

# SUCCESS THROUGH INNOVATION

Compensation Report  
2017



# 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 2017 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 2017 financial year developed very positively for Komax, and showed that the company is on track to meet its strategic objectives. The Remuneration Committee looked at a number of personnel issues in 2017, as well as reviewing the compensation system. On behalf of the Remuneration Committee, I would like to provide you with more detail on this over the following paragraphs.

In 2017, we evaluated several potential members for the Board of Directors, all of whom possess considerable expertise in the area of digital transformation. In the person of Dr. Andreas Häberli, we have found a proven specialist who was elected to our Board of Directors with a resounding majority at the 2017 Annual General Meeting. Given the continuous growth of recent years, we have also looked at the organizational structure of the Komax Group. With an eye on good corporate governance, we have decided to expand the Executive Committee from two to five members. The planned change will enter into force with effect from 1 January 2019, assuming the 2018 Annual General Meeting approves the proposed compensation for the expanded Executive Committee. Three heads of core business areas that focus primarily on the development and production of automation solutions along the value chain are being promoted to the Executive Committee: Marc Schürmann (wire processing), Marcus Setterberg (test systems), and Günther Silberbauer (customer-specific solutions).

We reviewed the compensation systems of the Board of Directors and the Executive Committee in 2017, and have geared the performance indicators of the Executive Committee to the 2017–2021 strategic targets. These performance indicators (revenues, EBIT, RONCE, individual targets) are now aligned with the medium-term financial targets. There was no need to adjust the compensation system of the Board of Directors.

At the next Annual General Meeting on 19 April 2018, we will be proposing approval of the maximum possible total compensation for the Board of Directors and the Executive Committee for the 2019 financial year. In addition, you will as usual be given the opportunity at the Annual General Meeting to cast an advisory vote on this Compensation Report and thereby express your opinion on our compensation system. We are aware of our responsibility in this area. I can therefore assure you that we will continue to adopt a restrained approach to the budget available. When you read the Compensation Report, you will see that the compensation granted to both the Board of Directors and the Executive Committee in 2017 was in keeping with the provisions of the Articles of Association.

You can find detailed information on our compensation model and the compensation granted to the Board of Directors and the Executive Committee in 2017 on the following pages.

Yours sincerely,



Daniel Hirschi  
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 of 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 2017 Annual General Meeting elected Daniel Hirschi (Chairman), Beat Kälin, 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:

<b>Principles for the compensation of members of the Board of Directors</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- The Board of Directors determines the conditions that apply to shares and/or options.</li> <li>- The lock-in periods are at least three years.</li> </ul>
<b>Principles for the compensation of members of the Executive Committee</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- 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 and/or individual in nature.</li> <li>- 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.</li> <li>- 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.</li> <li>- The lock-in periods are at least three years.</li> </ul>
<b>Binding vote on the compensation paid to the Board of Directors and Executive Committee</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> </ul>
<b>Additional sum for payments to members of the Executive Committee appointed after the binding vote of the AGM</b>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<b>Pension benefits</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- The benefits and the employer contributions are solely drawn from the above-mentioned occupational plans.</li> <li>- Retirement benefits are provided solely within the context of the company's ordinary pension plans.</li> </ul>

The Articles of Association of Komax Holding AG can be found at [www.komaxgroup.com/articles-of-association](http://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.

<b>Performance orientation</b>	A significant proportion of compensation is directly linked to the operating and financial performance of the company and the attainment of individual objectives.
<b>Alignment with shareholder interests</b>	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.
<b>Market comparability</b>	The compensation rates are in line with the market when compared with similar positions in comparable companies.
<b>Fair compensation</b>	The compensation reflects the job profile, the responsibility, the capabilities and the experience of the function holder.
<b>Transparency</b>	The compensation system is straightforward and transparent.

