

Transformation and innovation

Business Report 2020

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Business Report 2020

Remuneration Report

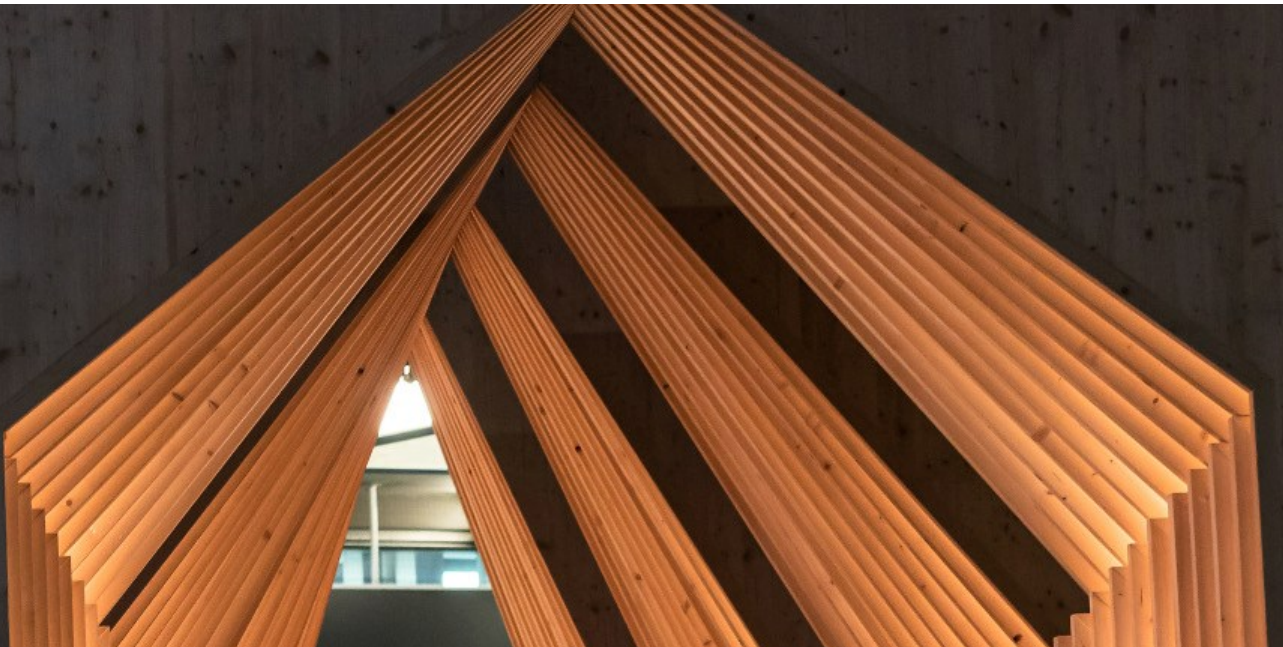
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Introduction to the Remuneration Report

Under the terms of Section 7 of the “Ordinance against abusive remuneration in listed companies” (VegüV) of 20.11.2013, the Board of Directors of MCH Group Ltd. is required to submit a written remuneration report providing information on remuneration, loans and credit for the Board of Directors and the management (Executive Board).

To provide a clearer overview and make for an easier understanding of the remuneration details, this remuneration report also contains the general principles and the remuneration systems for the Board of Directors and the Executive Board.



Swissbau

The remuneration report is published in accordance with the appropriate provisions governing the annual report. The statutory auditor is required to check the remuneration report for compliance with the law and the "Ordinance against abusive remuneration in listed companies" (VegüV) in each case.

The remuneration report does not have to be submitted to the General Meeting for approval. The General Meeting does, however, have to decide on the non-profit-related remuneration of the Board of Directors and Executive Board, as well as the profit-related remuneration of the Executive Board.

Details of the remuneration as per the "VegüV" Ordinance

The details of the remuneration required to be disclosed are set out in Articles 14-16 of the "VegüV" Ordinance (in German).

Schweizerische Eidgenossenschaft | VegüV

Vote on the remuneration by the General Meeting

The provisions governing the approval of the remuneration by the General Meeting as per Article 18 of the "VegüV" Ordinance are set out in Paragraphs 18 and 19 of the statutes of MCH Group Ltd.

