiss

Appointed in 2014 | Elected until 2019

Previous activities for Tornos: none | Committees: Chairman of the Remuneration Committee; Audit Committee | Training – final qualification on completion of studies: Engineer ETHZ (Swiss Federal Institute of Technology Zurich), 1964 | Current directorships: Starrag Group Holding AG: Board member; Immofust AG: Chairman | Other bodies: 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 2019

Previous activities for Tornos: none | Committees: Remuneration Committee; Audit 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 | Professional activities: Rollomatic SA, various management functions in the Group (from 1989 to 2018)

Frank Brinken (1948), Swiss

Vice-Chairman | Appointed in 2011 | Elected until 2019

Previous activities for Tornos: none | Committees: Remuneration Committee; Chairman of the Audit Committee | Training – final qualification on completion of studies: Engineer, Doctorate in Engineering, Polytechnic University of Aachen (RWTH), 1979; Honorary professor at Chemnitz University of Technology, Germany, 2013 | Current directorships: Fastems Oy AB, Board member; Foundation Inspire/ETHZ: Chairman | Professional activities: Maag Pump Textron Systems: CEO (from 1995 to 2004); Starrag Group Holding AG: CEO (from 2005 to 2014)

3.1 Members of the Board of Directors

2018

The Board of Directors comprises four members which are all non-executives. In 2018, there has been no alteration in the composition of the Board of Directors. No member has close business relations with Tornos Holding SA or any Group company.

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

2017

The Board of Directors comprises four members which are all non-executives. In 2017, there has been no alteration in the composition of the Board of Directors. No member has close business relations with Tornos Holding SA 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 87. 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 SA 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 SA 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/tornos-reglement-d-organisation-fr.pdf> (French version only)

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 authorities:

- 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 strategic objectives for 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 annual 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 ac, 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 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 and President. 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 2018, eight meetings of varying duration were held, of which two 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 authorities:

- To chair the General Meeting of Shareholders and meetings of the Board of Directors;
- To represent the Board of Directors in the 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), François Frôté, Frank Brinken, Michel Rollier.

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 principals, 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 grant 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 putting together 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 General Management;
- Defining the annual remuneration increases for the members of 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 henceforth have the casting vote.

The Remuneration Committee convened two times in the course of 2018.

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)";
- Assessment and review of Management and senior staff salaries for 2019;
- Benchmarking the remuneration for the General Management against a peer group of 20 publicly listed small and mid cap Swiss industrial companies;

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

Audit Committee

Frank Brinken (Chairman), Walter Fust, Michel Rollier, François Frôlé.

Under article 9.2 of the Rules of Organization of Tornos Holding Ltd., the Audit Committee has the following powers and duties:

- *Recommendation to the Board of Directors concerning the appointment of auditors;*
- *Definition and interpretation of accounting standards;*
- *Reviewing and putting together the annual and semi-annual reports and presenting them to the Board as a whole;*
- *Reviewing and structuring capital market transactions for submission to the Board as a whole;*
- *Overseeing the compliance with the SIX Swiss Exchange directives;*
- *Overseeing the work of the auditors;*
- *On the instructions of the Board of Directors, monitoring particular operational or financial matters of the Tornos Group;*
- *Recommendation to the Board of Directors concerning the financial and dividend policy of the Tornos Group;*
- *Reporting to the Board of Directors on the work of the Audit Committee.*

The Audit Committee has to consist of at least two non-executive directors, the other members of the Board of Directors and the CEO are permanent invitees of the Committee with consultative votes, 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. If required, the auditors may participate with a consultative vote. The Committee meets as often as necessary, but at least once a year. With respect to decision, the rules also stipulate that in the event of an equally split vote on a decision, the Committee Chairman shall henceforth have the casting vote.

The Committee met seven times in 2018, including two via conference call.

Michael Hauser (CEO and permanent guest) attended all meetings, together with Bruno Edelmann (CFO).

