

# 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:

## 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 “approved overall sum gross” for the fixed remuneration in 2019 is a maximum of CHF 2,300,000 (including basic salary, bonuses for service anniversaries, family allowances, pension fund buy-ins and other allowances). At the General Meeting of 24 April 2020, the total amount of fixed remuneration for the year 2021 will be submitted for approval. The overall amount requested (now including social insurance contributions) for 2021 amounts to a maximum of CHF 2,800,000.

## b) Profit-related (variable) remuneration

With the remuneration model that was modified in the 2014 financial year, 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 %)

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Individual assessment (0 – 12 %)

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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 financial 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.

In deviation from the regulations, the Board of Directors has specified a bonus for the new CEO that is based on the attainment of specific quantitative and qualitative goals for the transformation of the company.

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 2019 reporting year, the profit-related component of the remuneration for Executive Board members averaged 12% (previous year: 6%) of the overall remuneration. Of this, almost 83% (81%) was paid as a cash component and 17% (19%) was paid to the various social insurance schemes.

Prospects:

The MCH Group is currently reviewing the remuneration model introduced in 2014. The combination of profit-related and non-profit-related remuneration is being examined, in particular, and will be adjusted where necessary.

## 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 2019, the overall amount is CHF 167,000 (previous year CHF 171,000). 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.

# Remuneration 2019

The profit-related remuneration for the entire Executive Board for 2019, submitted to the General Meeting on 24 April 2020 for approval, is CHF 403,688 (including social insurance contributions). This profit-related remuneration is made up of a gross figure of CHF 375,500 plus the share of social insurance contributions of CHF 28,188.

In the 2019 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 4 May 2018 was exceeded by CHF 452,277.–. Non-profit-related remuneration totalling CHF 2,752,277.– was thus paid out in the 2019 financial year.

The reason why the approved remuneration was exceeded was primarily the personnel changes in the Executive Board and the duplication of the functions of the Group CEO (2 months) and the CEO Live Marketing Solutions (6.5 months). The labour legislation obligations led to an additional burden of CHF 485,656.– in all, with CHF 354,001.– for Bernd Stadlwieser (CEO) and CHF 131,655.– for Florian Faber (CEO Live Marketing Solutions).

2019, in CHF (audited)	Fixed compensation gross <sup>1)</sup>	Variable compensation gross <sup>2)</sup>	Social insurance contributions <sup>3)</sup>	Sum total incl. social insurance contributions	Sum total gross
Executive Board as a whole <sup>4)</sup>	2 258 664	375 500	521 801	3 155 965	2 634 164
Including Bernd Stadlwieser (CEO) <sup>5)</sup>	354 001	200 000	83 067	637 068	554 001

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

2) Bonus without social insurance contributions

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

4) Until 13.01. six members / from 14.01. seven members (Florian Faber new EB member) / from 01.03. six members (withdrawal René Kamm) / from 01.04. five members (withdrawal Stephan Peyer) / from 12.06. six members (arrival Bernd Stadlwieser) / from 01.08. four members (withdrawal Hans-Kristian Hoejsgaard and Jean-Marc Devaud) / from 01.11. five members (arrival Andreas Eggimann)

5) Pro rata 7 months

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 41,000 in 2019 (without VAT).

# Remuneration 2018

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 (audited)	Fixed compensation gross <sup>1)</sup>	Variable compensation gross <sup>2)</sup>	Social insurance contributions <sup>3)</sup>	Sum total incl. social insurance contributions	Sum total gross
Executive Board as a whole <sup>4)</sup>	2 218 928	152 068	549 610	2 920 606	2 370 996
Including René Kamm (CEO) <sup>5)</sup>	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) Bonus without social insurance contributions

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

4) 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)

5) 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).