MCH Group | Investors | Governance

On the basis of the statutes of MCH Group Ltd., the General Meeting of 02.05.2019 approved the non-profit-related remuneration of the Board of Directors and the Executive Board for the 2020 business year

At the General Meeting of 28.04.2021, a vote will be held on the non-profit-related remuneration of the Board of Directors and Executive Board for the 2022 business year and also on the profit-related remuneration of the Executive Board for the 2020 business year.

General principles of remuneration

MCH Group

The MCH Group endeavours to offer its employees attractive general conditions. The remuneration principles, remuneration systems and remuneration levels are based on the standard conditions prevailing on the market and in the sector and are regularly reviewed. The MCH Group also aims to allow as many of its employees as possible to participate in the group's success through a variable remuneration component.

The remuneration systems for all the companies are configured in such a way that

- they are both proportionate and competitive in relation to those of companies in a comparable field of activity;
- they are commensurate with the quality of the work, the workload and the responsibility borne by the post in question and the contribution made by the individual;
- they are readily comprehensible and transparent for employees at all levels;
- the profit-related (variable) remuneration is in proportion to the group result;
- the ratio between the non-profit-related (fixed) and the profit-related (variable) elements of the remuneration is commensurate with the sphere of influence of the employee concerned;
- an appropriate ratio exists between the lowest and the highest wages.

Board of Directors and Executive Board

The Board of Directors sets the remuneration for the Board of Directors and the Executive Board each year following a proposal from the Governance, Nomination and Compensation Committee (GNCC) elected by the General Meeting and subject to the approval of the General Meeting.

On 24.04.2020, the General Meeting elected the following members of the Board of Directors as members of the GNCC for the reporting year:

- Dr. Ulrich Vischer, Chairman
- Christoph Brutschin, Member
- Hans-Kristian Hoejsgaard, Member
- Dr. Balz Hösly, Member

Details of the function of the GNCC and its members:

Annual Report | Organisation & Management | Specialist Committees

Annual Report | Board of Directors

The remuneration of the Board of Directors and the Executive Board disclosed in the remuneration report takes in all the remuneration for the 2020 reporting year.

When members join the Board of Directors or the Executive Board, the remuneration is included as of the date on which they take on their new function.

When members leave the Board of Directors or Executive Board, the remuneration is included up to the date of departure together with any remuneration paid in the course of the reporting year in conjunction with the member's previous activity.

A number of members of the Executive Board are on the Board of Directors of group companies. No extra remuneration is paid for the exercise of these mandates within the group.

Remuneration of the Board of Directors

Profit-related remuneration has been dispensed with in the case of the Board of Directors. The approved overall sum for the fixed remuneration in 2020 is a maximum of CHF 540,000. At the General Meeting on 28.04.2021, a total amount of maximum CHF 660,000 will be submitted for approval as fixed compensation for the year 2022.

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

a) Non-profit-related (fixed) remuneration

Each member of the Board of Directors receives a fixed basic fee which is determined in advance and is laid down in the regulations. This is identical for each member. The Chairman and Vice-Chairman receive higher fees. Additional fees are paid for membership and chairmanship of specialist committees in order to take into account the individual responsibility and workload involved. The remuneration established for each member is paid in cash on a quarterly basis.

b) Attendance fees

An attendance fee is paid for each meeting or, if more than one meeting is held on a given day, for each day. The level of the attendance fee is laid down in the regulations governing the remuneration of the Board of Directors.

c) Expenses

All the members of the Board of Directors receive a lump sum expenses allowance. Additional expenses, such as those for business travel, are refunded on the basis of the expenses effectively incurred. VISCHER AG invoices CHF 35,000 each year for the outlay incurred in running the secretariat for the Chairman of the Board of Directors.

d) Shares, options

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

e) Sign-on bonuses

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

f) Loans, credit

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

g) Suretyships

As in the previous year, no suretyships (sureties, guarantees) were granted to members of the Board of Directors in the reporting year.

