

**KUDELSKI GROUP
CORPORATE GOVERNANCE 2016**

CORPORATE GOVERNANCE

This report was prepared in compliance with the directive on information relating to corporate governance issued by the SIX Swiss Exchange and in compliance with the Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC). Unless otherwise stated herein, the information provided in this report reflects the situation as of 31 December 2016.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

Kudelski SA has its registered offices in Cheseaux-sur-Lausanne. The company has been structured as a holding company since 1999 and its shares have been listed on the SIX Swiss Exchange since 2 August 1999.

The structure of the Kudelski SA and its affiliated companies (the “Kudelski Group “ or the “Group “) is shown below – sections 1.1.1. - 1.1.3.

1.1.1. Description of the issuer's operational group structure

From an operational point of view, the Group's activities are split into two divisions: iDTV (Integrated Digital Television) and Public Access. The Finance, Legal, Human Resources and Intellectual Property departments support the entire organization.

The iDTV division includes sales and operations, the three Product Units (Content and Access Security, User Experience (UEX) and Cyber Security, which have the responsibility for managing research and development, marketing and production of products) as well as companies dedicated to specific products (such as SmarDTV).

The Public Access division is comprised of three units (Car Access; People Access (ski); People Access (events)). Results by sector are presented in note 6 to the Kudelski Group's 2016 financial statements.

Main operating companies held directly or indirectly by Kudelski SA

The list of the Group's main operating companies is provided in note 54 to the 2016 financial statements. Additional information is also included in the 2016 Annual Report's key figures.

1.1.2. All listed companies belonging to the issuer's group

Kudelski SA is a Swiss holding company listed on the SIX Swiss Exchange (Ticker: KUD; Sec. No 001226836/ ISIN: CH0012268360), with a market capitalization of CHF 875 803 925 as of 31 December 2016. Only the bearer shares of Kudelski SA are listed on the SIX Swiss Exchange.

1.1.3. The non-listed companies belonging to the issuer's consolidated entities

Information about the company name, registered office, share capital and holdings owned by non-listed Group companies included in the scope of consolidation is shown on pages 55 and 65 of the Kudelski Group's 2016 financial statements.

INTERNATIONAL PRESENCE

		iDTV	PUBLIC ACCESS
EUROPE	Germany	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Austria	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Belgium	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Spain	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	France	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Italy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Norway	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	The Netherlands	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Portugal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	United Kingdom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Russia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Slovenia	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Sweden	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Switzerland	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Turkey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AMERICAS	Brazil	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Chile	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Mexico	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Peru	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	USA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Uruguay	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AFRICA	South Africa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Tunisia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
MIDDLE EAST	United Arab Emirates	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ASIA / PACIFIC	Australia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	China	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	South Korea	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Hong Kong	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	India	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Japan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Malaysia	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Singapore	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Taiwan	<input checked="" type="checkbox"/>	<input type="checkbox"/>

1.2. Significant shareholders

As of 31 December 2016, the principal shareholders of Kudelski SA consist of a group of shareholders with total voting rights of 63.4%, comprising Mr André Kudelski, Mrs Marguerite Kudelski, Mrs Isabelle Kudelski Haldy, Mrs Irène Kudelski Mauroux and their respective descendants. The shares are directly owned or owned through an investment structure of which the above-mentioned persons are the beneficiaries. To the Group's knowledge, no other shareholder holds more than 3% of the voting rights and there are no existing shareholder agreements between the family pool and other shareholders. This shareholding structure has the effect of giving the Kudelski family pool voting control over the company, which the family pool believes is important for the Group's long-term stability.

This stability is essential to ensure long-term continuity and independence, which are key elements for the Group's main customers.

For further information, please refer to the announcements made to SIX Swiss Exchange, which are available at the following address: <http://www.nagra.com/investors/publications>

All announcements made by Kudelski SA to SIX Swiss Exchange may also be found on the SIX Swiss Exchange website under the link regarding management transactions which can be found at the following address: http://www.six-swiss-exchange.com/shares/security_info_fr.html?id=CH0012268360CHF4

AS OF 31 DECEMBER 2016	REGISTERED SHARES	BEARER SHARES	SHARE CAPITAL HELD	VOTING RIGHTS
Kudelski family pool	46 300 000	14 474 423	35.22%	63.36%

5

1.3. Cross-shareholdings

The Group has no knowledge of the existence of any cross-shareholdings.

a nominal value of CHF 0.80 per share to be fully paid up. The issuance price, the nature of the contributions, the date from which new shares shall give entitlement to dividends and other modalities of any share issuance shall be determined by the Board of Directors. The preferential subscription rights of shareholders may be excluded and allotted to third parties by the Board of Directors with a view to acquiring companies or parts of companies or in order to finance the whole or partial acquisition of other companies in Switzerland or abroad. All statutory restrictions on the transfer of shares are applicable to new registered shares.

2. CAPITAL STRUCTURE

2.1. Amount of ordinary, authorized and conditional capital as at 31.12.2016 and

2.2. Specific information concerning authorized and conditional capital

Ordinary capital

The share capital amounts to CHF 434 004 952. It is divided into 49 620 619 bearer shares with a nominal value of CHF 8 per share and 46 300 000 registered shares with a nominal value of CHF 0.80 per share. Each share confers the right to one vote. All shares are fully paid up.

Authorized capital

The Board of Directors is authorized to increase the share capital in one or more stages until 22 March 2018 by a maximum amount of CHF 32 705 312 through the issuance of 3 768 164 bearer shares with a nominal value of CHF 8 per share and 3 200 000 registered shares with

Conditional capital

The conditional capital amounts to CHF 85 545 096 and is structured as follows:

- a maximum amount of CHF 5 545 096 through the issuance of a maximum of 693 137 bearer shares with a nominal value of CHF 8 per share, to be fully paid up, as and when the option rights or share subscription rights which will be granted to the employees of the company and of affiliated companies are exercised. There are no preferential subscription rights for shareholders. Share option or subscription conditions are determined by the Board of Directors. Issuance at a price below market conditions is authorized; and

- a maximum amount of CHF 80 000 000 through the issuance of a maximum of 10 000 000 bearer shares with a nominal value of CHF 8 per share, to be fully paid up, as and when the conversion rights related to the convertible bonds of the company or its subsidiaries are exercised.

There are no preferential subscription rights for shareholders. The preferential subscription right of shareholders to the issuance of a convertible bond may be limited or excluded by decision of the Board of Directors on valid grounds, namely (a) if the convertible bonds are placed primarily in markets outside Switzerland, or (b) if the issuance proceeds contribute (i) to the financing or refinancing of acquisitions of companies or firms, (ii) to the financing of other strategic investments of the Group, or (iii) to financing the redemption of all or part of convertible bonds previously issued by the company or its subsidiaries.