In particular, the following main topics were discussed:

- *Review of the financial statements and annual report for 2018;*
- *Review of the Group auditor's report to the Audit Committee;*
- *Periodic review of the utilization of the authorized capital and the conditional capital of Tornos Holding Ltd.;*
- *Periodic review of impairment tests and extraordinary amortization and depreciation relating to the strategic and operational reorientation of the Group;*
- *Periodic review of the Group's financing and lines of credit;*
- *Review of the Forex policy*
- *Review of the intermediate financial statements on June 30 and the half-year report 2018;*
- *Review of the risk management map;*
- *Monitoring of future changes in the field of corporate governance and financial regulations;*
- *Review of the internal control system of the Tornos Group;*
- *Review of the audit plan.*

The Audit Committee also reviewed the quarterly financial results, the forecast for 2018 and the detailed budget for 2019. It reviewed the information to be released to the financial community prior to publication. It examined certain specific points related to financial, accounting and taxation issues, as well as the interpretation, adaptation and implementation of accounting standards for the Group, Swiss GAAP FER and the SIX Swiss Exchange directives as they relate to the preparation and publication of the Group's financial statements. The Committee examined and followed up with numerous operational questions potentially having a significant impact on the Group's financial statement. It also assessed the performance of the auditors and its own work.

At each Board meeting, the Chairman of the Audit Committee gave an account of the Committee's work and submitted proposals for decision.

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. Twice a year, the General Management establishes a forecast that is to be approved by the Audit Committee. The General Management also identifies and quantifies risks on an annual basis, defining appropriate preventive measures. The Audit Committee submits this document to the Board for approval.

4 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: Board member | Other professional bodies: SWISSMEM, Council 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 (from 1996 to 2000); Agie Charmilles Group (CH): Head of Milling Division [Mikron Agie Charmilles AG (CH), Bostomatic Inc. (US), Step Tec AG (CH)] and Group Management member (from 2000 to 2008); Georg Fischer AG (CH): President of GF AgieCharmilles and Member of the General Management (from 2008 to 2010)

Luc Widmer (1969), Swiss

Head of Global Supply Chain Management | Appointed in 2015

(CFO of Tornos Group from 2012 - 2015) Training – final qualification on completion of studies: Business economist, University of Applied Sciences, Olten, 1998 | Current directorship: Memeg AG: Board Member | Previous professional activities: ALSTOM (Suisse) AG: Chief Financial Officer Gas Segment Manufacturing (from 2001 to 2002); Managing Director Gas Turbine Logistics (from 2003 to 2004); Mikron Technology Group (CH): Division Controller (2005); Forteq Group (CH): Chief Financial Officer (from 2006 to 2012)

Bruno Edelmann (1966), Swiss

Chief Financial Officer | Appointed in 2015

Chief Financial Officer | Appointed in 2015 Training – final qualification on completion of studies: Swiss Certified Accountant at vocational business school, Biel, 1993; Swiss Certified Public Accountant at Swiss Institute of Certified Accountants, Bern, 1996 | Current directorship: Téléski SA Les Prés-d’Orvin: Board member | Previous professional activities: Ernst & Young AG, Biel (CH): Senior Manager Audit (from 1992 to 2001); Feldschlösschen Beverages AG, Rheinfelden (CH): Head of Controlling (from 2001 to 2002); Saia-Burgess Group, Murten (CH): Project leader / Controller (from 2005 to 2006); Feintool Group, Lyss (CH): Head of Group Finance and Controlling (from 2002 to 2005 and from 2006 to 2015)

Bruno Allemand (1965), Swiss

Head of Sales & Marketing | Appointed in 2013

Training – final qualification on completion of studies: Diploma SME-HSG, University of St. Gallen, 2004 | Current directorship: none | Previous professional activities: Mikron AG, Nidau (CH): Head of Regional Sales, Head of Sales (from 1990 to 1998), Sales Director Switzerland (from 1999 to 2000); Agie Charmilles Group: Mikron Sales AG (CH): Managing Director (from 2001 to 2007); Agie Charmilles GmbH (Germany): Managing Director (from 2007 to 2011); GF AgieCharmilles (CH): Head of Marketing & Sales Support Milling (from 2011 to 2013)

4.1 Members of the General Management

In accordance with the Tornos Group's organizational structure described above, General Management consists of three 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 95. No member holds an official function or political office.

4.3 Additionally for issuers subject to the OaEC

The Article of Association of Tornos Group is published on the website https://investors.tornos.com/sites/investors.tornos.com/files/data/governance/corporatedocuments/articles_of_association_tornos_holding.pdf

4.4 Management contracts

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

Authorities

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

- 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.