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COMPENSATION REPORT 2020

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# COMPENSATION REPORT

The compensation report describes the compensation principles and programs as well as the governance framework related to the compensation of the board of directors and the members of the executive committee of Bossard Holding AG. The report also provides details around the compensation awarded to those two bodies in the 2020 financial year.

The compensation report has been prepared in compliance with the Ordinance against Excessive Compensation in Listed Companies (VegüV/OaEC), the Directive on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange and the principles of the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse.

## Compensation at a glance

Compensation to members of the board of directors:

The compensation of the board of directors for the period from the annual general meeting of shareholders 2019 until the next annual general meeting of shareholders 2020 is below the approved maximum compensation amount:

Time period of compensation	Approved compensation	Effective compensation
2019-2020	CHF 1,600,000	CHF 1,506,201
2020-2021	CHF 1,600,000	n/a <sup>1)</sup>

1) Compensation period has not yet ended: the final amount will be disclosed in the compensation report for financial year 2021.

Compensation to members of the executive committee:

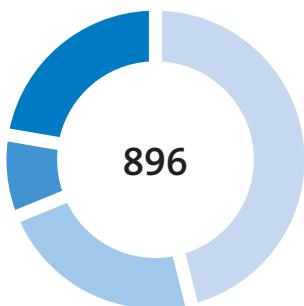
The compensation of the executive committee for the financial year 2020 remains within the approved maximum compensation approved by the annual general meeting of shareholders 2019:

Time period of compensation	Approved compensation	Effective compensation
2020	CHF 6,000,000	CHF 4,825,621

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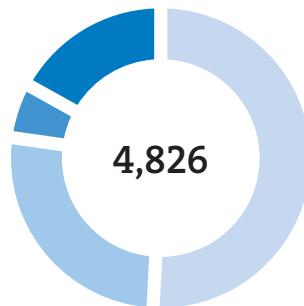
**Compensation of CEO  
for 2020**

in CHF 1,000



**Compensation of executive committee  
for 2020**

in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

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## Introduction

The compensation report contains information on the compensation policy, the compensation programs and the procedure for determining the compensation of the board of directors and the executive committee of Bossard Group. The report also contains information on the compensation for these two bodies in the 2020 financial year.

Based on an in-depth external review of the compensation of the board of directors in terms of marketability and competitiveness in the 2019 financial year, the board of directors decided on the following adjustments, which were approved by the annual general meeting of shareholders in 2020:

- The variable performance-related compensation for members of the board of directors has been replaced by a fixed compensation to strengthen the independence of the members of the board of directors.
- At the same time, the discount on the restricted shares has been eliminated.

These changes have come into effect with the approval of the revision of the articles of association on April 8, 2020.

### 1. Compensation philosophy and principles

The compensation philosophy of Bossard Holding AG reflects the commitment to recruit, retain, motivate and develop well-qualified employees and executives at all levels in the organization. Compensation programs are designed to motivate executives to achieve the business objectives and to create long-term and sustainable value for the company. They are based on the following principles (based on the changes in April 2020):

<b>Pay for performance</b>	A portion of compensation is directly linked to the sustainable success of the company and to individual contributions.
<b>Alignment to shareholders' interests</b>	The compensation system strengthens the link of management and shareholders' interests through the delivery of part of the compensation in the form of shares or sharebased compensation.
<b>Balanced system</b>	There is a healthy balance between fixed and variable performance-based compensation (no excessive leverage of variable compensation, capped at 100 percent of fixed compensation) for the executive committee. The board of directors receives a purely fixed compensation in order to ensure its independence.
<b>Market competitiveness</b>	Compensation levels are market competitive in order to attract and retain individuals with the required skill sets and leadership capabilities.
<b>Simplicity and transparency</b>	Compensation programs are straightforward and transparent.

## 2. Compensation Governance

### 2.1. Articles of association

In line with the requirement of VegüV/OaEC, the articles of association of Bossard Holding AG summarize the compensation principles and include the following provisions (based on the changes in April 2020):

- compensation principles (articles 36 to 40): the compensation of the members of the board of directors consists of a fixed compensation and the total compensation of the executive committee of a fixed and variable compensation. The variable compensation of the executive committee is measured primarily
  - for the CEO: on the EBIT of the Bossard Group and on the achievement of further qualitative objectives (discretionary power of the board of directors)
  - for the other members of the executive committee: on the EBIT for which the person has managerial responsibility, as well as on the net income of the Bossard Group and by the achievement of further qualitative objectives (discretionary power)
- In addition, members of the executive committee may be awarded restricted stock units (management participation plan) at the discretion of the board of directors with regard to achieved goals.
- Binding vote on compensation of the board of directors and the total compensation of the executive committee (article 11.8): the annual general meeting of shareholders approves separately the maximum aggregate amounts of compensation payable to the board of directors and to the executive committee:
  - for the board of directors: for the period until the next annual general meeting of shareholders
  - for the executive committee: for the following financial year
- In addition, the annual general meeting of shareholders has the opportunity to express its opinion on the compensation report in a consultative vote (article 43).
- Additional amount for payments to members of the executive committee appointed after the vote on compensation at the annual general meeting of shareholders (article 42): to the extent that the maximum aggregate compensation amount as approved by the annual general meeting of shareholders does not suffice, an amount of up to 30 percent of the maximum aggregate

