

SHAPING THE FUTURE OF AUTO MATION

Compensation Report
2019

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 2019 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,

Komax generates around 80% of its revenues through customers in the automotive industry. Since this industry is currently encountering difficulties, 2019 was a very challenging year for Komax. After the record result in 2018, revenues declined by 12.9% in the year under review, while EBIT contracted by 64.2%. This Compensation Report reflects this development. The Komax compensation system is structured in such a way that, in a year in which financial performance is unsatisfactory, the cash bonus decreases accordingly. The amount of the cash bonus awarded annually to the Executive Committee is linked to the development in revenues and EBIT, as well as the degree to which individual objectives are attained in the year under review. As you can see in the Compensation Report (see page 79), this has resulted in the Executive Committee receiving a cash bonus for 2019 that is significantly lower than that for 2018.

2019 was a demanding year for Komax, and it was a year in which the Remuneration Committee addressed various personnel and organizational issues. On behalf of the Remuneration Committee, I would like to provide you with more detail on this over the following paragraphs.

One of the topics facing the Remuneration Committee in 2019 was appointing a replacement on the Executive Committee for Günther Silberbauer, who will focus exclusively on his role as Managing Director of Komax SLE in Grafenau, Germany, from 2020. In Dr. Jürgen Hohnhaus, who holds a degree in mechanical engineering, Komax has recruited a successor with many years' experience in executive roles as general manager, business unit head, and CTO in the mechanical engineering and automation sectors. He was appointed to the Komax Executive Committee on 1 January 2020. The Board of Directors also witnessed a change – as announced in 2018 – in the year under review. Daniel Hirschi did not stand for re-election at the 2019 Annual General Meeting. Dr. Mariel Hoch, partner at the law firm Bär & Karrer AG in Zurich, was elected to the Board of Directors with an outstanding result. She now sits on our Audit Committee.

To withstand a difficult market environment, being able to react swiftly to changes is vital. Two important elements of this are an agile organization and a flexible workforce that knows the market well and can implement effective measures at the right time. Consequently, in 2019 the Remuneration Committee focused intensively on the topic of agile organizational structures. Another area looked at in connection with this was talent management. As a market and technology leader, it is imperative that Komax is an attractive employer for both internal and external talent.

As in past years, you will have the opportunity at the Annual General Meeting, to be held on 21 April 2020, to vote on this Compensation Report and thereby formally register your opinion on our compensation system. Your vote is important to us, too, because it is an important part of the Annual General Meeting's approval of the maximum possible total compensation for the Board of Directors and the Executive Committee for the 2021 financial year. I can assure you that we remain unwaveringly committed to our restrained compensation policy and are aware of our responsibilities. You can find detailed information on our compensation model and the compensation granted to the Board of Directors and the Executive Committee in 2019 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 2019 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; 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 under the company's employee participation program. - The calculated value (fair value) of the shares 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. - 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 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. The calculated value (fair value) of the shares 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 international Swiss industrial companies listed on the SIX Swiss Exchange and included in the SPI Extra. These are companies of comparable complexity, size and geographic reach to Komax from the sectors systems and mechanical engineering, automation, chemicals, electrical engineering, logistics, and supply engineering. 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 2018, various specific benchmark studies were conducted in 2019, on the basis of which the compensation of the members of the Executive Committee was reviewed. The results of the studies indicate that certain target amounts for compensation needed to be increased.
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 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 2019.

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 2019 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. The reference value relevant to the 2019 financial year was 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 (2019–2021)		
2019 plan year	2020 plan year	2021 plan year
Average RONCE figure		

1 January 2019
allocation of PSUs

31 December 2021
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 twelve months. They do not contain any severance agreement or change of control provisions.

6 Compensation and shareholdings of the Board of Directors in 2019

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

6.1 Compensation

In 2019, members of the Board of Directors received total compensation of CHF 933 589 (2018: CHF 940 687), of which CHF 687 500 was paid out in cash (2018: CHF 692 500), CHF 192 500 in the form of restricted shares (2018: CHF 190 000), and CHF 53 589 as social benefit contributions (2018: CHF 58 187). Contributions to pensions plans amounted to CHF 0 (2018: CHF 0).

in CHF		Basic annual fee ¹	Allocation restricted shares ²	Social benefits ³	Total compensation 2019	Total compensation 2018
Beat Kälin	Chairman	222 500	60 000	10 646	293 146	296 564
David Dean	Member	97 500	28 750	9 147	135 397	132 059
Andreas Häberli	Member	92 500	25 000	8 473	125 973	126 668
Kurt Haerri	Member	92 500	25 000	8 473	125 973	123 973
Daniel Hirschi ⁴	Member	30 000	10 000	2 696	42 696	132 059
Mariel Hoch ⁵	Member	60 000	18 750	5 681	84 431	n.a.
Roland Siegwart	Member	92 500	25 000	8 473	125 973	129 364
Total Board of Directors		687 500	192 500	53 589	933 589	940 687

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 2019 was CHF 239.65.

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 until 16 April 2019.

⁵ Member of the Board since 16 April 2019.

