

DRIVING AUTO MATION FOR WARD

Compensation Report
2018

komax

COMPENSATION REPORT

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This Compensation Report provides an overview of the compensation policy and compensation systems of Komax Holding AG, as well as the principles used to determine the compensation of the Board of Directors and the Executive Committee. In addition, the compensation paid in 2018 is disclosed in detail. The Compensation Report has been drawn up in accordance with the provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Directive Corporate Governance (DCG) of SIX Swiss Exchange, and the principles of the “Swiss Code of Best Practice for Corporate Governance” of Economiesuisse.

1 Introduction by the Chairman of the Remuneration Committee

Dear Shareholder

The Komax Group delivered a pleasing result for the 2018 financial year, and expanded its market and technology leadership thanks to powerful growth. Komax remains on track from a strategic perspective, and is well positioned to continue to create competitive advantages for its customers as well as value for shareholders over the coming years. The Remuneration Committee addressed both personnel issues and the compensation system in 2018. On behalf of the Remuneration Committee, I would like to provide you with more detail on this over the following paragraphs.

Following the decision by Daniel Hirschi, a member of the Board of Directors of Komax Holding AG since 2005 and Vice-Chairman since 2014, not to stand for re-election at the 2019 Annual General Meeting, the evaluation of a new Board member was a key task in 2018. We are proposing to the General Meeting the election of Dr. Mariel Hoch as successor to Daniel Hirschi. Dr. Mariel Hoch acquired a PhD (Dr. iur.) from the University of Zurich and is a partner of the law firm Bär & Karrer AG in Zurich. In her capacity as an attorney, she specializes in M&A transactions and advises listed companies on corporate and regulatory matters.

With effect from 1 January 2019, Marc Schürmann, Marcus Setterberg, and Günther Silberbauer were promoted to the Executive Committee, thereby expanding this body from two members to five, in keeping with good corporate governance. All three are heads of core business areas that focus primarily on the development and production of automation solutions along the value chain. In 2018, we defined the performance indicators for the compensation of the new Executive Committee members, aligning these consistently with the company's strategic medium-term targets (2017–2021).

In order to increase the transparency of our compensation system further, this Compensation Report discloses not only the compensation allocated in 2018, but also – for the first time – the realized compensation of the Executive Committee. On 1 January 2015, we introduced an incentive system that is aligned with the long-term interests of shareholders. Ever since, members of the Executive Committee have received Performance Share Units each year with a three-year vesting period. The magnitude of the payout at the end of the vesting period is dependent on attainment of a performance target (for plan period 2015–2017: average EBIT margin over three years). With the first vesting period having expired on 31 December 2017, we are now disclosing the total value of the shares credited in 2018.

At the Annual General Meeting on 16 April 2019, we will be proposing – just like in previous years – approval of the maximum possible total compensation for the Board of Directors and the Executive Committee for the 2020 financial year. At the Annual General Meeting you will once again have the opportunity to vote on this Compensation Report and thereby formally register your opinion on our compensation system. I can assure you that we are aware of our responsibility and will therefore adhere to our restrained compensation policy going forward. You can find detailed information on our compensation model and the compensation granted to the Board of Directors and the Executive Committee in 2018 on the following pages.

Yours sincerely,



Dr. Beat Kälin
Chairman of the Remuneration Committee

2 Tasks and competencies of the Remuneration Committee

Under the Articles of Association, Organizational Regulations and Regulations of the Remuneration Committee of Komax Holding AG, the Remuneration Committee is the supervisory body for staff and compensation policy within the Komax Group. The Committee amalgamates the tasks of a remuneration and nomination committee.