Remuneration 2020

The overall sum of a maximum of CHF 540,000 approved by the 2019 General Meeting, was exceeded by CHF 174,834. The reasons for this sum being exceeded are the numerous additional meetings of the Board of Directors as well as several additional meetings of the Audit Committee (AC), the Governance, Nomination and Compensation Committee (GNCC) and the Strategy Committee (SC) due to the strategic realignment, the necessary development and implementation of a comprehensive package of measures to strengthen the capital structure and the shareholder base as well as the personnel changes in the Executive Board.

2020, in CHF (audited)	Basic fee	Fee for additional functions ¹⁾	Attendance fees and expenses ²⁾	Social insurance contributions	Overall sum incl. social insurance contributions ³⁾
Dr. Ulrich Vischer, Chairman ⁴⁾	90 795	11 000	51 000	0	152 795
Christoph Brutschin, Vice-Chairman ⁶⁾	36 000	8 000	45 000	0	89 000
Markus Breitenmoser	21 000	2 000	22 000	6 702	51 702
Dr. Eva Herzog ^{6) 7)}	1 750	0	2 083	0	3 833
Hans-Kristian Hoejsgaard ⁵⁾	32 119	8 000	45 000	0	85 119
Dr. Balz Hösly ⁶⁾	21 000	6 000	37 000	9 596	73 596
Dr. Dagmar Maria Kamber Borens ⁶⁾	21 000	8 000	36 000	9 748	74 748
Dr. Karin Lenzlinger Diedenhofen ⁸⁾	21 000	3 000	21 000	6 702	51 702
Eleni Lionaki ⁹⁾	0	0	0	0	0
James Murdoch ⁹⁾	0	0	0	0	0
Dr. André Odermatt ^{6) 8)}	21 000	0	14 000	5 179	40 179
Jeffrey Palker ⁹⁾	0	0	0	0	0
Dr. Tanja Soland ^{6) 10)}	14 000	0	9 667	0	23 667
Thomas Weber ^{6) 7)}	7 000	1 000	5 334	0	13 334
Andreas Widmer	21 000	3 000	24 000	7 159	55 159
Total	307 664	50 000	312 084	45 086	714 834

1) Contains fees for the GNCC, AC and the SC

2) Without compensation for the outlay on the secretariat for the Chairman of the Board of Directors

3) Employer and employee

4) VISCHER AG invoices the fee for the Chairman of the Board of Directors and makes the statutory social insurance payments

5) Hoejsgaard & Co. AG invoices the fee and makes the statutory social insurance payments

6) The fees for the BD members appointed by the public sector are paid to the offices specified by the latter

7) BD member up to 24.04.2020

8) BD member up to 21.12.2020

9) BD member as of 21.12.2020

10) BD member from 24.04.2020 to 21.12.2020

Remuneration 2019

2019, in CHF (audited)	Basic fee	Fee for additional functions ¹⁾	Attendance fees and expenses ²⁾	Social insurance contributions	Overall sum incl. social insurance contributions ³⁾
Dr. Ulrich Vischer, Chairman ⁴⁾	86 285	10 000	23 000	0	119 285
Christoph Brutschin, Vice-Chairman ⁵⁾	36 000	5 000	22 000	0	63 000
Markus Breitenmoser ⁶⁾	14 000	0	3 667	2 431	20 098
Marco Gadola ⁷⁾	7 000	1 667	6 333	2 097	17 097
Werner Helfenstein ^{5) 7)}	7 000	0	6 333	874	14 207
Dr. Eva Herzog ⁵⁾	21 000	0	7 000	0	28 000
Hans-Kristian Hoejsgaard ⁶⁾	14 000	5 333	9 667	4 046	33 046
Dr. Balz Hösly ⁵⁾	21 000	5 000	20 000	6 435	52 435
Dr. Dagmar Maria Kamber Borens ^{5) 6)}	14 000	5 333	11 667	4 484	35 484
Dr. Karin Lenzlinger Diedenhofen	21 000	3 000	13 000	5 148	42 148
Dr. André Odermatt ⁵⁾	21 000	0	8 000	4 004	33 004
Jean-Philippe Rochat ⁷⁾	7 000	1 000	4 333	1 630	13 963
Thomas Weber ⁵⁾	21 000	3 000	8 000	0	32 000
Andreas Widmer	21 000	2 000	17 000	5 577	45 577
Total	311 285	41 333	160 000	36 727	549 345

