

# 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 financial year 2021.

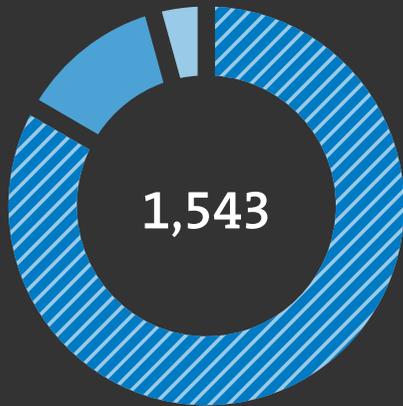
The compensation report has been prepared in compliance with the Ordinance against Excessive Compensation in Listed Companies (VegüV/OaEC), the Directive on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange and the principles of the “Swiss Code of Best Practice for Corporate Governance”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

AT A GLANCE

# Compensations

## Compensation of board of directors 2021

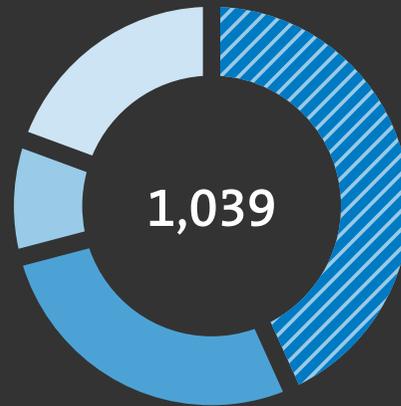
in CHF 1,000



- Fixed compensation
- Social costs
- Expense allowance

## Compensation of CEO 2021

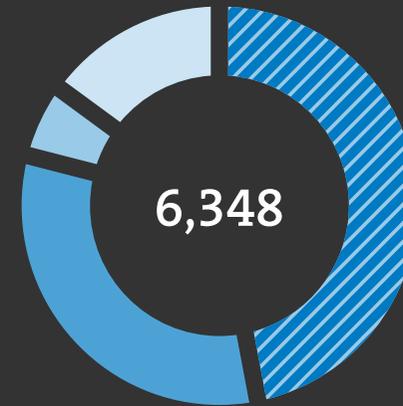
in CHF 1,000



- Fixed compensation
- Variable compensation - short-term incentive
- Management participation plan - long-term incentive
- Social costs and other benefits

## Compensation of executive committee 2021

in CHF 1,000



- Fixed compensation
- Variable compensation - short-term incentive
- Management participation plan - long-term incentive
- Social costs and other benefits

COMPENSATION REPORT

# Compensation of the board of directors and the executive committee

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 financial year 2021 and an outlook on the changes in the compensation of the executive committee as of the annual general meeting of shareholders 2022.

Based on an in-depth review of the compensation system of the executive committee by the compensation committee, the board of directors decided on the following adjustments based on the analyses:

The variable compensation will include a short-term and a long-term incentive:

- The short-term incentive is determined by purely quantitative targets and is a cash compensation.
- The long-term incentive is based on purely qualitative objectives and is compensated in the form of restricted stock units (RSU). The RSUs are subject to a three-year vesting period, after which yearly one-third of the RSUs are delivered to the respective member of the executive committee as registered A shares.

Necessary amendments with regard to the compensation in connection with the revision of the company law, which will come into force in 2023, will also be made with the

revision of the articles of association that is on the agenda for the annual general meeting of shareholders 2022. Provided that the annual general meeting of shareholders approves the revision of the articles of association, these amendments will come into effect as of May 1, 2022.

### Compensation of the board of directors

The compensation of the board of directors for the period from the annual general meeting of shareholders 2020 until the next annual general meeting of shareholders 2021 is below the approved maximum compensation amount:

Time period of compensation	Approved compensation	Effective compensation
2020-2021	CHF 1,600,000	CHF 1,481,477
2021-2022	CHF 1,600,000	n/a <sup>1)</sup>

<sup>1)</sup> Compensation period has not yet ended: the final amount will be disclosed in the compensation report for financial year 2022.

