

Corporate Governance

Group structure and shareholders

Group structure

The Group's operational structure is shown on page 8 of the Annual Report.

The scope of consolidation includes the following listed company:

Name:	TX Group AG (formerly Tamedia AG), Zurich
Location of registration:	SIX Swiss Exchange, Switzerland listed since 2 October 2000
Market capitalisation:	see section "Capital structure"
Treasury shares (as of 31 December 2021):	5 709
Securities symbol:	TXGN
ISIN:	CH 0011178255
Symbol:	
- Bloomberg:	TXGN.SW
- Reuters:	TXGN.S

Group companies not listed on a stock exchange are shown in Note 38 of the consolidated financial statements (pages 106 to 108).

Significant shareholders

Significant shareholders and significant groups of shareholders and their holdings in the TX Group, to the extent known to the TX Group, are shown in the following table. The notices published during the reporting year can be found on the publication platform of the Disclosure Office.¹

¹ <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Principal shareholders

Name	2021 ¹	2020 ¹	2019 ¹
Dr. Severin Coninx, Berne	13.20%	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93% ²	11.93% ²	11.93% ²
Annette Coninx Kull, Wettswil a.A.	0.00%	11.85% ³	11.85% ³
Fabia Schulthess, Zurich	5.53%	0.00%	0.00%
Andreas Schulthess, Wettswil a.A.	5.53%	0.00%	0.00%
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.87%	6.87%
Ellermann Pyrit GmbH, Stuttgart, Germany	4.20%	4.31%	4.31%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	3.04% ⁴	2.14% ⁴	2.14%
Total members of the shareholders' agreement	69.10%	69.10%	69.10%
Regula Hauser-Coninx, Weggis	4.63%	4.63%	4.63%
Tweedy Browne Company LLC	4.59%	4.66%	4.73%
Epicea AG, Bern	3.25% ⁵	0.00%	0.00%
Montalto Holding AG, Zug	0.00%	1.83%	1.83%
Epicea Holding AG, Zug	0.00%	1.42%	1.42%
Franziska Reinhardt-Scherz, Muri b. Bern	0.69%	0.69% ⁶	0.69% ⁶
Franziska Reinhardt-Scherz, Muri b. Bern	3.94%	3.94%	3.94%

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.

2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf), rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Oetwil an der Limmat).

3 Of which rights to usufruct in relation to 586,021 registered shares in the name of Fabia Schulthess (Zurich) and rights to usufruct in relation to 586,022 registered shares in the name of Andreas Schulthess (Wettswil).

4 The other members of the shareholders' agreement are:

Pietro Calcagni
 Beatrice Calcagni
 Prof. Dr Anna Coninx Mona
 Erbgemeinschaft Annette Coninx Kull
 Caspar Coninx
 Christoph Coninx
 Claudia Isabella Coninx-Kaczynski
 Franziska Nicolasina Coninx
 Martin Coninx
 Philipp Coninx
 Salome Coninx
 Luca Kaczynski
 Antonia Kaestner
 Clara Kaestner
 Dr Franziska Kaestner-Richter
 Antje Landshoff-Ellermann
 Saskia Landshoff
 Konstantin Richter
 Sabine Richter-Ellermann
 Dr Anna P. Supino Calcagni
 Dr Pietro Supino

5 The shares previously held by Epicea Holding AG and Montalto Holding AG are now owned by Epicea AG.

6 Until 2020, the shareholding was divided between Erwin (31,043 shares) and Franziska Reinhardt-Scherz (41,803 shares).

Principal shareholders are disclosed based on Art. 120 ff. of the Swiss Financial Market Infrastructure Act (FMIA) and the corresponding ordinances.

In conjunction herewith, the following central features of the shareholders' agreement of the founding family are also made available to the public:

- All shareholders who are members of the founding family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement entered into effect as of the date of registration for a period of eight years, and was extended in 2008 until 2017. During the course of 2015, the founding family of the TX Group renewed its shareholders' agreement, which was due to expire in 2017, early and for an indefinite period.
- Among other things, the pool agreement serves the purpose of coordinating the exercise of the voting rights of pool members with regard to their representation on the Board of Directors.
- It also governs how pool shareholders exercise their voting rights in conjunction with other topics requiring the approval of shareholders, such as determining dividends.