It has the following responsibilities and competencies:

- Development and regular review of staff policy and compensation policy, including the principles of variable compensation and shareholding program
- Annual review and determination of the maximum total compensation amounts payable to the Board of Directors and the Executive Committee, as well as preparation of the related proposals to the Annual General Meeting
- Proposal on the individual compensation payable to members of the Board of Directors and the CEO within the limits approved by the Annual General Meeting
- Resolutions on the compensation payable to the other members of the Executive Committee within the limits approved by the Annual General Meeting
- Succession planning for the Board of Directors, Executive Committee, and other key functions
- Annual assessment of the independence of the members of the Board of Directors
- Annual assessment of the performance of the CEO and the members of the Executive Committee
- Preparation of the Compensation Report

The Committee monitors and regularly discusses trends and developments in the area of compensation, including any changes to statutory provisions or changes to provisions on corporate governance.

Delineation of competencies

	CEO	Committee	BoD	AGM
Compensation policy, including the principles of variable compensation and participation program		proposes	approves	
Maximum total compensation for the Board of Directors and the Executive Committee		proposes	submits	approves (binding vote)
Individual compensation of the members of the Board of Directors		proposes	approves	
Evaluation of the performance of the CEO		proposes	approves	
Compensation of the CEO		proposes	approves	
Evaluation of the performance of the other members of the Executive Committee	proposes	approves		
Individual compensation of the other members of the Executive Committee	proposes	approves		
Compensation Report		proposes	approves	confirms (advisory vote)

Under the Articles of Association, the Remuneration Committee consists of a maximum of three non-executive members of the Board of Directors. The Committee is elected by the Annual General Meeting. Members' term of office ends with the conclusion of the next Annual General Meeting. Re-election is permissible. The 2018 Annual General Meeting elected Beat Kälin (Chairman), Andreas Häberli, and Roland Siegwart to the Committee.

The Remuneration Committee meets as often as business requires, but at least twice a year, generally in March and December. Compensation issues are discussed at the March meeting. These discussions include the assessment of the individual performance of the CEO and other members of the Executive Committee for the previous year, the determination of the individual compensation payable to members of the Board of Directors and the Executive Committee, and the approval of the Compensation Report. At the December meeting, staffing questions are discussed, along with corporate governance issues. In addition, the performance targets for the CEO and the other members of the Execu-

tive Committee are set for the following year. In the reporting year, the Committee held two ordinary meetings and one extraordinary meeting; in each case, all members were present. The Chairman of the Committee may invite the CEO and other members of the Executive Committee to meetings in an advisory (non-voting) capacity. However, they do not take part in discussions concerning their own performance and compensation. The Committee Chairman reports to the Board of Directors on the activities of the Committee after every Committee meeting. The minutes of Committee meetings are made available to all members of the Board of Directors.

Furthermore, the Committee may call in external consultants and draw on their assistance when fulfilling its duties.

3 Provisions of the Articles of Association on compensation

In compliance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Articles of Association contain provisions relating to remuneration which are reproduced below in abbreviated form (as an excerpt) and set out in detail in sections 13 and 25 of the Articles of Association:

Principles for the compensation of members of the Board of Directors	<ul style="list-style-type: none"> - Members of the Board of Directors receive fixed compensation in cash as well as in shares and/or options under the company's employee participation program. - The calculated value (fair value) of the shares and/or options at the time of allocation may not exceed the amount of compensation paid in cash. - The Board of Directors determines the conditions that apply to shares and/or options. - The lock-in periods are at least three years.
Principles for the compensation of members of the Executive Committee	<ul style="list-style-type: none"> - Members of the Executive Committee receive a fixed base salary, variable performance-related compensation, and shares and/or options under the company's employee participation program. - The Board of Directors determines the conditions for the performance-related compensation component on an annual basis. These are linked to the attainment of one or more performance criteria, whereby these criteria are either company-related or individual in nature. - The target amount may not exceed 50% of the annual fixed compensation. If targets are not attained, the performance-related compensation may fall to zero. If all targets are significantly exceeded, it may go up to a maximum of 100% of the annual fixed compensation. - The Board of Directors determines the conditions that apply to shares and/or options. The calculated value (fair value) of the shares and/or options at the time of allocation may not exceed 100% of the annual fixed compensation. - The lock-in periods are at least three years.
Binding vote on the compensation paid to the Board of Directors and Executive Committee	<ul style="list-style-type: none"> - The Annual General Meeting holds a separate vote each year on the total amount of compensation payable to the Board of Directors and to the Executive Committee. - The vote has binding effect, and applies for the coming financial year to the relevant total maximum amounts that may be paid to members of the Board of Directors and the Executive Committee.
Additional sum for payments to members of the Executive Committee appointed after the binding vote of the AGM	<ul style="list-style-type: none"> - The additional amount for the compensation of members of the Executive Committee appointed after the Annual General Meeting may not exceed 30% of the approved total amount of compensation payable to the Executive Committee.
Pension benefits	<ul style="list-style-type: none"> - The pension benefits of members of the Executive Committee are only paid within occupational domestic and foreign pension plans provided by the company or its Group companies. - The benefits and the employer contributions are solely drawn from the above-mentioned occupational plans. - Retirement benefits are provided solely within the context of the company's ordinary pension plans.