compensation amount approved for the executive committee is available, without further approval, for the compensation of the members of the executive committee who have been appointed after the annual general meeting of shareholders.

- Loans, credit facilities and post-employment benefits for members of the executive committee (article 41): upon proposal of the compensation committee, the board of directors may, in justified cases, grant to members of the executive committee and persons related to them mortgage-backed loans or credit up to a maximum of CHF 1 million per person, unsecured loans or credit up to a maximum of CHF 0.5 million per person, pension benefits outside the occupational pension scheme up to a maximum of CHF 0.5 million (one-time) per person.

Details available at:

[www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/](http://www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/)

## **2.2. Compensation committee**

In accordance with the articles of association, the organizational and business regulations of Bossard Holding AG and the compensation committee regulations, the compensation committee is composed of at least three members of the board of directors that are elected individually by the annual general meeting of shareholders for a period of one year. Subject to the approval of the annual general meeting of shareholders, the representative of registered A shares is entitled to be a member of the compensation committee. The 2020 annual general meeting of shareholders newly elected David Dean (chairman) and re-elected Anton Lauber and Patricia Heidtman as members of the compensation committee. All three members are independent in accordance with the regulations.

It is the responsibility of the compensation committee to:

- develop and regularly review the compensation policy and principles applicable to the board of directors and the executive committee, including the design of compensation programs and retirement benefits plans; and, if necessary, proposing any changes to the board of directors;
- propose to the board of directors the maximum aggregate amounts of compensation of the board of directors and of the executive committee to be submitted to the shareholders' vote at the annual general meeting of shareholders;
- propose to the board of directors the individual compensation for the members of the board of directors, the CEO and the other members of the executive committee, within the limits approved by the annual general meeting of shareholders;
- review and approve the employment contracts of the executive committee members;
- develop and regularly review the guidelines governing the structure of the occupational pension scheme for the executive committee;
- prepare the compensation report;
- if the compensation committee considers necessary: the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices.

The levels of authority between the CEO, the compensation committee (CC), the board of directors (BoD) and the annual general meeting of shareholders (AGM) are summarized in the table below:

	CEO	CC	BoD	AGM
<b>Compensation policy and principles (incl. guidelines for the pension scheme)</b>		Proposes	Approves	
<b>Maximum aggregate compensation amounts of the board of directors</b>		Proposes	Reviews	Approves (binding vote)
<b>Maximum aggregate compensation amounts of the executive committee</b>		Proposes	Reviews	Approves (binding vote)
<b>Individual compensation of members of the board of directors</b>		Proposes	Approves	
<b>Compensation of the CEO</b>		Proposes	Approves	
<b>Individual compensation of members of the executive committee</b>	Proposes	Reviews	Approves	
<b>Compensation report</b>		Proposes	Approves	Consultative vote

The compensation committee meets as often as business requires but at least twice a year. In 2020, it held two meetings, each lasted half a day. All members were present at these meetings.

As a general rule, the CEO participates in the meetings of the compensation committee in an advisory capacity. Other members of the board of directors may attend the committee meetings (without voting rights) and other executives may be invited in an advisory capacity as well. However, the other members of the board of directors and the executives abstain from a topic when their own performance and/or compensation are being discussed. After each meeting, the chairman of the compensation committee reports to the board of directors on its topics and recommendations. The minutes of the compensation committee meetings are available to the entire board of directors.

The compensation committee may retain external consultants to provide support in fulfilling its duties. In 2020, no external consultants were mandated.

The compensation committee regularly compares compensation levels with benchmarks, reviews Bossard's compensation policies and conducts a self-assessment. The compensation committee mandated the last time in 2019 Agnès Blust Consulting AG, which, in cooperation with Mercer, conducted a benchmarking study on compensation. These consulting companies do not hold any other consulting mandates of the Bossard Group.