- Pool shareholders are notified in advance of any other issues to be brought before the shareholders at the Annual General Meeting. If two thirds of the voting rights represented by the pool shareholders are cast for any such issue at a meeting of pool shareholders, the pool shareholders must unanimously vote in favour of this issue at the General Meeting. Otherwise, pool members are at liberty to exercise their voting rights as they choose.
- The agreement does not relate to matters which lie within the responsibility of the Board of Directors or Group Management of the TX Group or that of its subsidiaries.
- The agreement includes a right of first refusal for all parties to the shareholders' agreement in the event that a pool shareholder wishes to transfer his/her shares to an independent third party (either with or without compensation). Should this be the case, said shareholder must first offer his/her shares to the pool members. The other pool shareholders have the right to purchase such shares at the current market price less a 20 per cent discount.
- Pool shareholders represent a group of shareholders who act in compliance with the requirements of Art. 121 FMIA. Any future exchange of shares amongst the current pool shareholders will not result in an obligation to announce and make public any such change. If, however, the entire pool should sell shares and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66⅔ per cent or below 50 per cent), the pool shall be required to inform the Swiss Stock Exchange and the TX Group. An obligation to notify shall also exist if a new member is added to the pool or one pool member no longer holds any shares.

The shareholders united under the shareholders' agreement, consisting of members of the founding family, held 69.10 per cent of the TX Group registered shares on the balance sheet date, of which 67.00 per cent were subject to the provisions stipulated in the shareholders' agreement.

The Reinhardt-Scherz group of shareholders consists of Franziska Reinhardt-Scherz, Muri and Epicea AG, Bern, which is under their control. The persons united in this group of shareholders jointly hold an investment of 417,342 registered shares of TX Group AG or 3.94 per cent of the share capital.

Cross-shareholdings

During the current financial year, there were no cross-shareholdings based on either share capital holdings or on voting rights.

Capital structure

Capital structure and change in capital structure

Capital structure

in CHF mn	2021	2020	2019
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certificates	–	–	–
Dividend-right certificates	–	–	–
Convertible bonds	–	–	–

Additional information concerning changes in equity can be found in the statement of changes in equity on page 52 of the consolidated financial statements.

Registered shares

number		2021	2020	2019
Nominal value	in CHF	10	10	10
Voting rights per share		1	1	1
Number of issued shares		10 600 000	10 600 000	10 600 000
Number of shares entitled to dividends		10 594 291	10 595 574	10 595 574
Total number of voting rights		10 594 291	10 595 574	10 595 574
Number of outstanding shares (weighted average)		10 596 897	10 588 338	10 588 338
Number of treasury shares (as of balance sheet due date)		5 709	4 426	4 426

There are no differences in dividend rights or other priority rights with the exception of those described in the section “Limitations on transferability and nominee registrations” below.

Details with regard to market capitalisation can be found in the information for investors on page 46.

Limitations on transferability and nominee registrations

Upon request, purchasers of registered shares shall be registered as shareholders with voting rights if they specifically declare that they have purchased such shares in their own name and for their own account.

The Board of Directors may deny registration of the purchaser as a shareholder or beneficiary with voting rights to the extent that the shares held by the shareholder would exceed 5 per cent of the total number of shares recorded in the commercial register. Legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Shareholders who were registered in the share register as of 14 September 2000 or purchasers who are family members of such shareholders shall be exempt from this restriction on registration.

During the reporting year, no exceptions to the said regulations were granted.

The Board of Directors may register nominees in the share register with voting rights of up to a maximum of 3 per cent of the share capital registered in the commercial register. Nominees are persons who, when applying for registration, do not specifically declare that they hold the shares for their own account. The Board of Directors may register nominees with more than 3 per cent of the registered share capital, granting them voting rights, insofar as the nominee in question has provided the company with the names, addresses and number of shares held by such persons for whom he/she holds 0.5 per cent or more of the registered share capital entered in the commercial register. The Board of Directors may enter into agreements with such nominees, which govern, among other items, the representation of the shareholders and their voting rights.

The Board of Directors may cancel the entries of shareholders or nominees in the share register retroactively to the date of entry should it be apparent after a hearing that such entries were made based on false information. The persons affected must be informed of said cancellation immediately.

Convertible bonds and options

Currently, there are no convertible bonds and options.

Board of Directors

Members of the Board of Directors

Information on the members of the Board of Directors and their other functions and business interests is provided in the Annual Report on pages 4 to 5.

Article 31 of the Articles of Incorporation¹ regulates the number of other functions permitted.