The Articles of Association of Komax Holding AG can be found at www.komaxgroup.com/articles-of-association.

4 Principles of compensation policy

Board of Directors

The members of the Board of Directors only receive fixed compensation. This ensures that they are independent in their supervision of the Executive Committee. Their compensation is paid in cash and restricted shares, thereby ensuring alignment with the long-term interests of shareholders. The amount of compensation reflects the importance of the mandate in question, and is generally based on the typical levels of compensation paid to board members of other listed Swiss industrial companies of comparable size and complexity.

Executive Committee

The compensation policy for members of the Executive Committee is determined by the Board of Directors. It is geared to key principles that take into account the corporate strategy of the Komax Group, which aims for profitable growth, as well as the company's wider values with respect to sustainability and social responsibility. The compensation system is intended to provide an incentive to create and preserve value for shareholders. It is also designed to motivate top managers to achieve exceptional performance and to retain them in the long term. The amount of compensation awarded reflects the company's long-term financial success.

Performance orientation	A significant proportion of compensation is directly linked to the operating and financial performance of the company and the attainment of individual objectives.
Alignment with shareholder interests	A proportion of compensation consists of Performance Share Units, which are intended to align the interests of management more closely with the long-term interests of the shareholders. Furthermore, there is a direct correlation between the amount of compensation paid and the long-term success of the company.
Market comparability	The compensation rates are in line with the market when compared with similar positions in comparable companies.
Fair compensation	The compensation reflects the job profile, the responsibility, the capabilities, and the experience of the function holder.
Transparency	The compensation system is straightforward and transparent.

The compensation paid to the Executive Committee is determined on the basis of the following key factors:

Practice of competitors	Compensation paid by other listed international Swiss industrial companies of comparable complexity, size, and geographic reach. The sources used for the benchmark comparison are publicly accessible data such as compensation reports and the Ethos study on remuneration in Swiss companies. As a number of benchmark studies were conducted in 2017 to review the compensation of Executive Committee members, no benchmark studies were conducted in 2018. The results of the 2017 studies showed that there was no need in principle to adjust the target amounts for compensation. As a consequence, these targets remained virtually unchanged in 2018.
Performance	The financial performance of the company and its relevant business areas, and the attainment of individual targets agreed as part of the annual performance management process.
Available financial resources of the company and market situation	Budget-related considerations, inflation, and wage trends in the local market.

5 Structure of the compensation system

5.1 Board of Directors

The members of the Board of Directors only receive fixed compensation. To strengthen the alignment of their interests with the long-term interests of shareholders, their compensation is paid partly in cash and partly in restricted shares. The allocation of share options to members of the Board of Directors has been discontinued.

The amount of compensation depends on the responsibilities of the individual as well as the time taken up by their mandate, and is based on the following structure:

in CHF	Basic annual fee	Attendance fee	Annual allocation of restricted shares ¹
Chairman of the Board of Directors	187 500	5 000	60 000
Vice-Chairman of the Board of Directors	75 000	2 500	30 000
Board member	75 000	2 500	25 000
Chairman of a committee	0	5 000	0
Member of a committee	0	2 500	0

¹ Fixed amount in CHF: is divided by the share price as per allocation date (average closing price over the last 40 trading days prior to allocation) and rounded up to the nearest number of full shares.