### 2.3. Method of determination of compensation

Benchmarking: in order to assess the market competitiveness of compensation and to determine appropriate compensation levels for the members of the board of directors and of the executive committee, the compensation committee periodically (i.e. every three to four years) reviews the compensation reports published by other international industrial companies that are listed in Switzerland and comparable to the Group in terms of size (market capitalization, employees, revenues), geographic scope and business complexity. In 2019, a benchmarking

analysis of the compensation of the board of directors was carried out based on a comparison group of 20 Swiss industrial companies listed on the SIX Swiss Exchange, which are comparable in terms of market capitalization, employees and turnover. These included: Autoneum, BELIMO, BOBST, Burckhardt Compression, Comet, Huber+Suhner, INFICON, INTERROLL, Kardex, Komax, Landis+Gyr, LEM, Metall Zug, Phoenix Mecano, Rieter, Schweiter Technologies, Siegfried, Valora, Ypsomed and Zur Rose.

In addition, a benchmarking analysis of the compensation of the executive committee was carried out with the intention of using the same comparison group as for the compensation of the board of directors. The peer group had to be adjusted in the light that such data was not available from all these companies. The following companies were used for comparison: Archroma, Ascom, BOBST, Clariant, Comet, EMS-CHEMIE, Forbo, Franke, Gurit, Hero, Komax, Landis+Gyr, LEM, OC Oerlikon, Rieter, RUAG, Siegfried, Straumann, TEMENOS, u-blox, Valora, Ypsomed and Zimmer Biomet.

Performance management: the actual compensation effectively paid out in a given year to the executive committee members depends on their individual performance. Depending on the level of responsibility, the evaluation of individual performance takes into account the results of the entire Group and/or of a business area. The performance evaluation is based on quantitative and qualitative assessment criteria. The quantitative elements are derived both from the current business results and from the longer-term value drivers, which are decisive for the Group's future results and profitability. The assessment is closely linked to the value-oriented and sustainability-focused management approach implemented by the Bossard Group. Qualitative criteria are derived from the company's strategic targets. Therefore, compensation reflects both the sustainable success of the company and the individual contributions.

### **3. Compensation structure – board of directors**

At the annual general meeting of shareholders on April 8, 2020, the board of directors proposed to the annual general meeting of shareholders to eliminate the variable compensation of the board of directors in the future in order to strengthen the independence of the members of the board of directors. Accordingly, each member of the board of directors shall receive a fixed compensation, supplemented by a compensation for his or her work on a committee of the board of directors. The renumeration is intended to compensate appropriately for the time spent on the board of directors and its committees as a result of the mandate. In addition, each member of the board of directors receives a lump-sum expense allowance. The changes were approved by the annual general meeting of shareholders with the revision of the articles of associations on April 8, 2020.

The compensation of the board of directors is calculated for the time period starting at the annual general meeting of shareholders until the next annual general meeting of shareholders. The compensation report itself discloses the accruing compensation for the reporting year. Due to the amendments of the articles of association in April 2020, which changed the compensation structure for the board of directors for the reporting year 2020, both the compensation for the period before the amendments of the articles of association (including variable compensation) and the compensation for the period after the amendments of the articles of association (without variable compensation) are now presented.

Effective for the period of office starting at the annual general meeting of shareholders in 2020, CHF 30,000 of the total compensation is paid in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of mandate, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year based on the average share price over the previous ten trading days.

Bossard Holding AG acquires the shares required for the share plan from its own stock of treasury shares or share purchases on the market.

The compensation for the board of directors, which is illustrated below for the reporting year 2020, was calculated on a pro rata basis for the corresponding period based on the following remuneration structures:

Time period from January 1, 2020 until April 30, 2020:

in CHF per year	Fixed compensation	Variable compensation
<b>Chairman of the board of directors</b>	300,000	0.05 percent of EBIT, maximum 60,000
<b>Members of the board of directors</b>	90,000	0.05 percent of EBIT, maximum 60,000

Time period from May 1, 2020 to December 31, 2020:

in CHF per year	
<b>Fixed compensation for the chairman of the board of directors</b>	320,000
<b>Fixed compensation for each member of the board of directors</b>	120,000
<b>Fixed compensation for the chairman of a committee of the board of directors</b>	20,000
<b>Fixed compensation for each member of a committee of the board of directors</b>	10,000
<b>Expense allowance</b>	8,000

The illustrated amounts are after deduction of social security contributions.

#### 4. Compensation structure – Executive committee

According to the compensation principles defined in section 1, the compensation of the executive committee includes the following elements:

- fixed compensation
- variable compensation
- management participation plan
- occupational benefits

Structure of compensation of the executive committee:

Element	Purpose	Drivers	Performance measures	Vehicle
<b>Fixed compensation</b>	Attract & retain	Position, skills and experience		Monthly cash payments
<b>Variable compensation</b>	Pay for performance	Annual performance	EBIT, Group net income, strategic goals	Annual bonus in cash
<b>Management participation plan</b>	Align to shareholders' interests, retain	Overall result of Bossard Group, achieved strategic goals		RSU with five-year staged vesting period
<b>Occupational benefits</b>	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurance, perquisites

##### 4.1. Fixed compensation

The annual fixed compensation is paid in cash on a monthly basis. It reflects the scope and responsibilities of the role, the skills required to perform the role and the profile of the jobholder in terms of experience and capabilities.