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

<b>Practice of competitors</b>	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. With no benchmark comparison having been undertaken in recent years, various specific benchmarks studies were conducted in 2017, on the basis of which the compensation of the members of the Executive Committee was reviewed. The results of the study indicate that there is no need to adjust the target amounts for compensation.
<b>Performance</b>	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.
<b>Available financial resources of the company and market situation</b>	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 <sup>1</sup>
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 and Chairman of a committee	75 000	5 000	25 000
Board member without committee chairmanship	75 000	2 500	25 000

<sup>1</sup> 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 June 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 2017.

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 CEO and 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
<b>Fixed compensation</b>	Attract, retain, motivate	Function, market comparability	–	Ongoing	Monthly cash payments
<b>Cash bonus</b>	Pay for performance	Financial and individual performance	Revenues, EBIT, individual objectives	One year	Yearly cash payment
<b>Long-term incentive system</b>	Align with shareholder interests, pay for performance	Function	RONCE	Three years	Performance Share Units (PSUs)
<b>Occupational benefits</b>	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 affordability

### b) Cash bonus

The cash bonus depends on the financial performance of the company and its business areas as well as the attainment of the individually agreed objectives in the year under assessment. The target value (target bonus) is expressed as a proportion of fixed annual basic salary, and amounts to 50% for the CEO and for the other members of the Executive Committee.

### CEO and CFO

The cash bonus for the CEO and CFO is based entirely on the financial performance of the Komax Group. The reference values relevant to the 2017 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 or a maximum of 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 also include non-quantitative objectives of a predominantly strategic nature, such as the opening up of new markets, the development of new products, the management of key projects, and leadership objectives. 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	
<b>Financial performance</b>	25% Revenues (Group) 50% EBIT (Group)
<b>Individual performance</b>	25% individual objectives
<b>Payout bandwidth</b>	0%–175%

The cash bonus is generally paid in April of the following year.

**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 66% 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 margin 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	×	Vesting factor (0%–150%)
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**Duration of plan**

Plan period (2017 – 2019)		
2017 plan year	2018 plan year	2019 plan year
Average RONCE figure		

1 January 2017  
**allocation of PSUs**

31 December 2019  
**vesting: allocation of shares**  
 (payout factor between 0% and 150%)

In the event of any termination of the 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 immediately forfeit 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 2017

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

### 6.1 Compensation

In 2017, members of the Board of Directors received total compensation of CHF 898274 (2016: CHF 904330), of which CHF 661250 was paid out in cash (2016: CHF 673750), CHF 181667 in the form of restricted shares (2016: CHF 175417) and CHF 55357 as social benefit contributions (2016: CHF 55163). Contributions to pensions plans amounted to CHF 0 (2016: CHF 0).

in CHF		Basic annual fee <sup>1</sup>	Allocation restricted shares <sup>2</sup>	Social benefits <sup>3</sup>	Total compensation 2017	Total compensation 2016
Beat Kälin	Chairman	220 000	60 000	11 537	<b>291 537</b>	300 287
Daniel Hirschi	Member	102 500	30 000	10 314	<b>142 814</b>	149 551
David Dean	Member	97 500	25 000	9 536	<b>132 036</b>	136 078
Andreas Häberli <sup>4</sup>	Member	53 750	16 667	5 482	<b>75 899</b>	n.s.
Kurt Haerri	Member	92 500	25 000	9 147	<b>126 647</b>	130 689
Roland Siegwart	Member	95 000	25 000	9 341	<b>129 341</b>	134 731
Leo Steiner <sup>5</sup>	Member	n.s.	n.s.	n.s.	<b>n.s.</b>	52 994
<b>Total Board of Directors</b>		<b>661 250</b>	<b>181 667</b>	<b>55 357</b>	<b>898 274</b>	<b>904 330</b>

<sup>1</sup> Basic annual fee in cash (incl. expense allowance) and attendance fees.

<sup>2</sup> 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 2017 was CHF 259.07.

<sup>3</sup> 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.

<sup>4</sup> Member of the Board since 12 May 2017.

<sup>5</sup> Member of the Board until 12 May 2016.