The basic annual fee in cash (incl. expense allowance) and attendance fees are paid out in April and December for the current calendar year. Restricted shares are allocated at the end of the member's period of office shortly before the Annual General Meeting; the lock-in period is three years. In the event of retirement, death, or disability, the entitlement to restricted shares is calculated on a pro rata temporis basis. In such cases, the lock-in period may be either continued or rescinded at the discretion of the Board of Directors. In the event of a change in company control, the lock-in period is automatically rescinded.

Additional compensation may be paid for exceptional efforts that cannot be considered part of the ordinary Board of Directors activity. No such additional compensation was paid in 2018.

The Compensation granted to members of the Board of Directors is subject to the standard social security deductions. The members of the Board of Directors do not participate in the staff pension plans of Komax.

5.2 Executive Committee

In keeping with the principles of performance orientation and alignment with the long-term interests of shareholders, the CEO and the other members of the Executive Committee receive a fixed salary component, a variable, performance-related cash bonus, a long-term incentive component in the form of Performance Share Units, and occupational benefits.

	Purpose	Driver	Performance criterion	Period	Instrument
Fixed compensation	Attract, retain, motivate	Function, market comparability	–	Ongoing	Monthly cash payments
Cash bonus	Pay for performance	Financial and individual performance	Revenues, EBIT, individual objectives	One year	Yearly cash payment
Long-term incentive system	Align with shareholder interests, pay for performance	Function	RONCE	Three years	Performance Share Units (PSUs)
Occupational benefits	Protect against risks	Market comparability	–	Ongoing	Retirement savings / insurance plan

a) Fixed compensation

The fixed compensation component consists of a fixed base salary and a fixed company car allowance, to which members of the Executive Committee are entitled according to the current expense regulations. Expense allowances are not included, as these are not considered compensation. The fixed salary component and the cash bonus for 100% target attainment form the so-called target salary. The target salary is determined on the basis of the following factors:

- the tasks and responsibilities of the individual functions
- the standard market compensation rate for the function in question (external benchmark)
- an internal peer comparison (internal benchmark)
- the individual profile of the function holder, e.g. skills, capabilities, experience, and performance
- the company's available financial resources

b) Cash bonus

The cash bonus depends on the financial performance of the company and the attainment of the individually agreed objectives in the year under assessment. The target amount (target bonus) may not exceed 50% of the annual fixed basic salary for the CEO and all other members of the Executive Committee. The cash bonus is generally paid out in April of the following year.

CEO and CFO

The cash bonus payable to the CEO and CFO is calculated as follows: 75% on the basis of the financial performance of the Komax Group and 25% on the basis of individual performance. The reference values relevant to the 2018 financial year were Group revenues and Group EBIT. The Board of Directors determines the performance achievement level and the amount of the cash bonus payable to the CEO annually on the recommendation of the Remuneration Committee. This also forms the basis for determining the performance achievement level and cash bonus of the CFO, which is likewise determined by the Remuneration Committee. If performance objectives are not attained, the cash bonus may fall to zero. If all objectives are significantly exceeded, the cash bonus may amount to a maximum of 175% of the target bonus, but no more than 100% of annual fixed compensation.

Other members of the Executive Committee

The cash bonus payable to the other members of the Executive Committee is calculated as follows: 25% on the basis of the financial performance of the Komax Group and 75% on the basis of individual performance. From the 2019 financial year, the financial value of relevance will be Group EBIT. The performance achievement level and corresponding bonuses are determined by the Remuneration Committee on the recommendation of the CEO. If performance objectives are not attained, the cash bonus may fall to zero. If all objectives are significantly exceeded, the cash bonus may amount to a maximum of 175% of the target bonus, but no more than 100% of annual fixed compensation.