### Compensation of the executive committee

Due to the expansion of the executive committee by an additional member, the compensation granted to the executive committee for 2021 is CHF 348,376 higher than the maximum compensation approved by the annual general meeting of shareholders 2020. This increase in total compensation is within the additional amount allowed by the articles of association, which is available to the board of directors for cases in which additional members are appointed to the executive committee after the total com-

penetration has already been approved by the annual general meeting of shareholders (article 42 of the articles of association):

Time period of compensation	Approved compensation	Effective compensation
2021	CHF 6,000,000	CHF 6,348,376

## 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:

<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 between management and shareholders' interests through the remuneration of part of the compensation in the form of shares or share-based 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 requirements of VegüV/OaEC, the articles of association of Bossard Holding AG summarize the compensation principles and include the following provisions:

- 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 (short-term incentive). 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 as well as the gross profit for which the person has managerial responsibility and by the achievement of further qualitative objectives (discretionary power)
- In addition, members of the executive committee may be awarded with restricted stock units (management participation plan), in the terms of a long-term incentive, 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 credits up to a maximum of CHF 1 million per person, unsecured

loans or credits 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.

More 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 2021 annual general meeting of shareholders re-elected David Dean (chair), Patricia Heidtman and Prof. Dr. Stefan Michel and newly elected Marcel Keller as members of the compensation committee.

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, propose 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 following table:

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

The compensation committee meets as often as business requires but at least twice a year. In 2021, it held two meetings, each lasted half a day (one of these meetings was held virtually). In addition, a shorter conference call was held. 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 chair of the compensation committee reports to the board of directors the topics dis-

cussed and its recommendations. The minutes of the compensation committee meetings are available to the entire board of directors.

The compensation committee may appoint external consultants to provide support in fulfilling its duties. In 2021, 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 AG, conducted a benchmarking study on compensation. These consulting companies do not hold any other consulting mandates with 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.

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 respective individual contributions.

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 for 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 performances. Depending on the level of responsibility, the evaluation of individual performances takes into account the results of the entire Group and/or of a business area. The performance evaluation is based on quantitative and qualitative criteria. The quantitative elements are derived both from the current business results and from the long-term

### 3. Compensation structure – board of directors

In terms of independence of the members of the board of directors, each member of the board of directors receives a fixed compensation, supplemented by a compensation for his or her work on a committee of the board of directors. The remuneration 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.

For the term of office starting at the annual general meeting of shareholders in 2021, 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 of the previous ten trading days.

The shares required for the share plan are provided by the Group's treasury shares or by share purchases on the market.

in CHF per year

Fixed compensation for the chair of the board of directors	320,000
Fixed compensation for each member of the board of directors	120,000
Fixed compensation for the chair of a committee of the board of directors	20,000
Fixed compensation for each member of a committee of the board of directors	10,000
Expense allowance	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 – short-term incentive
- management participation plan – long-term incentive
- 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 – short-term incentive</b>	Pay for performance	Annual performance	EBIT Group respectively EBIT as well as gross profit of own business area	Annual bonus in cash
<b>Management participation plan – long-term incentive</b>	Align to shareholders' interests, retain	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 – short-term incentive

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

The fixed compensation and the expected variable compensation, namely the short-term incentive, (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 68 percent of total cash compensation, while the variable compensation amounts to 32 percent (or 48 percent of the annual fixed compensation) (2020: 67 percent fixed compensation and 33 percent variable compensation). For the other executive committee members, the fixed compensation ranges from 60 percent to 69 percent of total cash compensation while the variable portion ranges

from 31 percent to 40 percent (2020: fixed compensation from 65 percent to 71 percent and variable compensation from 29 percent to 35 percent). In order to maintain compensation at a reasonable level and to not encourage excessive risk taking or a focus on short-term decisions at the expense of the company's sustainable success, the variable compensation is capped at 100 percent of the annual fixed compensation.