##### 4.2. Variable compensation

The variable compensation rewards the achievement of annual financial goals and of individual strategic objectives agreed within the annual objective-setting process and evaluated at the end of a year.

The fixed compensation and the expected variable compensation (assuming 100 percent achievement of all performance objectives) form the so-called total cash compensation. The target value of the total cash compensation of the CEO and the other executive committee members is reviewed annually based on the scope of the role, competitive market practice, individual profile and performance, as well as the company's affordability.

For the CEO, the fixed compensation amounts to 67 percent of total cash compensation, while the variable compensation amounts to 33 percent (or 49 percent of the annual fixed compensation) (2019: 63 percent fixed compensation and 37 percent variable compensation). For the other executive committee members, the fixed compensation ranges from 65 percent to 71 percent of total cash compensation while the variable portion ranges from 29 percent to 35 percent (2019: fixed compensation from 63 percent to 69 percent and variable compensation from 31 percent to 37 percent). In order to maintain compensation at a reasonable level and to not encourage excessive risk taking or a focus on short-term decisions to the expense of the company's sustainable success, the variable compensation is capped at 100 percent of the annual fixed compensation.

The variable compensation is based on two components:

- the financial performance of the Group as a whole and/or its businesses;
- the achievement of individual strategic goals that are defined and reviewed annually by the board of directors.

The approximate weighting of those components is illustrated in the following table. The weightings are defined as ranges because the system shall remain flexible enough to reflect specific strategic priorities for any business area in any given year.

Components		CEO	CFO	Other members of the executive committee
Financial performance 80 to 100 percent	Group	Group EBIT	Group EBIT, Group net income	Group net income
Strategic objectives 0 to 20 percent	Own business area	Individually determined	Individually determined	Individually determined

The financial objectives always include a measurement of profitability, such as Group net income or business area and Group operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, financial objectives may also include a measurement of growth, such as revenue or gross profit growth, depending on the strategic priorities of the respective business area. For each financial objective, an expected level of performance is determined, either on the basis of the annual financial plan or of the previous year's results. In addition, a threshold level of performance, below which the payout factor is zero, and a maximum level of performance, above which the payout factor is capped, are determined as well.

The strategic objectives are linked with the strategic initiatives and the goals 2020 of the Bossard Group; these objectives include more qualitative goals related to innovation, key project management and leadership.

Due to the commercial sensitivity of financial and strategic objectives, the board of directors abstains from such a disclosure in the compensation report. However, the actual payout level of the variable compensation in the reporting year is explained and commented in section 5.

The CEO and the other members of the executive committee may subscribe up to 20 percent of their total cash compensation in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in cases of termination of employment and retirement. In case of termination following death the restriction lapses immediately. The shares are priced at their market value, determined at the end of February of each year, based on the average share price over the previous ten trading days. The individual choice to buy shares by the CEO as well as the other members of the executive committee is made the day after the annual general meeting of shareholders. Bossard Holding AG acquires the shares required for the share plan from its own stock of treasury shares or share purchases on the market.

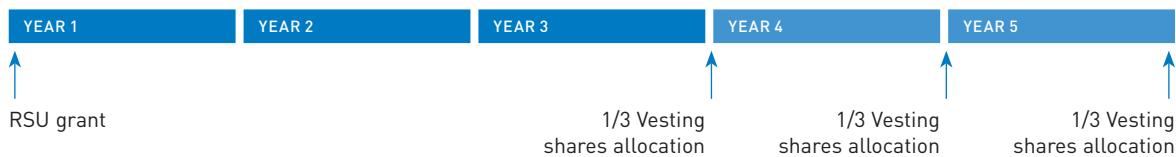
#### **4.3. Management participation plan**

The objectives of the management participation plan are to strengthen the link between management and shareholders' interests, to foster the participants' long-term motivation and identification with the Bossard Group, to let participants directly participate in the long-term shareholder value created through share price appreciation, and to enable the company to retain and motivate highly qualified employees.

The long-term management participation plan is offered to selected members of the management of the Group in the form of restricted stock unit (RSU) awards. At the beginning of the vesting period, a number of RSUs are granted to each participant, which is based on a monetary amount. For the CEO, there is a maximum amount of CHF 100,000 and for the other members of the executive committee a maximum amount of CHF 50,000 foreseen. The conversion is carried out at market value and is based on the average share price over the last ten trading days in November. The condition for a grant is the achievement of the overall results of the Bossard Group and the strategic objectives defined by the board of directors. For other participants, the grant size is determined at the discretion of the board of directors.

