

FUTURE

BUSINESS REPORT 2021

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Business Report 2021
Remuneration Report

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Introduction to the Remuneration Report

The remuneration report contains all mandatory and relevant information on the compensation, loans and credit provided to the Board of Directors and the Executive Board of MCH Group Ltd. The remuneration report is published in accordance with the “Ordinance against abusive remuneration in listed companies” (“VegüV”) of 20.11.2013. and the “Directive on Information relating to Corporate Governance” issued by the SIX Swiss Exchange.

This remuneration report also contains the general principles and the remuneration systems for the Board of Directors and the Executive Board.

Vote on the remuneration by the Annual General Meeting

The remuneration report does not have to be submitted to the Annual General Meeting for approval. The Annual General Meeting does, however, have to decide on the remuneration to the Board of Directors as well as the fixed and variable remunerations to the Executive Board.

The provisions governing the approval of the remuneration by the Annual General Meeting as per Article 18 of the “VegüV” Ordinance are set out in Paragraphs 18 and 19 of the Articles of Association of MCH Group Ltd.

On the basis of the Articles of Association of MCH Group Ltd., the General Meeting of 24.04.2020 approved the remuneration to the Board of Directors and the fixed remuneration to the Executive Board for the 2021 business year. At the Annual General Meeting 2022, votes are being held on the remuneration to the Board of Directors, as well as on the fixed remuneration to the Executive Board for 2023 and also on the grant amount 2022 and 2023 of long-term variable remuneration to the Executive Board.

The Articles of Association of MCH Group Ltd. may be found on the MCH Group website under “Investors” | “Governance”.

– Link: <https://www.mch-group.com/en/investors/governance/>

The minutes or agenda items and explanations of the General Meetings are available on the MCH Group website under “Investors” | “General Meeting”.

– Link: <https://www.mch-group.com/en/investors/general-meeting/>

General principles of remuneration

MCH Group

The MCH Group endeavors to offer its employees attractive 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 function 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 Annual General Meeting and submits the corresponding proposals to the Annual General Meeting in accordance with the Articles of Association.

On 28.04.2021, the Annual General Meeting elected the following members of the Board of Directors as members of the GNCC for the term of office until the end of the Annual General Meeting 2022.

- Christoph Brutschin, Chairman
- Dr. Balz Hösly
- Jeffrey Palker
- Andrea Zappia

Details of the function of the GNCC may be found in the "Corporate Governance" section of the Annual Report under "Organization & Management" | "Specialist Committees of the Board of Directors".

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Details of the members of the GNCC may be found in the "Corporate Governance" section of the Annual Report under "Board of Directors".

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The remuneration of the Board of Directors and the Executive Board disclosed in the remuneration report takes in all the remuneration for the 2021 reporting year.

A number of members of the Executive Board are also 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

The Board of Directors is not eligible for a variable remuneration. The approved maximum amount for fixed remuneration in 2021 amounts to CHF 590,000. At the Annual General Meeting 2022, CHF 660,000 will be submitted for approval as remuneration for 2023. The remuneration model will be reviewed in the course of 2022 in order to assess whether part of the remuneration should be paid in restricted shares or restricted share units (without performance conditions).

The remuneration for the members of the Board of Directors is documented in a regulation and includes:

a) Fixed basic fee

Chairman, Vice-Chairman and members of the Board of Directors receive a fixed basic fee. Additional fees are paid for the chairmanship and the membership in a committee. The remuneration is paid in cash on a quarterly basis.

Annual basic fees:

- Chairman of the Board: CHF 76,000
- Vice-Chairman of the Board: CHF 36,000
- Members of the Board: CHF 21,000
- Chairman/chairwoman of a Committee: CHF 5,000
- Members of a Committee: CHF 3,000

b) Attendance fees

The members of the Board of Directors and the Committees are entitled to an attendance fee of CHF 1,000 per meeting, respectively CHF 1,000 per meeting day (when more than one meeting is held on the same day).

c) Expenses

The members of the Board of Directors receive an annual lump sum expenses allowance, the Chairman CHF 5,000, the Vice-Chairman CHF 2,000 and the members CHF 1,000. Additional expenses, such as those for business travel, are refunded on the basis of the expenses effectively incurred.

d) Shares, options

The MCH Group does not yet have a share and option participation program for the Board of Directors. In the course of the 2022 business year, the Board of Directors intends to examine the possibility of paying part of the remuneration in the form of restricted shares or restricted share units (without performance conditions). A corresponding amendment to the Articles of Association of MCH Group Ltd. will be proposed to the Annual General Meeting 2022.