The variable compensation (short-term incentive) is based on the financial performance of the Group as a whole and/or its businesses as follows:

Component		CEO	CFO/CSO	Other members of the executive committee
Financial performance	Group	Group gross profit (1/3), Group EBIT (2/3)	Group gross profit (1/3), Group EBIT (2/3)	Group EBIT (1/3)
	Own business area			EBIT as well as gross profit of own business area (2/3)

The financial objectives always include a measure of profitability, such as business area and Group operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, gross profit development is used as a growth parameter. For each financial objective, an expected level of performance is determined, either on the basis of the annual financial plan or of the prior year's results.

Due to the commercial sensitivity of financial 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 other members of the executive committee may draw 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 draw 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. The shares required for the share plan are provided by the Group's treasury shares or by share purchases on the market.

### 4.3. Management participation plan – long-term incentive

The objectives of the management participation plan for the executive committee are to strengthen the link between management and shareholders' interests, to foster the executive committee's 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.

The condition for a grant is linked to the implementation of Bossard Group's strategic initiatives approved by the board of directors. These objectives are qualitative in nature and relate primarily to innovation, market cultivation, cultural transformation and sustainability criteria (ESG). For the CEO a maximum amount of CHF 100,000 and for the other members of the executive committee a maximum amount of CHF 50,000 is foreseen. The conversion is carried out at market value and is based on the average share price of the last ten trading days in December. The grant based on the achievement of objectives takes place in the second quarter for the prior financial year and thus represents the beginning of the vesting period.

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:



#### 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 286,800 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 commensu-

rately with local market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, 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 of the board of directors and the executive committee

### 5.1. Compensation paid to current members of the board of directors for the financial years 2021 and 2020

In 2021, the members of the board of directors received a compensation in the amount shown in the following table.

Compared to the prior year, the total compensation remains stable.

### Compensation paid to members of the board of directors for the financial year 2021

in CHF, gross		Fixed	Expense allowance	Social costs	Total compensation	Thereof in shares <sup>7)</sup>
Dr. Thomas Schmuckli	Chair, Chair NC <sup>1)</sup> , ARCC <sup>2)</sup>	344,167	8,000	50,303	402,470	29,918
Patricia Heidtman	Vice Chair <sup>3)</sup> , NC, CC <sup>4)</sup>	137,667	8,000	21,213	166,880	29,918
Dr. René Cotting	Chair ARCC	137,667	8,000	21,213	166,880	29,918
David Dean	Repr. of registered A shares, Chair CC	137,667	8,000	21,213	166,880	29,918
Petra Maria Ehmann <sup>5)</sup>	NC, ARCC	93,333	5,333	14,382	113,048	-
Marcel Keller <sup>5)</sup>	CC	86,667	5,333	13,354	105,354	-
Martin Kühn	ARCC	127,833	8,000	19,698	155,531	29,918
Prof. Dr. Stefan Michel	NC, CC	134,500	8,000	20,725	163,225	29,918
Anton Lauber <sup>6)</sup>	Vice Chair, NC, CC	44,333	2,667	5,102	52,102	29,918
Maria Teresa Vacalli <sup>6)</sup>	ARCC	41,167	2,667	6,343	50,177	29,918
<b>2021</b>		<b>1,285,001</b>	<b>64,000</b>	<b>193,546</b>	<b>1,542,547</b>	<b>239,344</b>

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Vice Chair of the board of directors since April 2021

4) Compensation committee (CC)

5) Election to the board of directors in April 2021

6) Resignation from the board of directors in April 2021

7) 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. For the drawn shares in 2021 the price was CHF 199.45. The draw of the shares took place one day after the annual general meeting of shareholders 2021.