Each RSU is a conditional right to receive one registered A share of Bossard Holding AG after the vesting period. The RSUs vest conditionally if she or he is employed at the time of the vesting date and according to the following vesting schedule: one third of the RSUs vest three years after the grant date, one third vest four years after the grant date and the last third vest five years after the grant date. At the respective vesting date, the vested RSUs are converted into registered A shares of Bossard Holding AG. The shares are not subject to any further restrictions other than the general rules governing management transactions. In circumstances where the allocation of shares may be unsuitable or impractical, the award may be settled in cash instead of registered A shares of Bossard Holding AG.

Vesting period:



In case of termination of employment, the RSUs forfeit without any compensation, except in the cases of retirement, death, disability or change of control, where the RSUs are subject to a complete vesting at the date of termination or change of control.

#### **4.4. Occupational benefits**

The members of the executive committee participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and health. The members of the executive committee with a Swiss employment contract participate in the pension plan of Bossard (Bossard Personalstiftung, Zug) offered to all employees in Switzerland, in which a base compensation up to an amount of CHF 284,400 per annum is insured, as well as a supplementary plan in which earnings in excess of this limit are insured up to the maximum amount permitted by law. Bossard's pension benefits exceed the legal requirements of the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG) and are in line with what other international industrial companies offer. Members of the executive committee under foreign employment contracts are insured commensurately with local market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are, as a minimum, in accordance with the legal requirements of the respective country.

In addition, members of the executive committee are also eligible to standard perquisites, such as a company car or a car allowance, seniority awards, child allowance and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

#### **4.5. Employment contracts**

The members of the executive committee are employed under employment contracts of unlimited duration with a notice period of six months, respectively twelve months for the CEO. Members of the executive committee are not contractually entitled to termination payments or any change of control provisions other than the early vesting of RSU awards in specific situations mentioned previously.

## **5. Compensation to members of the board of directors and of the executive committee**

### **5.1. Compensation paid to current members of the board of directors for the financial years 2020 and 2019**

In 2020, the members of the board of directors received a total compensation of CHF 1.459 million (2019: CHF 1.459 million). The total compensation of the board of directors includes a deduction of 20 % for three months as solidarity contribution during short-time work of the workforce due to COVID-19. The total compensation consists of fixed compensation (renumeration for board and committee membership, expense allowance) of CHF 1.154 million (2019: CHF 0.9 million), variable compensation of CHF 0.128 million (2019: CHF 0.382 million) and social security contributions of CHF 0.177 million (2019: CHF 0.177 million). Of the total amount, CHF 0.314 million was delivered in restricted shares (2019: CHF 0.382 million).

Compared to the previous year, the total compensation remains stable. The compensation of this year includes a deduction as a solidarity contribution during the short-time work of the workforce. Additionally, the adaption of the compensation structure resulted in shifts between the components of compensation.

For the time period from January 1, 2020 to April 30, 2020, the chairman's variable compensation amounted to 16 percent of the fixed compensation (2019: 17 percent). For the other board members, the variable compensation amounted to 53 percent (2019: 55 percent).

### **Compensation paid to members of the board of directors for the financial year 2020**

in CHF, gross		Fixed	Variable	Social costs	Total compensation	Thereof in shares <sup>4)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC <sup>1)</sup> , ARCC <sup>2)</sup>	321,166	15,950	46,640	383,756	46,800
Anton Lauber	Deputy chairman, NC, CC <sup>3)</sup>	121,666	15,950	14,647	152,263	29,952
Dr. René Cotting	Chairman ARCC	121,666	15,950	19,679	157,295	40,950
David Dean	Repr. of registered A shares, chairman CC	121,666	15,950	19,679	157,295	29,952
Patricia Heidtman	NC, CC	121,666	15,950	19,679	157,295	46,800
Martin Kühn	ARCC	115,500	15,950	18,777	150,227	59,904
Prof. Dr. Stefan Michel	NC	115,500	15,950	18,777	150,227	29,952
Maria Teresa Vacalli	ARCC	115,500	15,950	18,777	150,227	29,952
<b>2020</b>		<b>1,154,330</b>	<b>127,600</b>	<b>176,655</b>	<b>1,458,585</b>	<b>314,262</b>

1) Nomination committee [NC]

2) Audit, risk & compliance committee [ARCC]

3) Compensation committee [CC]

4) Each member of the board of directors will get delivered CHF 30,000 of its total compensation in registered A shares of Bossard Holding AG. The shares are priced at market value, less a reduction (tax) of approximately 16 percent for the three years lockup period. For the drawn shares in 2020 the price was CHF 117.00. The drawn of the shares took place one day after the annual general meeting of shareholders 2020. Since the drawn of the shares relates to the compensation until the annual general meeting of shareholders 2020 (before the revision of the articles of associations), the deduction of the tax-permissible reduction was still made here.

