

Remuneration report 2021

1. Remuneration philosophy and basic principles

1.1 General information

The remuneration report lays down the remuneration principles and the governance framework for the remuneration of the Board of Directors and the members of Executive Management of Von Roll Holding AG. It also includes details of the remuneration policy and the remuneration paid to the aforesaid bodies in the financial year 2021.

Unless indicated otherwise, all information provided in this report relates to the financial year that ended on December 31, 2021. The report is in line with Art. 13 of the Swiss Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO); the "Swiss Code of Best Practice for Corporate Governance" issued by Economiesuisse; Section 5.1 of the Annex to the SIX Swiss Exchange Directive on Information relating to Corporate Governance; and the Swiss Code of Obligations (CO).

1.2 Corporate governance as the basis for remuneration policy

The principles of our remuneration system for the Board of Directors and Executive Management are included in the Articles of Incorporation.

1.3 ERCO

The remuneration system and employment contracts with members of Executive Management comply with the ERCO.

1.4 Responsibilities

Board of Directors

The Board of Directors is responsible for the Group's remuneration system and for drafting corresponding motions for the General Meeting.

People & Remuneration Committee

The People & Remuneration Committee comprises three members of the Board of Directors. The members of the People & Remuneration Committee are elected by the General Meeting for a one-year term, which runs until the end of the next ordinary General Meeting. Re-election is permissible. The Chairman of the People & Remuneration Committee is elected by the entire Board of Directors. The People & Remuneration Committee assists the Board of Directors with setting and reviewing the company's remuneration strategy and guidelines and the qualitative and quantitative remuneration criteria, as well as with preparing motions for the General Meeting relating to the remuneration of the Board of Directors. The People & Remuneration Committee can make suggestions and recommendations to the Board of Directors regarding other remuneration issues. The People & Remuneration Committee can call in external specialists.

The People & Remuneration Committee is made up of Gerd Amtstätter (Chairman), Guido Egli and August François von Finck, all of whom are members of the Board of Directors. The Delegate of the Board of Directors/CEO and the CFO regularly attend People & Remuneration Committee meetings in an advisory capacity without voting rights. The People & Remuneration Committee met twice during the financial year. The Chairman of the People & Remuneration Committee reports to the Board of Directors with regard to the committee's activities. The minutes of the committee meetings are provided to members of the Board of Directors.

CEO and Executive Management

Headed by the CEO, Executive Management reviews the targets set for the management team's performance-related bonus scheme based on the People & Remuneration Committee's specifications.

1.5 Principles and components of remuneration

General principles

The Board of Directors may decide whether remuneration is paid wholly or partially in cash, restricted company shares or future subscription rights to shares. The Board of Directors determines the timing of the allocation, the length of the restricted period and any discount, taking into account the length of the restricted or vesting period. The restricted or vesting period shall be at least three years, whereby the Board of Directors may agree on a shorter period in justified cases. The Board of Directors may stipulate that should a certain event specified in advance ultimately occur, such as the termination of an employment or mandate relationship or a change of control, then restricted or vesting periods shall continue to apply, be shortened or be canceled, or remuneration shall be paid out (assuming targets have been met) or forfeited.

If shares or future subscription rights to shares are to be allocated or other remuneration components granted, the remuneration amount shall correspond to the value accorded to these remuneration components at the time of their allocation in accordance with generally recognized valuation methods.

In respect of duties performed in legal entities of the Group or on behalf of a legal entity of the Group, these entities may grant remuneration to the members of the Board of Directors and Executive Management insofar as the amounts concerned do not exceed the limit approved by the General Meeting or the additional limit in accordance with Art. 32 (6) of the Articles of Incorporation.

Within the scope permissible by law, the company may compensate members of the Board of Directors and Executive Management for losses incurred in conjunction with lawsuits, proceedings or settlements related to their activities for the company. It may also advance relevant sums or take out insurance policies. Compensation, advances and insurance policies of this kind are not considered remuneration.

Components of the Board of Directors' remuneration

Members of the Board of Directors receive fixed remuneration for their activities. Their expenses are also reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration. Supplements may be paid for serving as a member of a committee or for undertaking specific duties or projects.

Components of Executive Management's remuneration

Members of Executive Management receive fixed remuneration for their activities. Their expenses are also reimbursed. Reimbursed expenses, including lump-sum expenses, are not deemed to be remuneration.