- 6 If the convertible bond is not offered preferentially to shareholders, (a) the convertible bonds must be sold to the public under market conditions, (b) conversion rights must be exercised within a period of 7 years from the day of issuance of the respective bond, and (c) the conversion price must be at least equivalent to market conditions at the time of the issuance of the bond.

2.3. Changes in the capital of Kudelski SA

IN THOUSAND CHF	31.12.16	31.12.15	31.12.14
Registered share capital	37 040	46 300	46 300
Bearer share capital	396 965	494 611	492 747
Legal reserve	110 000	110 000	110 000
Capital contribution reserve	97 925	8 300	19 111
Net profit	44 102	-29 495	-29 905
Retained earnings	200 423	156 320	191 224
TOTAL SHAREHOLDERS' EQUITY	842 353	815 532	859 382

For information relating to changes in capital which have taken place in 2016, 2015 and 2014, please refer to the Group's corresponding financial statements. Information regarding the capital contribution reserve can be found under note 3.4 to the Kudelski SA financial statements in the Kudelski Group's 2016 financial statements.

2.4. Shares and participation certificates

The capital of Kudelski SA at 31 December 2016 consisted of 46 300 000 registered shares with a nominal value of CHF 0.80 per share, and 49 620 619 bearer shares with a nominal value of CHF 8 per share. Each share gives the right to one vote at the General Meeting and to a dividend proportional to the nominal value of the relevant type of share. Kudelski SA does not have participation certificates.

2.5. Dividend-right certificates

Kudelski SA does not have dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

As per the articles of association of Kudelski SA, registered shares may be transferred upon delivery of the endorsed share certificate, subject to the approval of the Board of Directors and registration in the share register. The provisions of the Swiss Federal Act on Intermediated Securities are reserved.

The Board of Directors may refuse to approve the transfer of registered shares in one or more of the following cases:

- a)** If there exists good cause within the meaning of Article 685b, paragraph 2, of the Swiss Code of Obligations, i.e. if admission of the acquirer as a shareholder would be incompatible with the objective of the company or could jeopardize the economic independence of the company. This would in particular be the case if the acquirer could prejudice the company directly or indirectly, or if transfer of the shares could jeopardize the existing majorities.
- b)** If the company offers the seller of the shares to acquire the shares at their fair value at the time of the request for its own account, for the account of other shareholders or for the account of third parties.
- c)** If the acquirer does not expressly declare that he is acquiring the shares in his own name and for his own account. If the shares are acquired by inheritance, division of an estate, marital property rights or as a result of debt enforcement proceedings, the company may only refuse its consent if it offers to acquire the shares at their fair value.

In the event of a dispute, the fair value is determined by the court having jurisdiction in the place where the company has its registered office. The company bears the costs of such valuation.

The purchase offer is deemed accepted if the acquirer does not reject it within one month of having been informed of the fair value.

Kudelski SA has no regulations concerning the registration of nominees.

Limitations on the transferability of registered shares are decided upon at the General Meeting if approved by shareholders holding at least two thirds of the shares represented at the Meeting and an absolute majority of the par value of the shares represented.

2.7. Convertible bonds and options

Convertible bond

The company has no outstanding convertible bond.

Options

The company has no outstanding options.

Share purchase plan

In 2004, the Kudelski Group introduced a share purchase plan for the employees of certain companies of the Group, enabling those employees to buy Kudelski SA bearer shares on favorable terms. Each participant can subscribe annually to this plan up to a maximum amount of 7.7% of his/her gross annual salary.

The share purchase price is the closing price of the Kudelski SA share listed on the SIX Swiss Exchange on the day of subscription with a discount of up to 42%. However, the shares are subject to a three-year blocking period from the date of purchase.

A chart showing employee participation in this plan for the year 2016 can be found in note 44 to the consolidated financial statements.

3. BOARD OF DIRECTORS

The Board of Directors is the highest executive body of the company. It has the non-transferable and inalienable responsibilities set forth by the law and the articles of association. It currently consists of nine members elected at the Annual General Meeting of Shareholders.

Three Committees, an Audit Committee, a Strategy Committee and a Compensation and Nomination Committee, have been created by the Board of Directors and are responsible for specific tasks (see sections 3.5.1- 3.6).

Mr Nicolas Goetschmann, who is not a member of the Board of Directors, was appointed as Corporate Secretary by the Board of Directors.

3.1. Members of the Board of Directors

	YEAR OF BIRTH	NATIONALITY	EDUCATION	FIRST ELECTION	END OF TERM OF OFFICE
ANDRÉ KUDELSKI* Chairman of the Board and Chief Executive Officer	1960	Swiss	DEGREE IN PHYSICAL ENGINEERING Ecole polytechnique fédérale de Lausanne (EPFL)	1987	21.03.2017
CLAUDE SMADJA Deputy Chairman and Lead Director	1945	Swiss	DEGREE IN POLITICAL SCIENCE University of Lausanne	1999	21.03.2017
PATRICK FETISCH	1933	Swiss	DOCTORATE IN LAW University of Lausanne BAR EXAM	1992	21.03.2017
LAURENT DASSAULT	1953	French	DEGREE IN BUSINESS LAW DEGREE FROM ESLSCA Ecole supérieure libre des sciences commerciales appliquées, Paris	1995	21.03.2017
PIERRE LESCURE	1945	French	DEGREE IN LITERATURE AND JOURNALISM Centre de formation des journalistes, Paris	2004	21.03.2017
MARGUERITE KUDELSKI	1965	Swiss	ENGINEERING DEGREE IN MICROTECHNOLOGY DOCTORATE IN MICROTECHNOLOGY Ecole polytechnique fédérale de Lausanne EXECUTIVE MBA IMD Lausanne	2006	21.03.2017
ALEXANDRE ZELLER	1961	Swiss	DEGREE IN ECONOMICS AND SOCIAL SCIENCES University of Lausanne	2007	21.03.2017
JOSEPH DEISS	1946	Swiss	DOCTORATE IN ECONOMICS AND SOCIAL SCIENCES University of Fribourg	2012	21.03.2017
ALEC ROSS	1971	American	DEGREE IN HISTORY Northwestern University, USA	2014	21.03.2017

* André Kudelski is the only member of the Board of Directors to combine his Board duties with an executive function within the Group (Chief Executive Officer). Apart from Mr Kudelski, no other member of the Board of Directors performed any executive function within the Group during the past three years.