No compensation was paid to former members of the Board of Directors for the 2016 and 2017 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 2017. 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 2017

As at the end of 2016 and 2017, members of the Board of Directors had the following holdings of shares and/or options in the company:

Assets in units		31.12.2017		31.12.2016	
		Shares	Options	Shares	Options
Beat Kälin	Chairman	8 507	4 000	9 135	13 000
Daniel Hirschi	Member	4 429	1 000	3 713	2 000
David Dean	Member	1 830	0	1 068	666
Andreas Häberli <sup>1</sup>	Member	0	0	n.s.	n.s.
Kurt Haerri	Member	1 799	1 000	703	2 000
Roland Siegwart	Member	940	1 000	844	1 000
<b>Total Board of Directors</b>		<b>17 505</b>	<b>7 000</b>	<b>15 463</b>	<b>18 666</b>

<sup>1</sup> Member of the Board since 12 May 2017.

## 7 Compensation, shareholdings and options held by the Executive Committee in 2017

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

### 7.1 Compensation

In 2017, members of the Executive Committee received total compensation of CHF 1 363 710 (2016: CHF 1 546 147). Of this amount, CHF 749 383 was paid in the form of fixed compensation (2016: 780 626), CHF 245 278 in the form of cash bonuses (2016: CHF 383 959), CHF 230 000 were granted in the form of Performance Share Units (2016: CHF 226 806) and CHF 139 049 comprised social security and pension fund contributions (2016: CHF 154 756).

in CHF		Fixed compensation <sup>1</sup>	Cash bonus <sup>2</sup>	Allocation Performance Share Units <sup>3</sup>	Social benefits <sup>4</sup>	Total compensation 2017	Total compensation 2016
Matijas Meyer <sup>5</sup>	CEO	433 500	155 268	160 000	78 007	<b>826 775</b>	846 403
Total other members of the Executive Committee <sup>6</sup>		315 883	90 010	70 000	61 042	<b>536 935</b>	699 744
<b>Total Executive Committee</b>		<b>749 383</b>	<b>245 278</b>	<b>230 000</b>	<b>139 049</b>	<b>1 363 710</b>	<b>1 546 147</b>

<sup>1</sup> Expense allowances are not included in the fixed compensation as these are not considered as compensation.

<sup>2</sup> Bonus for 2017, to be paid in April 2018.

<sup>3</sup> 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 2017 was CHF 241.98.

<sup>4</sup> Includes mandatory employer contributions to social insurance of CHF 28 483 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.

<sup>5</sup> Highest compensated member of Executive Committee in 2017.

<sup>6</sup> With the sale of the Medtech business unit on 15 April 2016, the Head of the Medtech business unit left the Executive Committee. The CFO is therefore the only other member of the Executive Committee.

### Notes on the compensation overview

In 2017, the CEO's cash bonus amounted to 36% of fixed compensation (2016: 52%). 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 28% of fixed compensation (2016: 46%).

The PSUs granted to the CEO in the year under review corresponded to 37% of annual fixed compensation (2016: 37%) and 22% for the CFO (2016: 23%).

The overall variable compensation of the CEO in 2017 therefore amounted to 73% of the annual fixed compensation (2016: 89%) and that of the CFO 50% (2016: 69%). 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 109 to 111 of the Financial Report.

No compensation was paid to former members of the Executive Committee for the 2016 and 2017 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 2017. 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 Holdings of shares and options as at 31 December 2017

As at the end of 2016 and 2017, members of the Executive Committee had the following holdings of shares and/or options in the company:

Assets in units	31.12.2017		31.12.2016	
	Shares	Options	Shares	Options
Matijas Meyer CEO	4 000	0	2 000	3 000
Andreas Wolfisberg CFO	600	0	600	3 000
<b>Total Executive Committee</b>	<b>4 600</b>	<b>0</b>	<b>2 600</b>	<b>6 000</b>

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

We have audited the accompanying remuneration report (Art. 6 and 7) of Komax Holding AG for the year ended 31 December 2017.

**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 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Brüderlin  
Audit expert  
Auditor in charge



Korbinian Petzi  
Audit expert

Basel, 9 March 2018

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