Target attainment

The attainment of financial targets is evaluated after the end of the financial year; it may fall anywhere within a bandwidth of 0% to 200%.

The individual performance component is based on the attainment of personal objectives agreed as part of the annual performance management process. These objectives may be both quantitative and qualitative (above all strategic) in nature. Strategic objectives may encompass, for example, the opening-up of new markets, the development of new products, the further development of a center of competence, and the management of key projects or management targets. Attainment of personal objectives is evaluated after the end of the financial year and may fluctuate within a range of 0% to 100%.

	CEO and CFO	Other members of the Executive Committee
Financial performance	25% Revenues (Group) 50% EBIT (Group)	25% EBIT (Group)
Individual performance	25% individual objectives	75% individual objectives ¹
Payout bandwidth	0%–175%	0%–175%

¹ Attainment of individual quantitative targets can fall anywhere within a bandwidth of 0% to 200%.

To ensure that the Komax Group does not suffer any competitive disadvantage, the Board of Directors has resolved not to disclose the financial and individual objectives in detail. Any detailed communication of these objectives would allow competitors to acquire an in-depth insight into Komax’s strategy, which could in turn jeopardize implementation of this strategy. The annually defined objectives are generally very ambitious, and are designed to help the Komax Group achieve its medium-term financial targets.

c) Long-term incentive system

To ensure that the interests of the Executive Committee are aligned with long-term shareholder interests, the Komax Group has a long-term incentive system linked to the company’s financial performance. This plan comprises Performance Share Units (PSUs) with a three-year vesting period that are dependent on the attainment of a performance target (average RONCE figure over three years) and the continuation of the employment relationship. The Board of Directors determines the allocation amounts in CHF, taking account of the importance of the function and its impact on corporate results.

Calculation of PSU allocation

The number of PSUs allocated is calculated by dividing a fixed CHF amount by the average closing share price during the 60 days preceding the start of the vesting period. The allocation may amount to a maximum of 66⅔% of fixed base salary. The actual payout at the end of the vesting period takes the form of shares, and is dependent on the average RONCE figure over three years compared to the target determined in advance by the Board of Directors. The payout factor may range between 0% and 150%. The actual value of the allocation at the end of the vesting period depends therefore on the payout factor and the development of the share price over the course of the vesting period.

Shares are definitively issued according to the following vesting rule:

- RONCE figure below threshold value: 0% of PSUs are converted into shares (forfeiture rate of 100%)
- RONCE figure achieved: 100% of PSUs are converted into shares
- RONCE figure at maximum performance level: 150% of PSUs are converted into shares (cap)

The payout factor between the threshold value, the target level, and the cap is obtained by linear interpolation.

Number of shares allocated at time of vesting	=	Number of PSUs originally granted to the individual in question	X	Vesting factor (0%–150%)
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Duration of plan

Plan period (2018–2020)		
2018 plan year	2019 plan year	2020 plan year
Average RONCE figure		

1 January 2018
allocation of PSUs

31 December 2020
end of the vesting period
(payout factor between 0% and 150%)

In the event of any termination of employment, pro rata vesting applies at the ordinary vesting date. The calculation is based on the number of whole months that have elapsed within the vesting period until the departure date. Dismissals for cause are excluded from this regulation; in such cases, all unvested PSUs are immediately forfeited and become worthless.

In the event of a change in control, accelerated pro rata vesting applies. The calculation is based on the number of whole months that have elapsed until the date of change in control. This date is determined at the discretion of the Board of Directors.

d) Occupational benefits

Members of the Executive Committee are insured under Komax's ordinary staff pension scheme in Switzerland. The amount insured is the annual fixed base salary multiplied by a factor of 1.2 in order to additionally insure at least a proportion of the variable compensation. Contributions are graduated by age, and are shared equally between the insured and the employer. The benefits of the plan go beyond the statutory requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans, and are in line with the market practice of other industrial companies in Switzerland.

e) Other provisions in employment contracts

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a maximum notice period of 12 months. They do not contain any severance agreement or change of control provisions.