ANDRÉ KUDELSKI



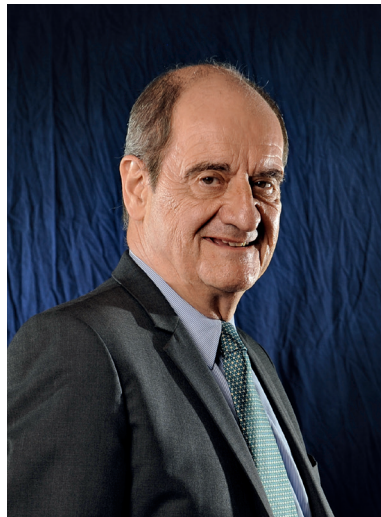
CLAUDE SMADJA



PATRICK FŒTISCH



LAURENT DASSAULT



PIERRE LESCURE



MARGUERITE KUDELSKI



ALEXANDRE ZELLER



JOSEPH DEISS



ALEC ROSS

ANDRÉ KUDELSKI

André Kudelski began his career in 1984 as a Research & Development (R&D) engineer with Kudelski SA. In 1986, after an assignment for a few months in Silicon Valley, he returned to work in the family business firstly as Pay TV Product Manager, then as Director of NagraVision SA, a company in charge of the Pay TV sector. Mr Kudelski then took over from his father Stefan Kudelski and from 1991 became Chairman and Chief Executive Officer of the parent company Kudelski SA.

Current mandates Kudelski Group:

- Conax AS, in Norway, Chairman
- NagraVision SA, in Switzerland, Chief Executive Director
- NAGRA PLUS SA, in Switzerland, Chairman and Chief Executive Director
- NagraStar LLC, in USA, Co-Chairman
- SKIDATA AG, in Austria, Member of the Supervisory Board
- SmarDTV SA, in Switzerland, Chairman

Other:

- Aéroport International de Genève, in Switzerland, first Vice-Chairman
- Comité d'économiesuisse, in Switzerland, member
- École polytechnique fédérale de Lausanne (EPFL), (Switzerland), Strategic Advisory Board member
- HSBC Private Banking Holdings (Suisse) SA, in Switzerland, Board member
- Innosuisse, in Switzerland, Chairman
- Publicis Groupe, in France, member of the Supervisory Board and of the Audit Committee
- Swiss-American Chamber of Commerce, in Switzerland, Vice-Chairman

CLAUDE SMADJA

After 15 years with Télévision Suisse Romande (TSR) as Deputy Editor of the Information Department, Claude Smadja joined the management of the World Economic Forum in 1987, a position that he held until 1992. He then returned to TSR as Director of Information until 1996, in which year he was appointed Managing Director of the World Economic Forum. In June 2001, Claude Smadja set up his own strategy consultancy Smadja & Smadja, a strategic advisory firm that collaborates on strategic issues with multinationals and government bodies and organizes international events.

Current mandates:

- Smadja & Smadja Strategic Advisory SA, in Switzerland, Board member

PATRICK FÖTISCH

Patrick Fötisch is an independent lawyer specializing in contracts and finance at an international level. He acts as legal counsel to Group companies as and when required, bringing to bear his in-depth knowledge of their activities to provide assistance and legal advice.

Current mandates Kudelski Group:

- NagraVision SA, in Switzerland, Chairman
- Nagra France SAS, Chairman
- NAGRA PLUS SA, in Switzerland, Board member
- SKIDATA AG, in Austria, Member of the Supervisory Board
- NagralD SA, in Switzerland, Chairman (until 2 May 2014)*

Other:

- AMRP Handels AG, in Switzerland, Chairman

*This company is no longer part of the Kudelski Group since 2 May 2014

LAURENT DASSAULT

After a career spanning thirteen years in the banking sector, Laurent Dassault joined the Dassault Group in 1992 where he holds important positions. Today he assumes around thirty mandates, including those of the Dassault Group, mainly in the financial, industrial and wine-producing sectors.

Current mandates Groupe Industriel Marcel Dassault SAS (France)¹ :

- Arqana SAS, in France, advisor to the Directoire (Managing Board)
- Artcurial SA, in France, Board member
- Artcurial Développement Sàrl, in France, Co-manager (Co-gérant)
- DASSAULT BELGIQUE AVIATION S.A, in Belgium, Board member
- DASSAULT INVESTESSEMENTS Sàrl, in France, Managing Director
- Dassault Wine Estates SASU, in France, Chairman
- Immobilière Dassault SA, in France, Chairman of the Supervisory Board
- Financière Louis Potel & Chabot SAS, in France, Board member
- Groupe Industriel Marcel Dassault SAS, in France, Directeur Général Délégué and Board member
- MARCEL DASSAULT TRADING CORPORATION (USA), Board member
- MIDWAY AIRCRAFT CORPORATION, in USA, Chairman
- ONE DROP France (association), Chairman
- SERGE DASSAULT TRADING CORPORATION (USA), Board member
- SOGITEC Industries SA, in France, Board member

Other:

- 21 Centrale Partners SA, in France, member of the Supervisory Board
- Catalyst Investments II L.P., in Israel, Chairman of the Advisory Board
- LA MAISON SA, in Luxembourg, member of the Supervisory Board
- Laurent Dassault Rond Point (LDRP) SCI, in France, Associé gérant
- Lepercq, de Neuflyze & Co. Inc., in United States, Board member
- L. REAL ESTATE SCA SICAR, in Luxembourg, Chairman of the Investors Committee
- PECHEL INDUSTRIES SAS, in France, member of the Monitoring Committee
- SAGARD PRIVATE EQUITY PARTNERS SAS, in France, member of the Advisory Committee
- WARWYCK Private Bank Ltd, in Mauritius, Board member
- Amis du FRAC (Fonds Régional d'Art Contemporain en Aquitaine), in France, Chairman
- Amis du Musée Centre Pompidou, Association, in France, Board member
- Association pour la Diffusion Internationale de l'Art Français (ADIAF), Board member
- Association pour la Mémoire des Enfants cachés et des Justes (AMECJ), Board member and Treasurer
- Organisation pour la prévention de la Cécité (OPC), Association, in France, Board member
- Société des Amis des musées d'Orsay & de l'Orangerie, in France, Board member

PIERRE LESCURE

Save for a two year period (1972-1974) as a television news presenter for Antenne 2, Pierre Lescure spent the first fifteen years of his professional career with the RTL, RMC and Europe1 radio stations where he successively occupied a variety of positions, in particular Deputy Editor and Director of Programs. In 1981 he returned to television as News Director of Antenne 2. From 1984, he worked with André Rousselet on the launch project for the pay TV channel CANAL+ where he was appointed Director and then Chief Executive Officer. From 1993 to 2002, he was Chairman and Chief Executive Officer of the CANAL+ Group. From 2000 to 2002 Pierre Lescure was also

co-Chief Executive Officer of Vivendi-Universal. Since 2002, he has been Chairman and Chief Executive Officer of AnnaRose Production SAS, a company active in audio-visual and cinematographic production as well as in communication consultancy services. From 2008 to 2014, he directed the Théâtre Marigny in Paris. Since 1st July 2014, Pierre Lescure has served as President of the Cannes Festival. Since September 2014, Pierre Lescure has been a regular TV columnist for the daily show "C à vous" which is broadcast on France 5, the French TV channel.