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

in CHF, gross		Fixed	Variable <sup>5)</sup>	Social costs	Total compensation	Thereof in shares <sup>6)</sup>
Dr. Thomas Schmuckli	Chair, Chair NC <sup>1)</sup> , ARCC <sup>2)</sup>	321,166	15,950	46,640	383,756	46,800
Anton Lauber	Vice Chair, NC, CC <sup>3)</sup>	121,666	15,950	14,647	152,263	29,952
Dr. René Cotting	Chair ARCC	121,666	15,950	19,679	157,295	40,950
David Dean	Repr. of registered A shares, Chair 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 <sup>4)</sup></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) The compensation of the financial year 2020 includes a deduction of 20 percent for three months as solidarity contribution during short time work of the workforce due to COVID-19.

5) For the period from January 1, 2020 to April 30, 2020, the variable remuneration of the Chair of the board of directors accounted for 16 percent of the fixed compensation. For the other members of the board of directors, the share of variable compensation was 53 percent. As of May 1, 2021, the board of directors no longer received variable compensation due to the amendment of the articles of association.

6) 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 draw of the shares took place one day after the annual general meeting of shareholders 2020. 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.

In 2021, 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 2021 until the next annual general meeting of shareholders 2022. As this compensation period has not yet ended, the final amount will be disclosed in the compensation report for financial year 2022.

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. The compensation of the board of directors for this term of office augmented to CHF 1,481,477 and remains therefore within the approved compensation payable to the board of directors.

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

Anton Lauber and Maria Teresa Vacalli, who resigned from their positions as member of the board of directors at the annual general meeting of shareholders 2021, received compensation in 2021. Anton Lauber received shares in the amount of CHF 29,918 based on the total compensation from the annual general meeting of shareholders 2020 to the annual general meeting of shareholders 2021. For his services as a member of the board of directors for the period from January 1, 2021 to

April 12, 2021, the total compensation amounted to CHF 52,102. Maria Teresa Vacalli received shares in the amount of CHF 29,918 based on the total compensation from the annual general meeting of shareholders 2020 to the annual general meeting of shareholders 2021. For her services as a member of the board of directors for the period from January 1, 2021 to April 12, 2021, the total compensation amounted to CHF 50,177.

In 2020, no compensation was paid to former members of the board of directors.

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

In 2021, as well as in 2020, 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, 2021 as well as of December 31, 2020 no such loans or credits 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 members of the executive committee for the financial years 2021 and 2020

In 2021, the members of the executive committee received the following compensation:

### Compensation paid to members of the executive committee

in CHF	Executive committee total		Dr. Daniel Bossard, CEO	
	2021 <sup>5)</sup>	2020 <sup>4)</sup>	2021	2020
Fixed compensation	2,981,010	2,465,178	452,137	415,471
Variable compensation – short-term incentive <sup>1)</sup>	2,059,604	1,238,928	283,868	203,772
Other benefits <sup>2)</sup>	101,429	66,284	16,800	16,800
Management participation plan (RSU) – long-term incentive <sup>3)</sup>	372,167	280,000	100,000	80,000
Social and pension costs	834,166	740,585	186,308	180,390
<b>Total</b>	<b>6,348,376</b>	<b>4,790,975</b>	<b>1,039,113</b>	<b>896,433</b>
Thereof in shares <sup>4)</sup>	-	35,100 <sup>8)</sup>	-	-
<b>Number of members of the executive committee</b>	<b>7.5 <sup>7)</sup></b>	<b>6</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 2020 is the actual total payment made.

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

3) The grant of RSU for the financial year 2021 will take place in the second quarter of 2022 (according to section 4.3). The amount disclosed in this table represents the intended compensation as of the reporting date. Any deviations between the reported amount and the actual grant will be recognised in the following year for the corresponding financial year. The remuneration disclosed for 2020 is the actual grant that was made. The market value of the RSU allocation for the financial year 2021 is CHF 317.50 (2020: CHF 169.90).