6 Compensation, shareholdings, and options held by the Board of Directors in 2018

Section 6 of the Compensation Report was audited by the company's external auditor.

6.1 Compensation

In 2018, members of the Board of Directors received total compensation of CHF 940 687 (2017: CHF 898 274), of which CHF 692 500 was paid out in cash (2017: CHF 661 250), CHF 190 000 in the form of restricted shares (2017: CHF 181 667), and CHF 58 187 as social benefit contributions (2017: CHF 55 357). Contributions to pensions plans amounted to CHF 0 (2017: CHF 0).

in CHF		Basic annual fee ¹	Allocation restricted shares ²	Social benefits ³	Total compensation 2018	Total compensation 2017
Beat Kälin	Chairman	225 000	60 000	11 564	296 564	291 537
Daniel Hirschi	Member	92 500	30 000	9 559	132 059	142 814
David Dean	Member	97 500	25 000	9 559	132 059	132 036
Andreas Häberli ⁴	Member	92 500	25 000	9 168	126 668	75 899
Kurt Haerri	Member	90 000	25 000	8 973	123 973	126 647
Roland Siegwart	Member	95 000	25 000	9 364	129 364	129 341
Total Board of Directors		692 500	190 000	58 187	940 687	898 274

¹ Basic annual fee in cash (incl. expense allowance) and attendance fees.

² Fixed amount in CHF: is divided by the share price as per allocation date (average closing price over the last 40 trading days prior to allocation) and rounded up to the nearest number of full shares. The share price applied in 2018 was CHF 296.20.

³ Includes mandatory employer contributions to social insurance. This amount entitles members of the Board of Directors to draw the maximum insured pension benefits in the future.

⁴ Member of the Board since 12 May 2017.

No compensation was paid to former members of the Board of Directors for the 2017 and 2018 financial years. Komax Group companies had not granted any guarantees, loans, advances, or credits to members of the Board of Directors or parties closely linked to such persons as at 31 December 2018. No members of the Board of Directors or persons closely linked to them are or were involved in Komax Group transactions outside their normal duties.

6.2 Holdings of shares and options as at 31 December 2018

As at the end of 2017 and 2018, members of the Board of Directors had the following holdings of shares and/or options in the company:

Assets in units		31.12.2018		31.12.2017	
		Shares	Options	Shares	Options
Beat Kälin	Chairman	9 722	0	8 507	4 000
Daniel Hirschi	Member	4 730	0	4 429	1 000
David Dean	Member	1 024	0	1 830	0
Andreas Häberli	Member	84	0	0	0
Kurt Haerri	Member	2 883	0	1 799	1 000
Roland Siegwart	Member	2 024	0	940	1 000
Total Board of Directors		20 467	0	17 505	7 000

7 Compensation, shareholdings, and options held by the Executive Committee in 2018

Section 7 of the Compensation Report was audited by the company's external auditor.

7.1 Compensation at grant value

In 2018, members of the Executive Committee received total compensation of CHF 1 608 759 (2017: CHF 1 363 710). Of this amount, CHF 751 820 was paid as fixed compensation (2017: 749 383) and CHF 458 670 as cash bonuses (2017: CHF 245 278), CHF 260 000 was granted as Performance Share Units (2017: CHF 230 000), and CHF 138 269 comprised social security and pension fund contributions (2017: CHF 139 049).

in CHF		Fixed compensation ¹	Cash bonus ²	Allocation PSU (plan period 2018–2020) ³	Social benefits ⁴	Total compensation 2018	Total compensation 2017
Matijas Meyer ⁵	CEO	433 500	294 377	180 000	77 617	985 494	826 775
Total other members of the Executive Committee ⁶		318 320	164 293	80 000	60 652	623 265	536 935
Total Executive Committee		751 820	458 670	260 000	138 269	1 608 759	1 363 710

¹ Expense allowances are not included in the fixed compensation as these are not considered as compensation.

² Bonus for 2018, to be paid in April 2019.