No compensation was paid to former members of the Board of Directors for the 2018 and 2019 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 2019. 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 as at 31 December 2019

As at the end of 2018 and 2019, members of the Board of Directors had the following holdings of shares in the company:

Assets in units		31.12.2019	31.12.2018
		Shares	Shares
Beat Kälin	Chairman	9 972	9 722
David Dean	Member	1 128	1 024
Andreas Häberli	Member	188	84
Kurt Haerri	Member	2 987	2 883
Daniel Hirschi ¹	Member	n.a.	4 730
Mariel Hoch ²	Member	0	n.a.
Roland Siegwart	Member	2 128	2 024
Total Board of Directors		16 403	20 467

¹ Member of the Board until 16 April 2019.

² Member of the Board since 16 April 2019.

7 Compensation and shareholdings of the Executive Committee in 2019

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

7.1 Compensation at grant value

In 2019, members of the Executive Committee received total compensation of CHF 2 491 180 (2018: CHF 1 608 759). Of this amount, CHF 1 509 274 was paid as fixed compensation (2018: CHF 751 820) and CHF 186 830 as cash bonuses (2018: CHF 458 670), CHF 510 000 was granted as Performance Share Units (2018: CHF 260 000), and CHF 285 076 comprised social security and pension fund contributions (2018: CHF 138 269).

in CHF		Fixed compensation ¹	Cash bonus ²	Allocation PSU (plan period 2019–2021) ³	Social benefits ⁴	Total compensation 2019	Total compensation 2018
Matijas Meyer ⁵	CEO	458 395	52 350	200 000	81 196	791 941	985 494
Total other members of the Executive Committee ⁶		1 050 879	134 480	310 000	203 880	1 699 239	623 265
Total Executive Committee		1 509 274	186 830	510 000	285 076	2 491 180	1 608 759

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

² Bonus for 2019, to be paid in April 2020.

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 2019 was CHF 265.51.

⁴ Includes mandatory employer contributions to social insurance of CHF 70 157 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 2019.

⁶ Additional three members were appointed to the Executive Committee in 2019.

Notes on the compensation overview

In 2019, the CEO's cash bonus amounted to 11% of fixed compensation (2018: 68%). This payout level is due to the development of revenues and EBIT and the attainment of individual objectives. For the other members of the Executive Committee, the cash bonus amounted to 13% of fixed compensation (2018: 52%).

The PSUs granted to the CEO in the year under review corresponded to 44% of annual fixed compensation (2018: 42%) and 29% for the other members of the Executive Committee (2018: 25%).

The overall variable compensation of the CEO in 2019 therefore amounted to 55% of the annual fixed compensation (2018: 109%) and that of the other members of the Executive Committee to 42% (2018: 77%). 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 115 to 117 of the Financial Report 2019.

No compensation was paid to former members of the Executive Committee for the 2018 and 2019 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 2019. 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

The annually allocated Performance Share Units are paid out to the members of the Executive Committee in the form of shares after a three-year vesting period. For the plan period 2016–2018, members of the Executive Committee received shares with a total value of CHF 503 544 (allocation amount on 1 January 2016: CHF 340 000, relevant share price: CHF 175.19) in 2019. In 2018, when the Executive Committee consisted of two members, shares with a total value of CHF 483 567 were remunerated.

The total compensation figure for 2019 of CHF 2 484 724 (2018: CHF 1 832 326) is significantly below the maximum amount of CHF 4 230 000 (2018: CHF 2 150 000) approved by the 2018 Annual General Meeting.

in CHF		Fixed compensation ¹	Cash bonus ²	Compensation amount PSU plan period (2016–2018)	Social benefits ³	Total compensation 2019	Total compensation 2018
Matijas Meyer ⁴	CEO	458 395	52 350	224 070	81 196	816 011	1 113 916
Total other members of the Executive Committee ⁵		1 050 879	134 480	279 474	203 880	1 668 713	718 410
Total Executive Committee		1 509 274	186 830	503 544	285 076	2 484 724	1 832 326

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

² Bonus for 2019, to be paid in April 2020.

³ Includes mandatory employer contributions to social insurance of CHF 70 157 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 2019.

⁵ Additional three members were appointed to the Executive Committee in 2019.

7.3 Holdings of shares as at 31 December 2019

As at the end of 2018 and 2019, members of the Executive Committee had the following holdings of shares in the company:

Assets in units		31.12.2019	31.12.2018
		Shares	Shares
Matijas Meyer	CEO	4 000	4 534
Andreas Wolfisberg	CFO	500	500
Marc Schürmann ¹	Executive Vice President	200	n.a.
Marcus Setterberg ¹	Executive Vice President	137	n.a.
Günther Silberbauer ¹	Executive Vice President	0	n.a.
Total Executive Committee		4 837	5 034

¹ Member of the Executive Committee since 1 January 2019.



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

Report on the audit of the compensation report

We have audited the accompanying compensation report (Art. 6 and 7) of Komax Holding AG for the year ended 31 December 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation 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 compensation 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 compensation 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 compensation 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 compensation 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 compensation report of Komax Holding AG for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

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

Thomas Brüderlin
Audit expert
Auditor in charge

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

Sebastian Gutmann
Audit expert

Basel, 16 March 2020

Imprint

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