1.6 Approval procedure

General information

The General Meeting approves the maximum remuneration for members of the Board of Directors with binding effect when the ordinary General Meeting convenes each year, with this remuneration limit then applying until the next ordinary General Meeting.

The General Meeting shall approve the maximum amount for fixed remuneration components for the following financial year for members of Executive Management with binding effect when the ordinary General Meeting convenes each year.

The General Meeting can approve a retrospective increase in a total amount already approved at any time.

The General Meeting shall approve the total variable remuneration components for the previous financial year for members of Executive Management with binding effect when the ordinary General Meeting convenes each year.

If the General Meeting withholds its approval, the Board of Directors may submit new motions for approval at the same General Meeting. If the Board of Directors does not submit any new motions or if the General Meeting rejects the new motions as well, the Board of Directors can convene a new General Meeting.

For the appointment of new members of Executive Management made after the General Meeting has given its approval, the additional limit for each new member shall be 150% of the highest remuneration amount paid to a member of the Executive Management at the last ordinary General Meeting in the previous financial year. This additional remuneration does not need to be approved by the General Meeting.

Appointment of members of Executive Management

The Board of Directors appoints members of Executive Management.

Number of external offices and positions

The number of external offices and positions is stipulated with binding effect in the Articles of Incorporation.

Contracts with members of the Board of Directors and Executive Management

Contracts with members of the Board of Directors and Executive Management, which provide the foundation for their remuneration, may be temporary or permanent. The maximum term of a temporary contract is one year. Contracts may be renewed. Notice periods for permanent contracts may not exceed one year.

The notice period for the CEO and the other members of Executive Management is 12 months. All employment contracts with members of Executive Management comply with the legislation and the provisions of the ERCO.

Severance pay

The employment contracts concluded with members of Executive Management do not provide for any severance pay. Similarly, the contracts of the members of the Board of Directors and Executive Management do not include any “golden parachutes” or any other special benefits in the event of a change of control.

2. Remuneration in the financial year

2.1 Remuneration of the Board of Directors (audited)

Board of Directors' fee

The following remuneration was paid to members of the Board of Directors for the financial year 2021:

in CHF 1,000	Function	Fixed fee ¹	Variable remuneration	Other remuneration ²	Retirement benefits ³	Total
Dr. Peter Kalantzis	Chairman	294	–	–	14	308
Guido Egli	Vice-Chairman	144	–	–	7	151
Gerd Amtstätter	Member	94	–	–	–	94
Gerd Peskes	Member	94	–	–	–	94
August François von Finck	Member	94	–	–	6	100
Dr. Christian Hennerkes	Delegate	–	–	–	–	–
Total		720	–	–	27	747

¹ Gross salary, i.e. before the deduction of social security contributions, withholding taxes, etc.

² Other remuneration does not include any lump-sum expenses.

³ Statutory charges, e.g. contributions to old-age and surviving dependents' insurance, unemployment, pension funds or executive insurance.

The following remuneration was paid to members of the Board of Directors for the financial year 2020:

in CHF 1,000	Function	Fixed fee ¹	Variable remuneration	Other remuneration ²	Retirement benefits ³	Total
Dr. Peter Kalantzis	Chairman	294	–	–	14	308
Guido Egli	Vice-Chairman	144	–	–	7	151
Gerd Amtstätter	Member	94	–	–	–	94
Gerd Peskes	Member	94	–	–	–	94
August François von Finck	Member	94	–	–	6	100
Dr. Christian Hennerkes	Delegate	–	–	–	–	–
Total		720	–	–	27	747

¹ Gross salary, i.e. before the deduction of social security contributions, withholding taxes, etc.

² Other remuneration does not include any lump-sum expenses.

³ Statutory charges, e.g. contributions to old-age and surviving dependents' insurance, unemployment, pension funds or executive insurance.

Other remuneration

Apart from the amounts disclosed here, no member of the Board of Directors received any additional fees or remuneration in 2021 or 2020 for services provided to Von Roll. In particular, no additional remuneration was paid for serving as a member of a committee or undertaking specific duties or projects in the financial years 2021 and 2020.

2.2 Remuneration of Executive Management (audited)

Short-term remuneration

The members of Executive Management received remuneration totaling CHF 1.3 million in the financial year 2021 (2020: CHF 1.3 million). This sum comprises fixed basic salaries of CHF 1.1 million (2020: CHF 1.1 million), short-term performance bonuses of CHF 0 (2020: CHF 0) and social security contributions of CHF 0.2 million (2020: CHF 0.2 million).