Current mandates with the Festival de Cannes¹:

- Association française du festival international du film (known as "Le Festival de Cannes"), in France, Chairman
- Société de gestion d'opérations commerciales pour le festival international du film SASU, (France), Président

Other:

- ANNAROSE PRODUCTIONS Sàrl, in France, Chairman and CEO
- Lagardère SCA, in France, member of the Supervisory Board
- Molotov SAS, in France, Chairman

¹ As per section 18 of the articles of association and as described below in section 3.3, mandates for legal entities under common control are deemed to constitute a single mandate.

MARGUERITE KUDELSKI

Marguerite Kudelski's professional career began at the EPFL's Laboratory of Electromechanics and Electrical Machines, where she worked from 1991 to 1999. During this period she also worked as a research and development engineer within the Nagra Audio division of the Kudelski Group. In 1999, she became the Head of R&D with Précel SA in Neuchâtel (then a Kudelski Group company) before being appointed as CEO and Board member of the same company in 2000, positions that she occupied until the end of 2002. After completing a number of marketing and financial analysis projects for NagraID in 2003,

she took responsibility for certain key projects for the Group within the Finance Department from 2004 to 2006. From 2007 to 2011, Marguerite Kudelski worked as a consultant, offering services such as business development and management consulting. In December 2011, she took over the management of Nagra Audio, which was transferred by the Group to Audio Technology Switzerland SA (ATS) for which she serves as Chairman of the Board of Directors. Until the end of 2014, Marguerite Kudelski was in charge of the R&D department of ATS. Since the beginning of 2015, she has been a strategic advisor to ATS.

Current mandates:

- Audio Technology Switzerland SA, in Switzerland, Chairman

ALEXANDRE ZELLER

Alexandre Zeller began his professional career in 1984 with Nestlé as a Management Auditor. Three years later, he joined Credit Suisse, where he carried out various duties in the field of loans and asset management at a Swiss and international level, while at the same time managing various branches. In 1999, he was appointed to the Executive Board and then as CEO of Credit Suisse Private Banking. In November 2002, Alexandre Zeller joined the Banque Cantonale Vaudoise

as Chairman of the Executive Board. From July 2008 to February 2012, he was CEO of HSBC Private Bank (Switzerland) and, as from October 2010, Regional CEO Europe and Middle East. Since March 2012, Alexandre Zeller has served as an independent director. From May 2014 to September 2016, Alexandre Zeller was Chairman of the Board of SIX Group SA. Since the 1st October 2016, Alexandre Zeller is Chairman of Credit Suisse (Suisse) SA.

Current mandates:

- Maus Frères SA, in Switzerland, Board member
- Credit Suisse (Suisse) SA, Chairman of the Board
- Garage Central SA, in Switzerland, Chairman of the Board

JOSEPH DEISS

Joseph Deiss obtained a doctorate degree in economy and social sciences from the University of Fribourg (Switzerland) in 1971. After his doctorate, he was a research student at the University of Cambridge in the United Kingdom. He then returned to the University of Fribourg where he was lecturing economics as from 1973 and was "privat docent" as from 1977. He was appointed associate professor ("professeur extraordinaire") in 1983 and professor of political economy in 1984, a position he occupied until 1999. During this time, he was also a visiting professor at a number of Swiss Universities including ETH Zurich, University of Lausanne and University of Geneva. Between 1996 and 1998, he was the Dean of the Faculty of Economics and Social Sciences of the University of Fribourg.

Parallel to his academic career, Joseph Deiss has pursued a political career. He was a member of the Grand Council of the canton of Fribourg from 1981 to 1991, when he was elected President of the Grand Council of Fribourg for one year

From 1991 to 1999, he was a member of the National Council. During this period, from 1993 to 1996, he was Switzerland's price regulator. In 1999 he was elected to the Federal Council, where he was responsible for the Federal Department of Foreign Affairs (1999-2002) and the Federal Department of Economic Affairs (2003-2006). He served as President of the Swiss Confederation in 2004. Since his retirement from the Federal Council in 2006, Joseph Deiss has been a business consultant and has served on the Boards of various companies. In June 2010, he was elected President of the United Nations General Assembly for its 65th session from September 2010 to September 2011.

Current mandates with Zurich Insurance Group AG¹:

- Zurich Insurance Company Ireland (ZIP), Board member
- Zurich Life Insurance Company Ltd (ZLIC), in Switzerland, Vice-Chairman

Other:

- Adolphe Merkle Foundation, in Switzerland, Chairman
- Clinique Générale-Ste-Anne SA, in Switzerland, Chairman
- Interprox SA, in Switzerland, Chairman
- Liberty Global, European Advisory Board, member

¹ As per section 18 of the articles of association and as described below in section 3.3, mandates for legal entities under common control are deemed to constitute a single mandate.

ALEC ROSS

Alec Ross began his professional career in 1994 as a teacher with the Teach for America program in underprivileged neighborhoods of Baltimore. He joined Enterprise Community Partners (formerly Enterprise Foundation) two years later, a non-profit organization based in Columbia, Maryland, which develops affordable housing throughout the United States, where he held the position of Special Assistant to the Chairman. In 2000, Alec Ross co-founded the One Economy Corporation, a non-profit organization which organizes programs to help low-income people worldwide, for which he worked for eight years. In parallel, he joined the presidential campaign of President Barack Obama in 2007 as the Coordinator of the Technology, Media & Telecommu-

nications Policy Committee and then as Project Manager and member of the Technology, Innovation and Government Reform Policy Group. From April 2009 to March 2013, Alec Ross was Senior Advisor for innovation to US Secretary of State Hillary Clinton. Since then, he has been Senior Fellow at the School of International and Public Affairs of Columbia University and a Distinguished Senior Fellow at John Hopkins University, and he is the author of "The Industries of the Future" (Simon & Schuster) published in February 2016. He also advises investors, enterprises and government officials, helping them to understand the influence of factors located at the crossroads of geopolitics, markets and disruptive technologies.

Current mandates:

- Amida Technology Solutions Inc., in USA, Advisory Board member
- AnchorFree Inc., in USA, Advisory Board member
- Andela Inc., in USA, Advisory Board member
- FiscalNote Inc., in USA, Advisory Board member
- Jobbatical Inc., in Estonia, supervisory Board member
- Leeds Equity Partners LLC, in USA, Advisory Board member
- Mark43, in USA, Advisory Board member
- Teach for America, in USA, Advisory Board member
- Telerivet Inc., in USA, Board member

3.2. Other activities and vested interests

Please refer to the individual profiles of Board members under section 3.1 above.

3.3. Articles of association provisions on the number of permitted activities

In compliance with section 18 of the articles of association, members of the Board of Directors may exercise no more than five mandates in senior management or administrative bodies of third-party legal entities whose shares are listed on a stock exchange and no more than ten mandates in other third-party legal entities. They may also exercise up to ten mandates in senior management or administrative bodies of non-profit or charitable third-party legal entities.