³ Fixed amount in CHF: is divided by the share price as per allocation date (average closing price over the last 60 trading days prior to allocation) and rounded up to the nearest number of full shares. The share price applied in 2018 was CHF 295.00.

⁴ Includes mandatory employer contributions to social insurance of CHF 27 704 as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum state-insured pension benefits in the future.

⁵ Highest compensated member of Executive Committee in 2018.

⁶ The CFO is the only other member of the Executive Committee.

Notes on the compensation overview

In 2018, the CEO's cash bonus amounted to 68% of fixed compensation (2017: 36%). This payout level is due to the development of revenues and EBIT and the attainment of individual objectives. For the other member of the Executive Committee (CFO), the cash bonus amounted to 52% of fixed compensation (2017: 28%).

The PSUs granted to the CEO in the year under review corresponded to 42% of annual fixed compensation (2017: 37%) and 25% for the CFO (2017: 22%).

The overall variable compensation of the CEO in 2018 therefore amounted to 109% of the annual fixed compensation (2017: 73%) and that of the CFO 77% (2017: 51%). This is in line with the provisions of the company's Articles of Association, which allows for a maximum level of 100% of annual fixed base salary for each element of variable compensation. Further details on the participation plans can be found in the notes to the consolidated financial statements, on pages 111 to 113 of the Financial Report 2018.

No compensation was paid to former members of the Executive Committee for the 2017 and 2018 financial years. Komax Group companies had not granted any guarantees, loans, advances, or credits to members of the Executive Committee or parties closely linked to such persons as at 31 December 2018. No members of the Executive Committee or persons closely linked to them are or were involved in Komax Group transactions outside their normal duties.

7.2 Realized compensation

31 December 2017 marked the end of the first three-year vesting period for the Performance Share Units that were granted to members of the Executive Board when the new long-term incentive system was introduced on 1 January 2015. For the plan period 2015–2017, members of the Executive Committee received shares with a total value of CHF 483 567 (allocation amount on 1 January 2015: CHF 193 333, relevant share price: CHF 139.45) following the 2018 Annual General Meeting. The total compensation figure for 2018 of CHF 1 832 326 is significantly below the maximum amount of CHF 2 150 000 approved by the 2017 Annual General Meeting.

in CHF		Fixed compensation ¹	Cash bonus ²	Compensation amount PSU plan period (2015–2017)	Social benefits ³	Total compensation 2018
Matijas Meyer ⁴	CEO	433 500	294 377	308 422	77 617	1 113 916
Total other members of the Executive Committee ⁵		318 320	164 293	175 145	60 652	718 410
Total Executive Committee		751 820	458 670	483 567	138 269	1 832 326

¹ Expense allowances are not included in the fixed compensation as these are not considered as compensation.

² Bonus for 2018, to be paid in April 2019.

³ Includes mandatory employer contributions to social insurance of CHF 27 704 as well as contributions to occupational benefits (BVG). This amount entitles members of the Executive Committee to draw the maximum state-insured pension benefits in the future.

⁴ Highest compensated member of Executive Committee in 2018.

⁵ The CFO is the only other member of the Executive Committee.

7.3 Holdings of shares and options as at 31 December 2018

As at the end of 2017 and 2018, members of the Executive Committee had the following holdings of shares and/or options in the company:

Assets in units		31.12.2018		31.12.2017	
		Shares	Options	Shares	Options
Matijas Meyer	CEO	4 534	0	4 000	0
Andreas Wolfisberg	CFO	500	0	600	0
Total Executive Committee		5 034	0	4 600	0



Report of the statutory auditor to the Annual General Meeting of Komax Holding AG, Dierikon

Report on the audit of the remuneration report

We have audited the accompanying remuneration report (Art. 6 and 7) of Komax Holding AG for the year ended 31 December 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans, and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Komax Holding AG for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'T. Brüderlin', written over a horizontal line.

Thomas Brüderlin
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'S. Gutmann', written over a horizontal line.

Sebastian Gutmann
Audit expert

Basel, 8 March 2019

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