Election and term of office

The Board of Directors comprises at least five members who are individually elected by the Annual General Meeting for a term of office of one financial year. Their term of office expires on the date of the Annual General Meeting for the last financial year of their tenure. If elections to replace directors are held during the designated term, the newly elected directors shall serve the remaining tenure of their predecessors. The Annual General Meeting also elects the Chairman of the Board of Directors. Otherwise, the Board of Directors constitutes itself.

Internal organisation

The composition of the Board of Directors and the affiliation of its individual members to the committees are shown in the table below.

Name	Function	Member since	Term of office ¹	Audit committee	Compensation Committee
Pietro Supino	Chairman	1991	2022		
Martin Kall	Vice-Chairman / Lead Director	2013	2022		C
Pascale Bruderer	Member	2020	2022	M	
Pierre Lamunière	Member	2009	2022		M
Sverre Munck	Member	2018	2022	C	
Konstantin Richter	Member	2004	2022	M	
Andreas Schulthess	Member	2019	2022		M
Christoph Tonini	Member	2020	2022		

C: Committee chairman
M: Member

¹ The terms of office of all members of the Board of Directors expire at the next Annual General Meeting on 8 April 2022.

Lead Director

In accordance with the Swiss Code of Best Practice for Corporate Governance (point 19), the TX Group's Internal Governance Rules envisage appointing a non-executive member of the Board of Directors to serve as Lead Director if the positions of Chairman of the Board of Directors and Chief Executive Officer are held by the same person. At the start of each meeting, the Board of Directors convenes under the Lead Director with the Chairman not in attendance.

¹ www.tx.group/statuten

Authorities

The Board of Directors is responsible for defining the Group strategy. It reviews the Company's fundamental plans and objectives and identifies external risks and opportunities. The risks are explained in Note 35 of the consolidated financial statements (pages 100 to 102). The authorities and responsibilities of the Board of Directors and its committees, as well as the schedule of approval authorities with respect to Group Management, are laid down in the Internal Governance Rules, which can be viewed online at www.tx.group¹. These include, in particular, the supervisory and control functions for the Board of Directors with the direct support of external parties, as well as the ongoing and comprehensive provision of information for all members of the Board.

The Board of Directors is also responsible for overseeing and monitoring Group Management. Group Management informs the Board of Directors during its regular meetings and upon special request with regard to the business developments and the Group's planned activities. Also in attendance at these meetings are the Chief Executive Officer as well as other members of Group Management and other executive members of staff for business matters of relevance to them.

The full Board of Directors is informed by means of monthly written reports with regard to the consolidated monthly financial statements, business developments within the individual divisions and any further relevant business issues. Each quarter, all members of the Board of Directors are provided with written information on the development of the market share and every six months a report is sent with explanations to the semi-annual and annual financial statements. In addition, the Board of Directors also receives the minutes of meetings held by Group Management as well as of those held by the two committees of the Board of Directors. The Chief Executive Officer also informs the Chairman of the Board of Directors and/or the Lead Director on a regular basis with regard to any incidents of particular significance.

Passing resolutions

The Board of Directors constitutes a quorum when the majority of its members are present. It makes decisions based on a majority vote of the members present. In the event of a tied vote, the Chairman has the casting vote. There are no statutory quorums for resolutions. Resolutions may also be passed by circular vote.

Meetings

The Board of Directors meets as often as business requires or if a meeting is requested by a member, but at least four times a year. In the reporting year, the Board of Directors and its committees held the following meetings.

	Number of meetings	Duration (hours)
Directors	8 ¹	7:15
Compensation Committee	3 ²	1:30
Audit Committee	4 ³	2:05

¹ Of which a 3-day retreat and 3 video conferences

² of which 3 video conferences

³ of which 1 video conference

¹ www.tx.group/statuten

Committees

In addition to the committees described below, the Board of Directors may form other committees for specific functions. Members are appointed to committees in conjunction with the constitution of the Board of Directors and according to the same procedure. Generally, these committees do not make any binding decisions, but instead report to the Board of Directors as a whole, submit proposals for decisions and guidelines when appropriate and provide Group Management with the necessary support for the implementation of such.

The following permanent committees currently exist:

- Compensation Committee
- Audit Committee

The committees must be made up mostly of members of the Board of Directors and make their agendas and meeting minutes available to the entire Board of Directors. The Chairman of each committee informs the Board of Directors as a whole orally as to the results of such meetings.

Compensation Committee

The Compensation Committee addresses human resources matters in general and is responsible in particular for preparing nominations of members of the highest management level for whom the Board of Directors has direct responsibility. It also deals with the qualification and compensation of members of this management group and with the general compensation system including profit participation.