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 prior year (according to article 38 and 39 of the articles of association). In 2021, no shares were drawn. For the drawn shares in 2020 the price was CHF 117.00. The draw always takes place one day after the annual general meeting of shareholders.

5) This total compensation includes the compensation for the new CEO America as of February 1, 2021 as well as the former CEO America, who left Bossard Group due to a termination agreement as of July 31, 2021. This total compensation further includes the compensation for the additional member of the executive committee as of May 1, 2021.

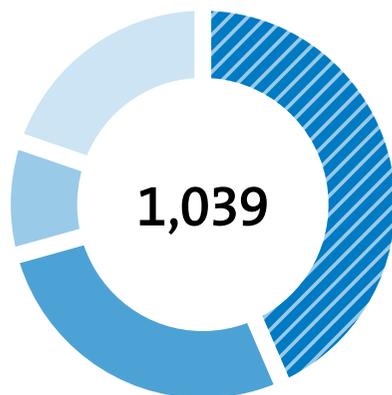
6) The compensation includes a deduction of 4 percent for three months as solidarity contribution during short time work of the workforce due to COVID-19.

7) Six members until end of January 2021 and seven members as of beginning of May 2021. In addition, there was an overlap (double occupancy) from the beginning of February to the end of July due to the change of CEO Bossard America.

8) 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 in the amount of 16 percent for the three years lockup period was still made here.

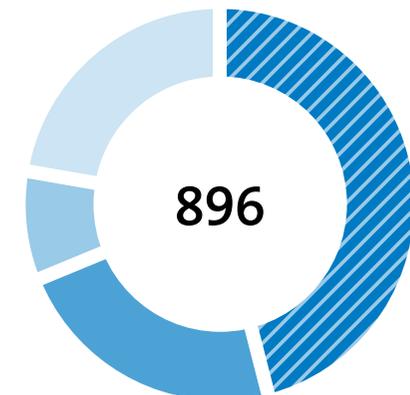
### Compensation of CEO for 2021

in CHF 1,000



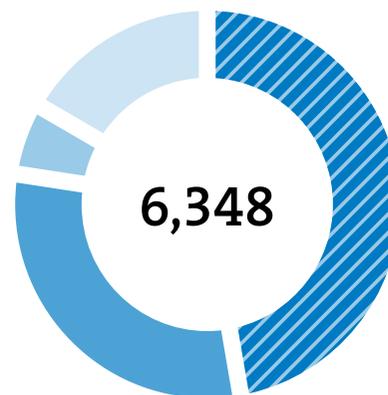
### Compensation of CEO for 2020

in CHF 1,000



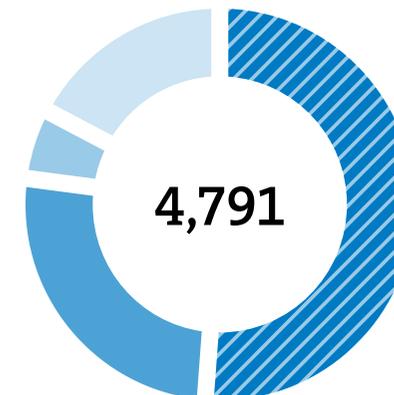
### Compensation of executive committee for 2021

in CHF 1,000



### Compensation of executive committee for 2020

in CHF 1,000



■ Fixed compensation    
 ■ Variable compensation – short-term incentive    
 ■ Management participation plan – long-term incentive    
 ■ Social costs and other benefits

The higher remuneration compared to prior year is due to the change in the CEO America function (double remuneration for the period of contractual overlap) and the expansion of the executive committee.

In 2021, the variable component, short-term incentive, amounted to 63 percent of the fixed compensation for the CEO Dr. Daniel Bossard (2020: 49 percent) and to 70 percent on average for the other executive committee members (2020: 51 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.