1) Contains fees for the GNCC, AC and the SC

2) Without compensation for the outlay on the secretariat for the Chairman of the Board of Directors

3) Employer and employee

4) VISCHER AG invoices the fee for the Chairman of the Board of Directors and makes the statutory social insurance payments

5) The fees for the BD members appointed by the public sector are paid to the offices specified by the latter

6) BD member as of 02.05.2019

7) BD member up to 02.05.2019

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 03.02.2014.

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.

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 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, allowances, etc.).

The “approved overall sum, gross” for the fixed remuneration in 2020 is a maximum of CHF 2,500,000 (including basic salary, bonuses for service anniversaries, family allowances, pension fund buy-ins and other allowances).

The members of the Executive Board will waive their variable remuneration in 2020 and 2021. In return, the Board of Directors is authorising a retention bonus for members of the Executive Board for a total amount of CHF 520,000, subject to the approval of the Annual General Meeting on 28.04.2021. The payment of this bonus is subject to the condition that the beneficiary is still in permanent employment at MCH Group on 31.12.2022. Subject to this condition, the bonus will then be paid in December 2022. This payment is part of the fixed remuneration for the year 2022.

The amount of CHF 520,000 will be proposed to the General Meeting 2021 for approval as a supplement to the non-profit-related (fixed) compensation for 2021.

At the General Meeting of 28.04.2021, the total amount of fixed remuneration for the year 2022 will be submitted for approval. The overall amount requested for 2022 amounts to a maximum of CHF 2,800,000.

b) Profit-related (variable) remuneration

In 2020 and 2021, the members of the Executive Board will waive variable remuneration. However, the remuneration regulations for profit-related (variable) remuneration described below are still in force.

With the remuneration model that was modified in 2014, the group result 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:

- 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 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.

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.

c) Expenses

The members of the Executive Board receive an expenses allowance which varies according to their function and a lump-sum vehicle allowance based on the distance travelled. In 2020, the overall amount is CHF 151,000 (previous year CHF 167,000). 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 | 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

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

Remuneration 2020

No profit-related remuneration of the Executive Board for the year 2020 will be submitted to the General Meeting on 28.04.2021 for approval, as it amounts to CHF 0 gross.

In the 2020 financial year, it was not 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.

2020, in CHF (audited)	Fixed compensation gross ¹⁾	Variable compensation gross ²⁾	Social insurance contributions ³⁾	Sum total incl. social insurance contributions ⁴⁾
Executive Board as a whole ⁵⁾	1 865 855	0	486 502	2 352 357
Including Bernd Stadlwieser (CEO)	600 002	0	159 612	759 614

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) Employer

5) Five members: Bernd Stadlwieser, Andreas Eggimann, Florian Faber, Marc Spiegler (since 01.01.2020, replacing Peter Holenstein), Beat Zwahlen

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 21,500 in 2020 (without VAT).

Remuneration 2019

The profit-related remuneration for the entire Executive Board for 2019, submitted to the General Meeting on 24.04.2020 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 04.05.2018 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).

2019, in CHF (audited)	Fixed compensation gross ¹⁾	Variable compensation gross ²⁾	Social insurance contributions ³⁾	Sum total incl. social insurance contributions ⁴⁾
Executive Board as a whole ⁵⁾	2 258 664	375 500	521 801	3 155 965
Including Bernd Stadlwieser (CEO) ⁶⁾	354 001	200 000	83 067	637 068

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) Employer

5) 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)

6) 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).



Report of the Statutory Auditor

To the General Meeting of MCH Group Ltd., Basel

We have audited the accompanying remuneration report of MCH Group Ltd. for the year ended 31 December 2020. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables marked as "audited" "Remuneration of the members of the Board of Directors" and "Remuneration of the members of the Executive Board" of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of MCH Group Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Claudio Boller
Licensed Audit Expert
Auditor in Charge

Marc Stadelmann
Licensed Audit Expert

Basel, 23 March 2021

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