The following remuneration was paid to members of Executive Management for the financial year 2021:

in CHF 1,000	Function	Basic salary ¹	Variable remuneration	Other remuneration ²	Retirement benefits ³	Total	
	Dr. Christian Hennerkes	CEO	660	–	20	107	787
	Artur Lust	CFO	440	–	12	85	537
	Total		1,100	–	32	192	1,324

¹ Gross salary, i.e. before the deduction of social security contributions, withholding taxes, etc.

² Other remuneration comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 8).

³ Statutory charges, e.g. contributions to old-age and surviving dependents' insurance, pension funds or executive insurance. The changes compared to the previous year result from a change in underwriter and associated changes in contributions.

The following remuneration was paid to members of Executive Management for the financial year 2020:

in CHF 1,000	Function	Basic salary ¹	Variable remuneration	Other remuneration ²	Retirement benefits ³	Total	
	Dr. Christian Hennerkes	CEO	660	–	19	121	800
	Artur Lust	CFO	440	–	12	76	528
	Total		1,100	–	31	197	1,328

¹ Gross salary, i.e. before the deduction of social security contributions, withholding taxes, etc.

² Other remuneration comprises lump-sum compensation (TCHF 24) and child allowances (TCHF 7).

³ Statutory charges, e.g. contributions to old-age and surviving dependents' insurance, unemployment, pension funds or executive insurance.

Long-term remuneration

There is no plan for long-term remuneration.

Other remuneration

Apart from the amounts disclosed here, no member of Executive Management received any additional fees or remuneration in the financial years 2021 or 2020 for services provided to Von Roll.

2.3 Remuneration of former members of the Board of Directors and Executive Management (audited)

No remuneration was due to former members of Executive Management or for former members of the Board of Directors in the financial years 2021 and 2020.

2.4 Loans (audited)

Board of Directors

No members of the Board of Directors were granted any loans in the financial years 2021 and 2020. No loans were outstanding at the end of the financial years 2021 and 2020.

2.5 Remuneration and loans to related parties (audited)

Management

No members of Executive Management were granted any loans in the financial years 2021 and 2020. No loans were outstanding at the end of the financial years 2021 and 2020.

Former members of the Board of Directors and Executive Management

No former members of the Board of Directors or Executive Management were granted any loans diverging from standard market terms during the financial years 2021 and 2020. Neither are any such loans outstanding.

No remuneration diverging from standard market practice was granted either directly or indirectly to any related parties in the financial years 2021 and 2020. In addition, no related parties were granted any loans diverging from standard market terms. Neither are any such loans outstanding.

Shares held by members of the Board of Directors

The members of the Board of Directors held the following number of shares as at December 31 of the respective financial year:

Number of shares	2021	2020
Dr. Peter Kalantzis	1,333	1,333
Guido Egli	1,067	1,067
Gerd Amtstätter	466,667	466,667
Gerd Peskes	–	–
August François von Finck	46,328,166	46,328,166
Dr. Christian Hennerkes	3,600,000	3,600,000
Total	50,397,233	50,397,233

Shares held by members of Executive Management

Members of Executive Management held the following number of shares as at December 31 of the respective financial year:

Number of shares	2021	2020
Dr. Christian Hennerkes, CEO	3,600,000	3,600,000
Artur Lust, CFO	2,400,000	2,400,000
Total	6,000,000	6,000,000

2.6 Convertible bond

Convertible bonds held by members of the Board of Directors

No convertible bonds of Von Roll Holding AG were held by members of the Board of Directors at the end of the financial years 2021 and 2020.

Convertible bonds held by members of Executive Management

No convertible bonds of Von Roll Holding AG were held by members of Executive Management at the end of the financial years 2021 and 2020.

Report of the statutory auditor

To the General Meeting of
VON ROLL HOLDING AG, BREITENBACH

Report of the statutory auditor in relation to the remuneration report

We have audited the remuneration report dated 10 March 2022 of Von Roll Holding AG, pages 33 – 35, for the year ended 31 December 2021.

Responsibility of the Board of Directors

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 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 for the year ended 31 December 2021 of Von Roll Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

DELOITTE AG



Chris Krämer
Licensed audit expert
Auditor in Charge



Thomas Dettwiler
Licensed audit expert

Zurich, 10 March 2022