## Compensation paid to members of the board of directors for the financial year 2019

in CHF, gross		Fixed	Variable	Social costs	Total compensation	Thereof in shares <sup>7)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC <sup>1)</sup> , ARCC <sup>2)</sup>	300,000	50,033	48,410	398,443	59,898
Anton Lauber	Deputy chairman, NC, CC <sup>3)</sup>	90,000	50,033	16,952	156,985	29,949
Dr. René Cotting	Chairman ARCC	90,000	50,033	19,748	159,781	53,480
Martin Kühn	ARCC	90,000	50,033	19,748	159,781	58,828
Daniel Lippuner <sup>4)</sup>	ARCC	30,000	18,133	6,781	54,914	59,898 <sup>8)</sup>
Prof. Dr. Stefan Michel	Repr. of registered A shares, chairman CC, NC	90,000	50,033	19,748	159,781	59,898
Maria Teresa Vacalli <sup>5)</sup>	ARCC	90,000	50,033	19,748	159,781	59,898
Patricia Heidtman <sup>6)</sup>	NC, CC	60,000	31,900	12,967	104,867	-
David Dean <sup>6)</sup>	Member	60,000	31,900	12,967	104,867	-
<b>2019</b>		<b>900,000</b>	<b>382,131</b>	<b>177,069</b>	<b>1,459,200</b>	<b>381,849</b>

- 1) Nomination committee (NC)
- 2) Audit, risk & compliance committee (ARCC)
- 3) Compensation committee (CC)
- 4) Resignation from the board of directors in April 2019
- 5) As at April 8, 2019 member of the audit, risk & compliance committee (ARCC)/until April 7, 2019 member of the compensation committee (CC), member of the nomination committee (NC)
- 6) Election to the board of directors in April 2019
- 7) Each member of the board of directors will get delivered at least CHF 30,000 of its total compensation in registered A shares of Bossard Holding AG. Members of the board of directors are entitled to draw up to CHF 60,000 of their total compensation in shares. The shares are priced at market value, less a reduction (tax) of approximately 16 percent for the three years lockup period. For the drawn shares in 2019 the price was CHF 133.70. The draw took place one day after the annual general meeting of shareholders 2019.
- 8) The share purchase in the amount of CHF 59,898 is based on the total compensation from the annual general meeting of shareholders 2018 to the annual general meeting of shareholders 2019.

In 2020, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,600,000 for the period from the annual general meeting of shareholders 2020 until the next annual general meeting of shareholders 2021. As this compensation period has not yet ended, the final amount will be disclosed in the compensation report for financial year 2021.

In 2019, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,600,000 for the period from the annual general meeting of shareholders 2019 until the next annual general meeting of shareholders 2020. The compensation of the board of directors for this term of office augmented to CHF 1,506,201 and remains therefore within the approved compensation payable to the board of directors.

### Payments to former members of the board of directors

No compensation was paid to former members of the board of directors in the reporting year.

Daniel Lippuner, who resigned from his position as member of the board of directors at the annual general meeting of shareholders 2019, received compensation in 2019. Daniel Lippuner purchased shares in the amount of CHF 59,898 based on the total compensation from the annual general meeting of shareholders 2018 to the annual general meeting of shareholders 2019. For his services as a member of the board of directors for the period from January 1, 2019 to April 7, 2019, the total compensation amounted to CHF 54,914.

## **Payments to related parties of members of the board of directors**

In 2020, as well as in 2019, no compensation was paid to related parties of present or former members of the board of directors.

## **Loans and credits to present or former members of the board of directors or to related parties**

As of December 31, 2020 as well as of December 31, 2019 no such loans or credit payments existed to present or former members of the board of directors, or to related parties of present or former members of the board of directors.

### **5.2. Compensation paid to current members of the executive committee for the financial years 2020 and 2019**

In 2020, the members of the executive committee received a total compensation of CHF 4.826 million (2019: CHF 5.289 million) in the form of fixed compensation of CHF 2.465 million (2019: CHF 2.793 million), variable compensation of CHF 1.274 million (2019: CHF 1.243 million), other benefits of CHF 0.066 million (2019: CHF 0.076 million), RSU grant of CHF 0.28 million (2019: CHF 0.32 million) and social security/pension contributions of CHF 0.741 million (2019: CHF 0.857 million). Of the total amount, CHF 0.035 million was delivered in restricted shares (2019: CHF 0.354 million).