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. The total compensation 2021 of the executive committee of CHF 6,348,376 is therefore higher than the approved maximum compensation. This increase is due to the expansion of the executive committee by an additional member after the maximum compensation has already been approved by the annual general meeting of shareholders. The increase of CHF 348,376 is within the statutorily permitted additional

amount of 30 percent of the total amount available to the board of directors for cases in which additional members are appointed to the executive committee (article 42 of the articles of association).

In 2021, 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, 2022 to December 31, 2022. Due to the expansion of the executive committee, the board of directors has decided to increase the maximum total amount for the com-

compensation of the executive committee for the period from January 1, 2022 to January 31, 2022 accordingly. The board of directors thus proposes to the annual general meeting of shareholders on April 11, 2022 the approval of a maximum of CHF 7,000,000 as total compensation for the financial year 2022.

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

In 2021, Steen Hansen, former CEO Bossard America, who left the Bossard Group due to a termination agreement as of July 31, 2021, received a compensation to which he was entitled. This compensation is included in the table under this section 5.2.

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

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

In 2021, as well as in 2020, 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, 2021, as well as of December 31, 2020, no such loans or credits 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 the executive committee at December 31, 2021 and 2020

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

Board of directors	2021	Thereof blocked <sup>2)</sup>	2020	Thereof blocked <sup>2)</sup>
Dr. Thomas Schmuckli    Chair, Chair NC, ARCC	8,523	998	9,829	1,004
Patricia Heidtman    Vice Chair, NC, CC	650	550	500	400
Dr. René Cotting    Chair ARCC	2,400	900	2,250	950
David Dean    Repr. of registered A shares, Chair CC	1,150	406	1,456	256
Petra Maria Ehmann <sup>1)</sup> NC, ARCC	-	-	-	-
Marcel Keller <sup>1)</sup> CC	-	-	-	-
Martin Kühn    ARCC	1,312	1,102	1,162	952
Prof. Dr. Stefan Michel    NC, CC	1,054	854	904	904
<b>Total</b>	<b>15,089</b>	<b>4,810</b>	<b>16,101</b>	<b>4,466</b>

1) Election to the board of directors in April 2021

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

Executive committee		2021	Thereof blocked <sup>4)</sup>	2020	Thereof blocked <sup>4)</sup>
Dr. Daniel Bossard <sup>1)</sup>	CEO	5,363	400	7,062	400
Stephan Zehnder	CFO	10,349	600	14,048	600
Beat Grob <sup>1)</sup>	CEO Central Europe	12,701	750	37,400	750
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2,301	300	3,419	300
David Jones <sup>2)</sup>	CEO America	-	-	-	-
Robert Ang	CEO Asia	12,793	900	13,492	1,523
Rolf Ritter <sup>3)</sup>	CSO	-	-	-	-
<b>Total</b>		<b>43,507</b>	<b>2,950</b>	<b>75,421</b>	<b>3,573</b>

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

2) Takeover as CEO America in February 2021

3) Appointment as CSO as of May 1, 2021

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):

		2021 <sup>3)</sup>	2020
Dr. Daniel Bossard	CEO	1,243	1,544
Stephan Zehnder	CFO	765	1,066
Beat Grob	CEO Central Europe	765	1,066
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	765	1,066
David Jones <sup>1)</sup>	CEO America	-	-
Robert Ang	CEO Asia	765	1,066
Rolf Ritter <sup>2)</sup>	CSO	94	94
<b>Total</b>		<b>4,397</b>	<b>5,902</b>

1) Takeover as CEO America in February 2021

2) Appointment as CSO as of May 1, 2021

3) RSU which will be granted in the second quarter of 2022 for the financial year 2021 are not included in the balance.

## Guideline of shareholding

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

- The chair 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.

According to the review of the compensation committee (last review in 2021), all members of the board of directors and the executive committee comply with the guideline of shareholding; this also includes the transition period of the newly elected or appointed members.



# 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, 2021. 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 92 to 96 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, 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Wallmer

Audit expert  
Auditor in charge

Remo Waldispühl

Audit expert

Zurich, February 25, 2022

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