A company is not considered a third-party legal entity according to this provision, and is therefore not taken into account when calculating the maximum number of mandates mentioned above, if:

1. it controls another company directly, indirectly or jointly with third parties for which a mandate is being carried out, or is controlled by such company; or
2. it does not have to be entered in the Commercial Register or in a corresponding foreign register (e.g., corporations and public entities, non-profit associations, religious foundations or family foundations); or
3. the mandate is carried out at the company's request.

Mandates carried out for legal entities directly or indirectly controlled by a single individual or legal entity, or by a single group

of individuals or legal entities acting in concert, or at the request of one of these individuals or legal entities, are deemed to constitute a single mandate for the purposes of this provision.

Members of the Board of Directors must notify the Chairman of positions they hold at third-party legal entities.

3.4. Election and terms of office

The Board of Directors is comprised of between one and ten members. Board members are appointed at the Annual General Meeting for a period of one year. The term of office ends on the day of the next Annual General Meeting. All members may be re-elected. The year of the first election as well as the end of term of office for each member are mentioned under section 3.1 above.

The articles of association of Kudelski SA do not contain any special provisions regarding the appointment of the Chairman.

3.5. Internal organization structure

The Board of Directors performs inalienable and non-transferable duties prescribed by the law (art. 716 of the Swiss Code of Obligations) with the support of its three committees: Audit, Strategy, and Compensation and Nomination. The internal organization of the Board of Directors is defined in the articles of association and in the Board Regulations. The regulations are available on request to the Corporate Secretary of the Kudelski Group by calling +41 21 732 01 27 or by post at the following address: 22-24 route de Genève, 1033 Cheseaux-sur-Lausanne.

	AUDIT COMMITTEE	STRATEGY COMMITTEE	COMPENSATION AND NOMINATION COMMITTEE
■ <i>President</i>			
■ <i>Member</i>			
André Kudelski		■	
Claude Smadja	■	■	■
Laurent Dassault			
Patrick Fœtisch			■
Marguerite Kudelski	■		
Pierre Lescure		■	■
Alexandre Zeller	■	■	■
Joseph Deiss	■		■
Alec Ross		■	

3.5.1. Allocation of tasks within the Board of Directors

Except for the Chairman who is elected at the General Meeting, the Board of Directors constitutes itself and nominates its Deputy Chairman. If the Board of Directors assigns the function of Chief Executive Officer to its Chairman, a “Lead Director” is also elected from among its members. Otherwise, the management of the company is delegated in full to the Chief Executive Officer or to the Executive Board. A Corporate Secretary may be appointed and is not a member of the Board of Directors.

The Chairman of the Board of Directors leads the discussions at the General Meeting, ensures that the minutes are taken, is in charge of the protocol and directs meetings of the Board, informs the Board members of the development of business and the half-yearly accounts, represents the company in dealings with administrative and/or judicial authorities subject to mandates entrusted by the Board of Directors to a third party, to an Officer or to one of its members.

The Deputy Chairman may convene a meeting of the Board of Directors. He chairs the General Meeting in the absence of the Chairman.

The management of the company may be delegated to the Chief Executive Officer, unless otherwise stipulated by the law. In his management activities, the Chief Executive Officer acts upon the directives of the Board of Directors and safeguards the interests of the company. He also makes a report at each meeting of the Board of Directors covering the essential aspects of the current business situation.

In the Group’s current structure, the positions of Chairman of the Board of Directors and Chief Executive Officer are held by the same person. This situation guarantees a rapid and fluid information and decision-making process,

enabling the company to respond operationally and strategically at the pace required by developments in the sectors of activity pursued by the Group. There are mechanisms to counterbalance a potential risk resulting from the combination of these positions through the institution of the Lead Director.

The Lead Director ensures the independence of the Board of Directors vis-à-vis the Chairman and Chief Executive Officer as well as the management of the company; he also chairs the Board of Directors in cases of conflict of interest involving the Chairman and Chief Executive Officer. Thus the Lead Director may autonomously convene and direct a meeting of the independent members of the Board of Directors if the interests of the company require independent deliberation. He ensures a performance appraisal process for the Chairman of the Board of Directors and the Chief Executive Officer.

3.5.2. Members list, tasks and area of responsibility for each committee of the Board of Directors

With the exception of the Compensation and Nomination Committee, whose members are elected individually by the General Meeting, the Committees are constituted by the Board of Directors which appoints their members and chairpersons. The Board Committees meet as often as is necessary. The Board of Directors delegates to its committees supervisory and preparatory tasks within their sphere of competence, subject to the provisions of the articles of association. The Committees report on a regular basis to the Board of Directors. Committee reports are used as a decision-making tool by the Board of Directors.

Audit Committee

The Audit Committee consists of at least three non-executive members of the Board of Directors. At least one Committee member must have proven experience in the field of accounting. All members have knowledge or practical experience in the field of financial management.

The Audit Committee meets at least three times a year. The Audit Committee may at any time request detailed risk analyses of the Group's various sectors of activity as well as of specific fields of its choice.

The Committee calls on experts outside the Board of Directors where this is deemed necessary for the successful completion of its tasks.

The Audit Committee supervises the company's internal financial reporting process and ensures its integrity, transparency and quality. It ensures that accounting methods comply with applicable regulations and constantly updates and provides financial information to the company.

It assesses the quality of work of external auditors. The Audit Committee reviews the auditing fees, ensures execution of the yearly audit plan and assesses the efficiency of the auditors in identifying and solving issues related to the Group or to the financial statements. The Audit Committee provides appropriate recommendations to the Board of Directors concerning renewal of the engagement of external auditors or, where necessary, their replacement. The Committee ensures that the recommendations of external auditors are addressed and safeguards their independence.

The Committee provides regular reports presenting its recommendations to the Board of Directors concerning the adequacy, efficiency and veracity of accounting processes.

Strategy Committee

The Strategy Committee is composed of at least four members of the Board of Directors, including the Chairman and Deputy Chairman. It meets at least twice a year.

The purpose of the Strategy Committee is to review and define Group strategy. It develops strategic options with a view to ensuring the long-term enhancement of the Group's competitive position and its shareholder value. To this end, the Strategy Committee monitors market trends and the Group's competitive position, drafts future development models and oversees the Group's development by means of investments, divestments and reorganization. To define strategic choices, the Strategy Committee relies upon information supplied by the management,

the members of the Board of Directors and, if deemed necessary, by external counsel.

The Strategy Committee periodically reviews the balance between the Group's objectives, its structure and the organization in place to achieve strategic objectives. The Strategy Committee makes proposals to the Board of Directors, which has ultimate decision-making power on strategy.

Compensation and Nomination Committee

The Compensation and Nomination Committee is composed of at least three non-executive members of the Board of Directors, who are elected individually at the General Meeting upon recommendation of the Board of Directors. It meets at least twice a year.