#### **Compensation paid to members of the executive committee**

in CHF	Executive committee total		Dr. Daniel Bossard, CEO <sup>6)</sup>	
	2020	2019 <sup>5)</sup>	2020	2019
Fixed compensation	2,465,178	2,793,313	415,471	400,871
Variable compensation <sup>1)</sup>	1,273,574	1,242,705	203,772	210,000
Other benefits <sup>2)</sup>	66,284	75,900	16,800	16,800
Subtotal (compensation)	3,805,036	4,111,918	636,043	627,671
Management participation plan (RSU) <sup>3)</sup>	280,000	320,000	80,000	80,000
Social and pension costs	740,585	857,389	180,390	167,567
<b>Total</b>	<b>4,825,621</b>	<b>5,289,307</b>	<b>896,433</b>	<b>875,238</b>
Thereof in shares <sup>4)</sup>	35,100	354,305	-	53,480
<b>Members of the executive committee</b>	<b>6</b>	<b>6 <sup>7)</sup></b>		

1) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the following reporting year for which the compensation was paid. The compensation disclosed for 2019 is the actual total payment made.

2) Private share in company vehicle, child allowances, anniversary bonus

3) The market value of the RSUs allocated in the 2020 financial year was CHF 169.90 (2019: CHF 165.30).

4) Members of the executive committee may draw up to 20 percent of their total compensation in registered A shares of Bossard Holding AG of the previous year [according to article 38 and 39 of the articles of association]. The shares are priced at market value, less a reduction [tax] of approximately 16 percent for the three years lockup period. The draw always takes place one day after the annual general meeting of shareholders. For the drawn shares in 2020 the price was CHF 117.00 (2019: CHF 133.70). Since the draw of the shares relates to the compensation until the annual general meeting of shareholders 2020 [before the revision of the articles of associations], the deduction of the tax-permissible reduction was still made here.

5) Change in the function of the CEO end of April 2019. The total compensation includes the contractually owed fixed compensation and the corresponding variable compensation for 2019 financial year (pro rata temporis). In addition, it also includes compensation for untaken vacation days as of April 30, 2019.

6) Takeover of the function as CEO since May 1, 2019

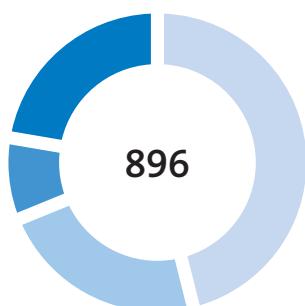
7) Until end of April 2019 7 members

The lower compensation compared to the previous year results from the change in the function of the CEO. In addition, the executive committee made solidarity contribution during the short-time work of the workforce in the COVID-19 pandemic with a 4 percent decrease of the fixed compensation.

In 2020, the variable component of the fixed compensation amounted to 49 percent of fixed compensation for the CEO Dr. Daniel Bossard (since May 1, 2019) (2019: 52 percent) and to 52 percent on average for the other executive committee members (2019: 43 percent). The board of directors refrains from disclosing a maximum or a range with regard to the ratio between the variable and the fixed compensation. The total expenses for the management participation plan offered to the executive committee and specified middle and senior managers amounted to CHF 1.361 million in 2020 (2019: CHF 1.832 million).

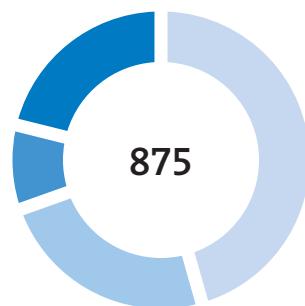
**Compensation of CEO  
for 2020**

in CHF 1,000



**Compensation of CEO  
for 2019**

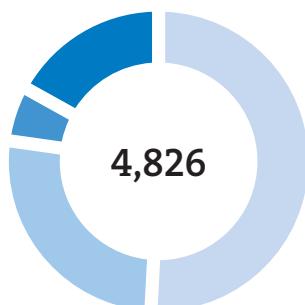
in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

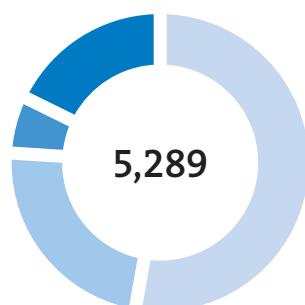
**Compensation of executive  
committee for 2020**

in CHF 1,000



**Compensation of executive  
committee for 2019**

in CHF 1,000



- Fixed compensation
- Variable compensation
- Management participation plan
- Social costs and other benefits

In 2019, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 6,000,000 for the period from January 1, 2020 to December 31, 2020. The total compensation of CHF 4,825,621 paid to the executive committee in 2020 remains within the approved compensation payable for the executive committee for 2020.

In 2020, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 6,000,000 for the period from January 1, 2021 to December 31, 2021.

**Compensation paid to former members of the executive committee**

In 2020, no compensation was paid to former members of the executive committee.