The committee comprises three to four members. If the number of members of the Compensation Committee falls below the minimum threshold of three, the Chairman shall nominate the missing member(s) from amongst the members of the Board of Directors, who will serve until the end of the next Annual General Meeting. The Chief Executive Officer is invited to attend meetings. The Compensation Committee does not sit at set intervals, but meets as required to prepare business for the Board of Directors. The meetings held in the reporting year are listed in the overview in the Meetings section.

Audit Committee

The Audit Committee oversees the financial reporting, compliance with accounting and reporting standards and with the rules for listing on the SIX Swiss Exchange, risk management and financial corporate communication as well as any extraordinary accounting matters. Risk management includes sharing information on specific risks such as market risks, financial risks and personnel risks from the members of staff responsible. An overarching risk management report is prepared annually for the attention of Group Management, the Audit Committee and the Board of Directors. This central risk management report serves to monitor all current risks and review the processes in place for addressing risks.

The Audit Committee also represents the Board of Directors as liaison with the external statutory auditors and monitors and assesses their performance and impartiality on an ongoing basis. For this purpose, the Audit Committee examines and discusses the proposed audit schedule and the audit results with the statutory auditors (reports required by law prepared by the statutory auditors and reports pertaining to any significant findings from the interim and final audits). Moreover, the committee is informed orally by the statutory auditors, the Chief Financial Officer and other management members from the finance division regarding the progress of the audit work.

The Audit Committee reviews and evaluates the independence, qualifications, performance and effectiveness of the statutory auditors once a year. It also discusses the statutory auditors' independence from Group Management and the company with them and monitors the rotation system for the lead auditor. In addition, the Audit Committee examines the compatibility of non-audit services with the statutory auditors' independence. The fees for the audit of the consolidated financial statements and the individual financial statements are approved in advance by the Audit Committee. Every year, the Audit Committee submits a proposal for appointing the statutory auditors to the Board of Directors, which then puts it before the Annual General Meeting.

The Audit Committee comprises at least three members. The Chairman of the Board of Directors may not be a member of this committee. Meetings are held regularly, at least four times a year, and generally the Chief Financial Officer is in attendance (as representative of Group Management) as well as the statutory auditors. For specific matters, the Audit Committee calls in outside experts when needed. Its meetings are aligned with the preparation and approval of the semi-annual and annual financial statements. The meetings held in the reporting year are listed in the overview in the Meetings section. These were attended by the Chief Financial Officer and the representative of the external statutory auditors.

Group Management

Members of Group Management

Information on the members of Group Management and their other functions and business interests is provided in the Annual Report on pages 6 to 7. Article 31 of the Articles of Incorporation¹ regulates the number of other functions permitted.

Management contracts

During the year under review, there were no management contracts between the TX Group and companies or private individuals stipulating the transfer of management responsibilities by the TX Group.

Compensation, shareholdings and loans

Information on compensation, shareholdings and loans granted to the Board of Directors, the Advisory Board and Group Management can be found in the Compensation Report on pages 130 to 137.

¹ www.tx.group/articles-of-incorporation

Shareholders' participation rights

Restrictions on voting rights and representation

A shareholder may directly or indirectly exercise or cause to have exercised voting rights associated with his/her own shares or shares he/she represents up to a maximum of 5 per cent of the total number of shares registered in the commercial register. To this end, legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other way, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Institutional investor proxies within the meaning of Art. 689c of the Swiss Code of Obligations (custodian proxies, company officers and independent proxies) are exempt from this restriction on voting rights as long as the provisions of the Articles of Incorporation referred to in the previous paragraph have been adhered to by the owner(s).

Shareholders registered with more than 5 per cent of the voting rights in the share register are exempt from the aforementioned restriction of voting power.

Statutory quorums

According to the Articles of Incorporation of TX Group AG, the Annual General Meeting makes resolutions and conducts elections based on an absolute majority of the represented voting rights. For the following resolutions, a minimum two-thirds majority of the represented voting rights and an absolute majority of the represented share capital are required: changes in the company's purpose; introduction of voting shares; restrictions on transferability of registered shares; approved or conditional capital increases; capital increases from shareholders' equity, in return for non-monetary contributions or for the purpose of acquisition of assets or granting special advantages; restriction or cancellation of subscription rights; transfer of the company's registered office and dissolution of the company without liquidation.

Convening the General Meeting

The General Meeting is held annually within six months of the end of the company's financial year. Extraordinary general meetings are convened as needed. Likewise, in addition to the statutory auditors, one or more shareholders, who combined represent at least 10 per cent of the company's share capital, may demand in writing that a general meeting be called indicating the subject matter to be discussed and proposals to be made.