The Compensation and Nomination Committee assists the Board of Directors in setting up and periodically reviewing the remuneration policy of the company, as well as its guidelines and performance criteria; it also assists in making proposals at the General Meeting regarding the remuneration of the members of the Board of Directors and of the Executive Board (refer to section 5: Compensation, shareholdings and loans). The Committee presents proposals to the Board of Directors concerning the appointment of Board members to be submitted to the General Meeting. At the request of the Chief Executive Officer, it examines applications for management positions and may if it wishes meet with candidates.

3.5.3. Working methods of the Board of Directors and its Committees

The cooperation and allocation of competencies between the Board of Directors and its Committees are described in section 3.5.2.

The Board of Directors meets at least four times a year, but as often as is required for the proper conduct of business. In 2016, the Board of Directors and its Committees met as follows:

Board of Directors	8 times
Strategy Committee	4 times
Audit Committee	3 times
Compensation and Nomination Committee	2 times

Average attendance at Board meetings exceeded 92%. Meetings of the Board of Directors lasted on average four hours. Most Committee meetings lasted on average three hours.

3.6. Definition of areas of responsibility

Please see also section 3.5.1 for details of the internal organization of the Board of Directors and the position of Chief Executive Officer.

Board of Directors

The Board of Directors:

- is responsible for the overall management of the company and issues all necessary directives;
- determines the organization;
- determines the organization of the accounting, financial control and financial planning systems as required for management of the company;
- appoints and dismisses persons entrusted with managing and representing the company;
- exercises overall supervision of the persons entrusted with managing the company, in particular with respect to compliance with the law, articles of association, regulations and directions given;
- prepares the Compensation report;
- compiles the annual report, prepares the General Meeting and implements its resolutions;
- takes decisions on further capital calls with respect to shares that are not fully paid up (article 634a of the Code of Obligations);
- takes decisions regarding the assessment of an increase in capital and relevant changes to the articles of association (articles 651 para. 4, 651a, 652a, 652g, 652h, 653g, 653h of the Code of Obligations); and
- notifies the court in the event that the company is over-indebted.

Executive Board

The Board of Directors has delegated full management of the company to the Chief Executive Officer, subject to legal requirements and provisions of the articles of association. The Chief Executive Officer therefore coordinates the operations of the Group companies.

3.7. Information and control instruments vis-à-vis the Executive Board

Because of the nature of the industry, mechanisms for controlling Group management and information feedback systems are very important. The Kudelski Group has therefore put in place information and control instruments, at different levels, which it improves on a continuous basis. These instruments concern strategy, operations, finance, law, intellectual property, human resources and information management.

Supervision

- The Chief Executive Officer submits a report to the Board members prior to each meeting outlining key aspects of the current business situation (key contracts, sales trends, market trends, human capital) for each Group entity and activity.

- Board members receive weekly or quarterly press digests concerning the Group, depending on the amount of relevant newsflow; they may also receive other informative documents concerning the Group and its entities, as well as a message from the Chief Executive Officer whenever the CEO deems it necessary.

- At least twice a year, members of the Executive Board are invited to present their activities to the members of the Board of Directors. Members of the Board of Directors may also ask questions directly to company executives as and when they see fit.

- At each Board meeting, if justified by the business situation and depending on the agenda, members of the Executive Board, top managers of the companies of the Group or in charge of specific areas as well as outside experts are invited to present specific subjects to the Board of Directors.

Operations and strategy

- Executive Board members coordinate their action and take decisions related to the management of the Group during the “Executive Board Committees”, the frequency and duration of which are tailored to the needs of the Group. This committee generally met once every two weeks for an average of 3 hours in 2016.
- Management of the iDTV division is supported by an “Executive Board Group Operations” committee composed of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), as well as senior members of the iDTV division. This committee meets twice a month for 2.5 hours and reviews in particular selected relevant topics for the iDTV division. In addition, the members of the Executive Board and the General Counsel, Head of Legal Affairs, the Senior Vice President, Head of Human Resources, the Senior Vice President, Intellectual Property and the Corporate Secretary meet twice a month for at least thirty minutes as part of the “Executive Board Group Functions” committee to discuss relevant topics relating to these functions and not directly related to operations. Finally, the synchronization between the Executive Board and the “Executive Board Group Operations” and the “Executive Board Group Functions” committees is achieved within the “Executive Board Group Management” committee which meets every month for at least one hour.

- Management of the Public Access division is supported by the Supervisory Board which includes a Kudelski Group Board member, the Chairman and CEO of the Group, the CFO of the Group and a non-executive member (currently, Mr Charles Egli, a former Executive Board member) who is Chairman of this Supervisory Board. This Board supervises the whole division. The Supervisory Board

meets at least four times a year for an average of 3.5 hours and reviews the specific and pertinent topics for the Public Access division. Senior Managers of the Public Access division establish regular reports for the Supervisory Board and, depending on the topics, are invited to take part in Board meetings

- For certain specialized activities of the Group, ad hoc committees composed of a cross-disciplinary team of internal experts may be created to evaluate market, strategic, operational, legal and financial risks and opportunities. These ad hoc committees manage processes relating to the evaluation of such risks and opportunities, propose actions and monitor implementation of their decisions. There are several committees such as the security committee and innovation committee. Decisions, activities, information and comments arising from these committees are conveyed to the Executive Board members and other top managers of the Group as appropriate.

Finance

- The Controlling entity conducts regular financial and operational analyses intended to identify operational and financial risks throughout the value chain of the various activities of Group companies and proposes and coordinates necessary improvements and corrective actions. This entity makes available a platform of analytical services to the Executive Board and operational departments.
- Every month, the Controlling entity prepares a number of reports which are made available to the management. Those reports are then adapted and sent to each regional head and business unit with the corresponding analytical metrics. The reports include: a report providing an overview of the Group's profit and loss broken down by activity and showing profit trends and budget over- runs/shortfalls, with adaptations based on quarterly revisions of the annual forecast by entity, as well as their operational indicators; a sales report including region, client and sales type-specific analysis as well as their respective margins; a report on the operational cost trend broken down by cost center, a report on the financial development of key projects and a monthly and quarterly report on the cash-flow situation for the Group and for each segment for the current year and the coming year.
- In addition, the Group has an internal control system based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) reference system. This system aims at providing "reasonable assurance" as regards the performance and efficiency of operations, the reliability of financial information and reporting, and compliance with laws and regulations in force. A team is in charge of internal controls. The various processes are periodically reviewed and analyzed by the external auditors (PricewaterhouseCoopers).

