

Remuneration of the Executive Board

The Board of Directors lays down the remuneration model for the members of the Executive Board. The current remuneration model has been in force since 3 February 2014.

Following a proposal from the Governance, Nomination and Compensation Committee (GNCC), the Board of Directors modified the remuneration model slightly at that time compared with the previously applicable model in terms of the profit-related (variable) remuneration. The profit-related remuneration was brought more into line with the effectively achieved result. These changes have been incorporated in the regulations governing the profit-related remuneration of the Executive Board. The non-profit-related (fixed) remuneration and the lump-sum expenses allowances are reviewed periodically; the latter have been approved by the cantonal tax office. The level of the profit-related remuneration (individual bonus) is recalculated and specified on an annual basis as a function of the financial result.

There are no fixed-term employment contracts and no periods of notice in excess of 12 months. No severance payments are made to members of the Executive Board upon termination of their employment relationship.

The remuneration for members of the Executive Board is made up of the following components:

Remuneration Group CEO	Remuneration Head of Division	Remuneration CFO, CINO
Component		
Group profit	Group profit	Group profit
	Division	
	Individual assessment	Individual assessment
Fixed Remuneration	Fixed Remuneration	Fixed Remuneration

a) Non-profit-related (fixed) remuneration

The non-profit-related (fixed) remuneration of members of the Executive Board is determined by the Board of Directors on the basis of their training, competences and functions. This component of the remuneration includes any family allowances, awards for service anniversaries and other payments (e.g. pension fund buy-ins, other allowances, etc.).

The overall amount of non-profit-related remuneration for 2019 was approved by the General Meeting of 4 May 2018 and totals CHF 2,300,000.– (including social security contributions). The overall amount of fixed remuneration for 2020 will be submitted to the General Meeting on 2 May 2019 for approval and totals CHF 2,500,000.– (including social security contributions). The remuneration for the new CEO will include a higher non-profit-related component than for his predecessor, René Kamm.

b) Profit-related (variable) remuneration

With the remuneration model that was modified in 2014, the group profit is the sole component by which the profit-related remuneration of the CEO is measured. For the other members of the Executive Board, the profit-related remuneration takes in the components of group profit, the division result and the individual performance assessment, with different weightings. These are calculated as a percentage of the fixed remuneration:

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Division result (0 – 12 %)

—
Individual assessment (0 – 12 %)

For the group profit component, the level of remuneration is derived directly from the result achieved. This component is only paid out if the group profit is greater than CHF 10.0 million. Since the 2014 business year, the group profit component has been 1.75% of the annual result for the CEO and 0.7% of the annual result for the other members of the Executive Board.

Individual components are given a higher weighting or left out of account altogether depending on the individual members' areas of responsibility. None of the maximum of three variable components is due to the members of the Executive Board independently of the course of business or independently of their individual performance. All profit-related remuneration elements are paid out in cash.

For the 2018 reporting year, the profit-related component of the remuneration for Executive Board members averaged 6% (previous year: 6%) of the overall remuneration. Of this, almost 81% (78%) was paid as a cash component and 19% (22%) was paid to the various social insurance schemes.

The overall amount of CHF 188,182.– for the profit-related remuneration for the 2018 business year will be submitted to the General Meeting on 2 May 2019 for approval (gross amount including share of social security contributions).

Outlook:

The MCH Group is currently reviewing the remuneration model from 2014. It is planned that, in future, the non-profit-related portion of the remuneration will be higher than the profit-related portion. This is in line with the new general practice of adjusting the mix of profit-related and non-profit-related remuneration in favour of non-profit-related remuneration.

c) Expenses

The members of the Executive Board receive an expenses allowance which varies according to their function and a lump-sum car allowance based on the distance travelled. In 2018, the overall amount is CHF 171,000.– (previous year CHF 142,000.–). These expenses allowances have been approved by the cantonal tax authorities.

d) Shares, options

The MCH Group does not have any share or option schemes for the Executive Board. Details of shares in MCH Group Ltd. that are held by members of the Executive Board:

[Annual Report / Corporate Governance / Executive Board](#)

e) Sign-on bonuses

No sign-on bonuses are paid to members of the Executive Board.

f) Loans, credit

As in the previous year, no loans or credit were granted to the Executive Board in the reporting year.

g) Suretyships

No suretyships (sureties, guarantees) were awarded to members of the Executive Board in the reporting year.

h) Pension fund payments

The payments the employer is required to make to pension funds are stated in the "Remuneration" table. Since 1 July 2012, the profit-related remuneration of the members of the Executive Board (and of all other employees entitled to this) has similarly been insured in the pension fund.

Remuneration 2018

The profit-related remuneration for the entire Executive Board for 2018, submitted to the General Meeting on 2 May 2019 for approval, is CHF 188,182.– gross (profit-related remuneration CHF 152,068.– net, plus the share of social insurance contributions amounting to CHF 36,114.–).

In the 2018 financial year, it was necessary to make use of the additional amount of CHF 1,000,000.– for which provision is made in the statutes for the remuneration of Executive Board members who are appointed after the General Meeting's vote on the remuneration of the Executive Board. The sum of CHF 2,300,000.– approved by the General Meeting of 26 April 2017 was exceeded by CHF 432,424.–. Non-profit-related remuneration totalling CHF 2,732,424.– was thus paid out in the 2018 financial year.

The reason why the approved remuneration was exceeded was primarily the personnel changes in the Executive Board and the duplication of the CEO function (4 months) and the CFO function (6 months). The labour legislation obligations led to an additional burden of CHF 349,267.– in all, with CHF 189,807.– for René Kamm (CEO) and CHF 159,460 for Christophe Biollaz (CFO). The remaining amount of CHF 83,157.– was accounted for by Beat Zwahlen (CFO, CHF 50,000.–) and Jean-Marc Devaud (CEO Live Marketing Solutions, CHF 33,157.–).

2018, in CHF	Fixed compensation 1)	Variable compensation	Social insurance contributions 2)	Sum total gross	Sum total net
Executive Board as a whole ³⁾	2 218 928	152 068	549 610	2 920 606	2 370 996
Including René Kamm (CEO) ⁴⁾	515 000	0	113 925	628 925	515 000

1) Includes basic salary, bonuses for service anniversaries, family allowances, pension fund buy-ins and other allowances, etc.

2) Includes employer contribution to pension fund and social insurances etc.

3) Until 30.04 five members / from 01.05. six members (arrival Beat Zwahlen) / from 04.09. seven members (arrival Hans-Kristian Hoejsgaard) / from 01.11. six members (withdrawal Christophe Biollaz)

4) Also includes an outplacement

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 122,000.– in 2018 (without VAT)..

Remuneration 2017

2017, in CHF	Fixed compensation 1)	Variable compensation	Social insurance contributions 2)	Sum total gross	Sum total net
Executive Board as a whole	1 808 800	116 780	543 817	2 469 397	1 925 580
Including René Kamm (CEO)	465 000	0	149 850	614 850	465 000

1) Includes basic salary, bonuses for service anniversaries, family benefits etc.

2) Includes employer contribution to pension fund and social insurances etc.

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 198,000.– in 2017 (without VAT).