The General Meeting is called by the Board of Directors no later than 20 days prior to the scheduled date of the meeting. The shareholders are notified via the TX Group's normal publications (see further information in section "Information policy" on page 149).

Agenda

Shareholders who together represent shares with a nominal value of CHF 1,000,000 may request that a matter for discussion be included on the agenda. The application for an item to be added to the agenda must be submitted in writing at least 60 days prior to the General Meeting with an indication of the subject to be discussed.

Registration in the share register

All shareholders registered with voting rights in the share register are entitled to take part and have voting power at the General Meeting. For organisational reasons, no further registrations will be made after 20 days before the General Meeting. Shareholders who sell their shares prior to the General Meeting no longer have any voting rights.

Changes of control and defensive measures

In accordance with the Swiss Stock Exchange Act, whoever, whether directly, indirectly or acting in concert with third parties, acquires equity securities of a listed Swiss company, which, when added to the equity securities already owned, exceed a threshold of 33.3 per cent of the overall voting rights of a target company, whether or not said voting rights may be exercised, must make a bid to the remaining shareholders to acquire all of the company's equity securities listed on the stock market. Before publicly offering its equity securities, the company may lay down in its Articles of Incorporation that a purchaser is not required to make a public sales offer of this kind (opting-out). TX Group AG's Articles of Incorporation do not provide for any such opting-out. Similarly, there are no clauses governing changes of control.

Statutory auditors

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

The statutory auditors are appointed by the General Meeting for a period of one year.

PricewaterhouseCoopers AG has served as auditor for the consolidated financial statements since the financial year 2016. The separate financial statement of TX Group AG has been audited by PricewaterhouseCoopers AG since 2016. Patrick Balkanyi assumed the role of lead auditor for the first time for the financial year 2016.

Audit fee

The fees for the audit of the consolidated financial statements and the separate financial statements total CHF 1.0 million (previous year: CHF 1.0 million), of which CHF 0.8 million relate to expenditures for the audit conducted by PricewaterhouseCoopers AG.

Additional fees

The total amount of fees paid to PricewaterhouseCoopers AG and/or its affiliated persons for additional financial services, IT and strategy advisory services amounted to CHF 0.6 million. Fees amounting to CHF 0.1 million had been incurred in the previous year for additional financial services and IT advisory services.

Supervisory and control instruments vis-à-vis the auditors

The nature of the supervisory and control instruments used by the Board of Directors to assess the external statutory auditors and their participation in Audit Committee meetings is described in the section "Board of Directors – Audit Committee". The system of rotation governing the tenure of the lead auditor is seven years at the most, in compliance with the impartiality guidelines set down by EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. A regular rotation of the statutory auditors is not foreseen.

Information policy

Information policy and ad hoc publicity requirements

The TX Group follows an open and timely information policy that treats all target groups in the capital market equally. Detailed annual and semi-annual reports are published. The consolidated financial statements are prepared in accordance with IFRS standards (International Financial Reporting Standards) (see “Consolidation and measurement principles”, pages 53 to 64).

An agenda including the date of the General Meeting and the date of publication of the half-year report can be found on page 46.

TX Group AG’s Articles of Incorporation can be viewed online at www.tx.group¹.

As a listed company, the TX Group is also obliged to inform the public of any price-sensitive information (ad hoc publicity, Art. 53 Listing Rules). In addition to information on the financial developments, the TX Group also provides information regularly on current changes and developments.

For more detailed information on the company, visit the website at www.tx.group. The official publication used for public announcements made by the company and announcements required by law is the Swiss Official Gazette of Commerce.

This Annual Report is available in German and English. The German version is binding.

Contact person for specific questions about the TX Group:

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¹ www.tx.group/articles-of-incorporation

Trading blackout periods

Trading in shares of TX Group Ltd is prohibited for all corporate bodies and employees of TX Group Ltd and its controlled subsidiaries during the ordinary trading blackout period. Trading in shares of TX Group Ltd is deemed to be the purchase, sale, but also the modification or cancellation of an order relating to shares of TX Group Ltd, derivatives derived therefrom or other financial instruments.

The ordinary trading suspension begins ten trading days before the publication of the half-year results and the annual results of TX Group Ltd and lasts until the end of the first trading day after the publication of the aforementioned results.

The employer shall inform in advance of the exact start and duration of the ordinary trading suspension.