Legal

- The Legal Department provides advice and consultation as part of the Group's decision-making processes and as part of the activities of all Group departments in order to better mitigate and manage legal risks as well as to ensure appropriate levels of compliance with the Group's policies.
- The Legal Department is involved with the negotiation and approval of contracts entered into by Group companies and maintains contract management and electronic archiving tools to ensure efficient tracking of contracts.
- The Legal Department is also responsible for overseeing litigation, government investigations and other regulatory matters for Group companies.

Intellectual Property

- The Intellectual Property Department is responsible for protecting, developing, managing and licensing the Group's technologies and intellectual property portfolio. In connection with this responsibility, the Intellectual Property Department briefs senior management on operational and strategic matters in the field of intellectual property that impact Group activities.

Human Resources

- The HR Department uses a performance development tool ("Performance Development System" – PDS) designed to align the teams' management programs with the needs of the company. PDS features performance- and skills-evaluation functions and establishes a career development baseline for employees in line with the company's needs.
- A PDS tool embedded in the Group integrated HR information system is available online. It gives speedier access to progress against objectives and enhances management reporting capability. In addition to the PDS, the HR information system now includes an employee database, time and absence management, training and development modules and compensation management.

Information Management

- The Corporate IT department has developed and implemented a series of policies and procedures concerning IT security (for the use of computer systems, data protection, monitoring, systems management back-up, etc.) to set appropriate risk limits and to provide a reliable Information System environment.

4. EXECUTIVE BOARD

4.1. Executive Board members



	DATE OF BIRTH	NATIONALITY	POSITION	EDUCATION
ANDRÉ KUDELSKI	1960	Swiss	Chairman and Chief Executive Officer (CEO) of the Group	Degree in Physical Engineering Ecole polytechnique fédérale de Lausanne (EPFL)
MAURO SALADINI Executive Vice President of the Group	1966	Swiss	Chief Financial Officer (CFO)	Degree in Electrical Engineering Ecole polytechnique fédérale de Zurich (ETHZ) MBA INSEAD, France
PIERRE ROY Executive Vice President of the Group	1952	Swiss	Chief Operating Officer (COO), Digital TV	Degree in Business Management Hautes études commerciales (HEC) de l'Université de Lausanne

ANDRÉ KUDELSKI

Please refer to section 3.1 above

MAURO SALADINI

Mauro Saladini started his professional career in 1990 as a financial services consultant with Accenture. In 1995, he joined Thema Consulting, where he set up the Zurich subsidiary and took responsibility for cash-flow and risk management activities. In 1997, he joined McKinsey & Co, where he became a partner in 2001. He worked in particular on corporate finance and strategy projects relating to various industries, mainly media and telecommunications. In addition, Mauro Saladini was in charge of the Swiss Media Practice and joint-head of the European Media Practice. He has been the Chief Financial Officer and Executive Vice President of the Kudelski Group since 1 February 2003.

Current mandates Kudelski Group:

- Conax AS, in Norway, Board member
- Nagravision SA, in Switzerland, Executive Board member (until 18th of January 2017)
- Kudelski Security Inc., USA, Board member
- Nagra Media Germany GmbH, Executive Board member
- Nagra Media UK Limited, Board member
- SKIDATA AG, in Austria, Vice Chairman of the Supervisory Board
- Kudelski Norway AS, Board of Directors, Chairman
- NagralD SA, in Switzerland, Chief Executive Officer (until 2 May 2014)*
- NagralD Security SA, in Switzerland, Board member (until 31 August 2014)**

* This company is no longer part of the Kudelski Group since the 2 May 2014

** This company is no longer part of the Kudelski Group since the 31 August 2014

Other:

- Myriad Group AG, in Switzerland, Board member

PIERRE ROY

Pierre Roy began his professional career with Procter & Gamble as a Financial Analyst in 1975. Following this early experience, he joined IBM in 1977 as a Sales Engineer. In 1979, he began his international career with Digital Equipment Corporation, where he fulfilled various management positions at the European headquarters in Geneva and also abroad, in the Finance and Administration, Marketing and Business Management departments. He joined Kudelski SA in 1992 as Managing Director of Nagra Audio, Business Development Director of Nagravision and Managing Director of Précel (at the time a Kudelski Group company). In 1999 he started his own corporate consultancy firm working in the telecommunications sector while continuing to collaborate on strategic projects for Nagravision. In 2003, he was appointed Chief Operating Officer for the Digital Television sector of the Kudelski Group and Executive Vice President.

Current mandates Kudelski Group:

- Conax AS, in Norway, Board member
- Nagravision SA, in Switzerland, Board member and Executive Board member
- Nagra India Private Limited, India, Board member
- Nagra Media Germany GmbH, Board member
- Nagra Media UK Ltd, Board member
- Nagravision Italia s.r.l., Board member
- Nagravision Iberica SL, Board member
- Nagra USA Inc., Board member
- Nagravision Asia Pte Ltd., in Singapore, Board member
- Nagravision Software Technology Co., Ltd, China, Board member
- Nagra Media Korea LLC, in South Korea, Board member
- Nagra Media Pvt Ltd, in India, Board member
- OpenTV Europe SASU, in France, Board member
- OpenTV Australia Pty Ltd, Board member
- SmarDTV SA, in Switzerland, Board member
- NexGuard Labs B.V., Netherlands, Board member

4.2. Other activities and vested interests

Please refer to the individual profiles of members of the Executive Board under section 4.1 above.

4.3. Articles of association on the number of permitted activities

In accordance with section 25 of the articles of association, members of the Executive Board may exercise no more than two mandates in senior management or administrative bodies of third-party legal entities whose five mandates in other third-party legal entities. They may also exercise up to ten mandates in senior management or administrative bodies of non-profit or charitable third-party legal entities.

A company is not considered a third-party legal entity according to this provision, and is therefore not taken into account when calculating the maximum number of mandates mentioned above, if:

- 20 1. it controls the company directly, indirectly or jointly with third parties, or is controlled by it; or
2. it does not have to be listed in the Commercial Register or in a corresponding foreign register (e.g., corporations and public entities, non-profit associations, religious foundations or family foundations); or
3. the mandate is carried out at the company's request.

Mandates carried out for legal entities directly or indirectly controlled by a single individual or legal entity, or by a single group of individuals or legal entities acting in concert, or at the request of one of these individuals or legal entities, are deemed to constitute a single mandate for the purposes of this provision.

For members of the Executive Board who are also members of the Board of Directors, the maximum number of mandates in the senior management or administrative bodies of third-party legal entities is governed exclusively by Article 18, paragraphs 7 to 10 and as mentioned above in section 3.3 of this report.

4.4. Management contracts

There were no management contracts in place at Kudelski SA on 31 December 2016.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

For details relating to the compensation, shareholdings and loans to members of the Board of Directors and Executive Board of Kudelski SA, please refer to the 2016 compensation report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

The provisions of the articles of association governing the participation rights of shareholders are in compliance with the law as set out in the Swiss Code of Obligations. The articles of association of Kudelski SA may be found on the Kudelski Group website via the following link: <http://www.nagra.com/investors/publications>

6.1. Voting rights restrictions and representation

6.1.1. In accordance with the articles of association of Kudelski SA, there are no restrictions on voting rights and no statutory Group clauses or rules on granting exceptions.