In 2019, David Dean, who resigned from his position as CEO end of April 2019, received the cash compensation he was contractually entitled to in the amount of CHF 655,623 (no shares were drawn).

**Compensation paid to related parties of members of the executive committee**

In 2020, as well as in 2019, no compensation was paid to related parties of present or former members of the executive committee.

**Loans and credits to present or former members of the executive committee or to related parties**

As of December 31, 2020, as well as of December 31, 2019, no such loans or credit payments existed to present or former members of the executive committee, or to related parties of present or former members of the executive committee.

## 6. Participations of members of the board of directors and of the executive committee at December 31, 2020 and 2019

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following numbers of registered A shares of Bossard Holding AG:

Board of directors		2020	Thereof blocked <sup>2)</sup>	2019	Thereof blocked <sup>2)</sup>
Dr. Thomas Schmuckli	Chairman, chairman NC, ARCC	9,829	1,004	14,429	904
Anton Lauber	Deputy chairman, CC, NC	4,263	680	6,007	629
Dr. René Cotting	Chairman ARCC	2,250	950	1,900	982
David Dean <sup>1)</sup>	Repr. of registered A shares, chairman CC	1,456	256	1,200	1,200
Patricia Heidtman <sup>1)</sup>	NC, CC	500	400	-	-
Martin Kühn	ARCC	1,162	952	450	440
Prof. Dr. Stefan Michel	NC	904	904	1,058	1,058
Maria Teresa Vacalli	ARCC	3,912	1,014	3,656	1,168
<b>Total</b>		<b>24,276</b>	<b>6,160</b>	<b>28,700</b>	<b>6,381</b>

1) Election to the board of directors in April 2019

2) These shares are subject to a restriction period of three years starting from the grant date.

Executive committee		2020	Thereof blocked <sup>4)</sup>	2019	Thereof blocked <sup>4)</sup>
Dr. Daniel Bossard <sup>1) / 2)</sup>	CEO	7,062	400	4,703	1,080
Stephan Zehnder	CFO	14,048	600	12,689	1,400
Beat Grob <sup>2)</sup>	CEO Central Europe	37,400	750	37,041	1,650
Dr. Frank Hilgers <sup>3)</sup>	CEO Northern & Eastern Europe, CCO	3,419	300	2,760	-
Steen Hansen	CEO America	2,844	-	2,485	-
Robert Ang	CEO Asia	13,492	1,523	13,133	2,253
<b>Total</b>		<b>78,265</b>	<b>3,573</b>	<b>72,811</b>	<b>6,383</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) Additionally, shareholder of Kolin Holding AG, which holds 56.3 percent of the votes of Bossard Holding AG

3) CCO, takeover as CEO Northern & Eastern Europe in May 2019

4) These shares are subject to a restriction period of three years starting from the grant date.

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSUs):

		2020	2019
Dr. Daniel Bossard <sup>1)</sup>	CEO	1,544	1,432
Stephan Zehnder	CFO	1,066	1,190
Beat Grob	CEO Central Europe	1,066	1,190
Dr. Frank Hilgers <sup>2)</sup>	CEO Northern & Eastern Europe, CCO	1,066	1,190
Steen Hansen	CEO America	1,066	1,190
Robert Ang	CEO Asia	1,066	1,190
<b>Total</b>		<b>6,874</b>	<b>7,382</b>

1) Takeover as CEO in May 2019, CEO Northern & Eastern Europe until end of April 2019

2) CCO, takeover as CEO Northern & Eastern Europe in May 2019

### **Guideline of shareholding**

The board of directors adopted guidelines on shareholdings. These came into effect on January 1, 2020:

- The chairman of the board of directors shall hold 150 percent of the equivalent value of the base fee in registered A shares of Bossard Holding AG.
- The members of the board of directors shall hold 100 percent of the equivalent value of the base fees in registered A shares of Bossard Holding AG.
- The CEO shall hold 150 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- The members of the executive committee shall hold 100 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- Newly elected members shall build up the required shareholding within four years upon their election. Should the share price fall or rise significantly, the board of directors may, at its own discretion, adjust this period accordingly.

For the determination of the minimum shareholdings, all shares are considered, independent of restricted or not. The compensation committee annually assesses the alignment of the shareholdings with the guideline of shareholding.



# Report of the statutory auditor

## to the General Meeting of Bossard Holding AG

### Zug

We have audited the compensation report of Bossard Holding AG for the year ended December 31, 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the note 5 on pages 87 to 91 of the compensation report.

#### 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 compensation system and defining individual compensation packages.

#### Auditor's responsibility

Our responsibility is to express an opinion on the 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 compensation, 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 Bossard Holding AG for the year ended December 31, 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Bruno Häfliiger  
Audit expert  
Auditor in charge

Remo Waldispühl  
Audit expert

Zurich, February 26, 2021

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