6.1.2. There are currently no statutory provisions on granting instructions to an independent representative or on any form of participation in the General Meeting by electronic means.

6.2. Quorum required by the articles of association

The articles of association of Kudelski SA do not impose any majority higher than contemplated by law for resolutions of the General Meeting of Shareholders.

The General Meeting is validly constituted regardless of the number of shareholders present and/or the number of shares represented.

6.3. Convocation of the General Meeting of Shareholders

The provisions of the articles of association regarding the convocation of the General Meeting of Shareholders are in accordance with applicable legal provisions.

The General Meeting of Shareholders must be called at least 20 days before the date of the meeting. The notice of the General Meeting is published in the Swiss Official Gazette of Commerce.

6.4. Inclusion of items on the agenda

Items on the agenda are mentioned in the notice. Regarding rules for adding items to the agenda, the articles of association of Kudelski SA do not contain

provisions that differ from the Swiss Code of Obligations, namely Art. 699 CO, which provides that “shareholders who represent shares totaling a nominal value of CHF 1 million* may request that an item be included in the agenda. The calling and the inclusion of an item on the agenda must be requested in writing listing the items and motions”.

*This represents 0.23% of the capital of Kudelski SA or 0.13% of the voting rights.

6.5. Entries in the share register

Kudelski SA shares that can be traded on the SIX Swiss Exchange are bearer shares; consequently there is no register of shareholders for this category of shares.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

7.1. Duty to make an offer

Kudelski SA has no provision on opting-out or opting-up in its articles of association. This means that if a shareholder reaches the limit laid down by the Swiss Financial Market Infrastructure Act (art. 135 LIMF: 33^{1/3}% of the voting rights), he must by virtue of this law submit a take-over bid.

7.2. Clauses on changes of control

To the knowledge of the Group, no such agreement exists.

8. AUDITORS

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

The auditors of Kudelski SA are PricewaterhouseCoopers SA (Lausanne). Some companies affiliated with the Group are audited by other auditors. The auditors were reappointed by the Annual General Meeting of Shareholders of Kudelski SA of 22 March 2016 for a statutory period of one year. The PricewaterhouseCoopers SA mandate began in 1985. It has been under the responsibility of Mrs Corinne Pointet Chambettaz since 1 January 2010. The auditor in charge is replaced at the latest seven years after the year in which he/she first occupied this position, as specified in Article 730a paragraph 2 of the Swiss Code of Obligations.

8.2. Auditing fees

The Kudelski Group paid PricewaterhouseCoopers for auditing services for the year 2016 the sum of CHF 1 148 000. Auditing services are understood to mean the work required each year to examine the consolidated accounts of the Group and its subsidiaries and to prepare the reports required under the laws of each country.

8.3. Additional fees

The Kudelski Group paid PricewaterhouseCoopers for additional services for the year 2016 the sum of CHF 376 675 representing CHF 290 645 for tax advisory services and CHF 86 030 for other additional services. Additional services mean in particular services such as the occasional accounting review of transactions and other services such as review of new or modified accounting methods.

8.4. Information instruments pertaining to the external audit

The aim of the Audit Committee of the Board of Directors is to provide effective and regular supervision of the company's financial reporting processes in order to ensure their integrity, transparency and quality. To this end, it is responsible for monitoring the work, including additional services, of the external auditors.

PricewaterhouseCoopers provides the Audit Committee with a detailed report before each Committee meeting regarding the execution and results of its work for the Kudelski Group, proposals to correct or improve identified problems and the implementation status of decisions made by the Audit Committee.

The auditor's representatives, including the auditor in charge of the Group's audit, are regularly invited to take part in meetings of the Audit Committee as external participants. Representatives from PricewaterhouseCoopers were invited this year to all three meetings of the Audit Committee. They do not participate in any discussions and decisions of the Audit Committee regarding the auditors. The auditor in charge of the internal audit attended the parts of these three meetings that were relevant for him.

For more information on the Audit Committee, and particularly on the selection, evaluation and independence criteria, please refer to sections 3.5.2. and 3.5.3. above.

9. INFORMATION POLICY

The Kudelski Group keeps investors regularly informed of the following developments:

- progress of business and major new contracts;
- changes in the management of the Group;
- acquisitions or sales of companies; and
- half-year and annual financial results.

Press releases are issued in compliance with the rules in force of the SIX Swiss Exchange concerning factual publicity and are available on the Group's website simultaneously with their publication. A link on the home page of the Group's web site allows direct access to press releases. The Group communicates as often as necessary in this manner. Press releases are generally published in French and in English. In certain specific cases, a German version is also provided. They are available in these languages on the website.

- 22 Persons wishing to receive Kudelski Group press releases may subscribe to a mailing list using a form available on the Kudelski Group website.

Financial results are presented to investors and financial analysts during a press conference held twice a year. Persons invited can also follow the conference by audio webcast.

The Group's website is a regularly updated source of information. The Investor Relations section contains a list of the principal dates of the corporate calendar (publication of results, General Meeting and presence at major trade shows) as well as the Group's main publications (annual report and half-year report). The Group's main website links and e-mail addresses are on page 23 of this report.

Important dates

- 21 March 2017: Annual General Meeting, Cheseaux-sur-Lausanne;
- 17 August 2017: Publication of the Interim Financial Report and Press Conference;
- 14 February 2018: Publication of the 2017 Financial Results and Press Conference.

INTERNET LINKS

GROUP WEBSITE

www.nagra.com

INVESTOR RELATIONS SECTION

www.nagra.com/investors/key-figures

IMPORTANT DATES

www.nagra.com/investors/calendar

FINANCIAL DOCUMENTATION

www.nagra.com/investors/publications

PRESS RELEASES

www.nagra.com/media/press-releases

E-MAIL ADDRESSES

GENERAL INFORMATION

info@nagra.com

INVESTOR RELATIONS

ir@nagra.com

MEDIA RELATIONS

communication@nagra.com

© 2017 Kudelski SA, all rights reserved

All trademarks and copyrights are the property of their respective owners.

DISCLAIMER

This report contains forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives. These statements are subject to known and unknown risks and uncertainties and could be affected by other factors that could cause actual results, plans and objectives to differ materially from those

expressed or implied in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, performance of the financial markets, competitive factors and changes in laws and regulations.

For the Corporate Governance report and the Compensation report, the French version prevails.

KUDELSKI SA

ROUTE DE GENÈVE 22-24 P.O. BOX 134 1033 CHESEAUX SWITZERLAND
T +41 21 732 01 01 F +41 21 732 01 00 INFO@NAGRA.COM WWW.NAGRA.COM