Details of shares in MCH Group Ltd. that are held by members of the Board of Directors may be found in the “Corporate Governance” section of the Annual Report under “Board of Directors”.

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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 credits 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 2021

The maximum amount approved by the 2020 General Meeting for the remuneration of the Board of Directors in 2021 is CHF 590,000.

2021, in CHF (audited)	Basic fee	Fee for additional functions ¹⁾	Attendance fees and expenses	Social insurance contributions	Overall sum incl. social insurance contributions ²⁾
Dr. Ulrich Vischer, Chairman ³⁾	29 701	3 417	12 667	0	45 785
Andrea Zappia, Chairman ⁴⁾	50 667	4 250	23 334	0	78 251
Christoph Brutschin, Vice Chairman ⁴⁾	26 000	8 084	33 834	9 244	77 162
Marco Gadola, Vice Chairman ⁶⁾	24 000	4 250	12 334	6 001	46 585
Markus Breitenmoser	21 000	2 750	15 500	5 848	45 098
Hans-Kristian Hoejsgaard ⁷⁾	7 000	2 250	8 334	0	17 584
Dr. Balz Hösly ⁸⁾	21 000	6 000	27 500	8 180	62 680
Dr. Dagmar Maria Kamber Borens ⁹⁾	21 000	8 000	23 000	7 797	59 797
Eleni Lionaki	21 000	5 250	22 000	0	48 250
James Murdoch	21 000	3 750	16 500	0	41 250
Jeffrey Palker	21 000	2 000	22 000	0	45 000
Andreas Widmer ¹⁰⁾	7 000	750	3 334	1 644	12 728
Total	270 368	50 751	220 337	38 714	580 170

1) Includes fees for the GNCC, AC and SC

2) Employer and employee

3) Member and Chairman of the BoD until 28.04.2021. Invoicing of remuneration and payment of mandatory social insurance contributions by VISCHER AG. Attendance fees and expenses without compensation for the outlay on the secretariat of the Chairman of the BoD.

4) Member and Chairman of the BoD as of 28.04.2021.

5) Until 28.04.2021 Vice Chairman. The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by them. Until his resignation as a member of the government of the Canton of Basel-Stadt, the fee was paid to the Finance Department of the Canton of Basel-Stadt.

6) Member and Vice Chairman of the BoD as of 28.04.2021.

7) Member of the BoD until 28.04.2021. Invoicing of remuneration and payment of mandatory social insurance contributions by Hoejsgaard & Co. AG

8) The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

9) The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter. The payment of family allowances of CHF 12,900 by the Basel-Stadt compensation office is not included in the table.

10) Member of the BoD until 28.04.2021.

Remuneration 2020

The maximum amount of CHF 540,000 approved by the 2019 General Meeting, was exceeded by CHF 174,834. The reasons for this were 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	Social insurance contributions	Overall sum incl. social insurance contributions ²⁾
Dr. Ulrich Vischer, Chairman ³⁾	90 795	11 000	51 000	0	152 795
Christoph Brutschin, Vice Chairman ⁴⁾	36 000	8 000	45 000	0	89 000
Markus Breitenmoser	21 000	2 000	22 000	6 702	51 702
Dr. Eva Herzog ⁵⁾	1 750	0	2 083	0	3 833
Hans-Kristian Hoejsgaard ⁶⁾	32 119	8 000	45 000	0	85 119
Dr. Balz Hösly ⁷⁾	21 000	6 000	37 000	9 596	73 596
Dr. Dagmar Maria Kamber Borens ⁸⁾	21 000	8 000	36 000	9 748	74 748
Dr. Karin Lenzlinger Diedenhofen ⁹⁾	21 000	3 000	21 000	6 702	51 702
Eleni Lionaki ¹⁰⁾	0	0	0	0	0
James Murdoch ¹¹⁾	0	0	0	0	0
Dr. André Odermatt ¹²⁾	21 000	0	14 000	5 179	40 179
Jeffrey Palker ¹³⁾	0	0	0	0	0
Dr. Tanja Soland ¹⁴⁾	14 000	0	9 667	0	23 667
Thomas Weber ¹⁵⁾	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) Includes fees for the GNCC, AC and SC

2) Employer and employee

3) Invoicing of remuneration and payment of mandatory social insurance contributions by VISCHER AG. Attendance fees and expenses without compensation for the outlay on the secretariat of the Chairman of the BoD.

4) The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

5) Member of the BoD until 24.04.2020. The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

6) Invoicing of remuneration and payment of mandatory social insurance contributions by Hoejsgaard & Co. AG

7) The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

8) The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

9) Member of the BoD until 21.12.2020.

10) Member of the BoD as of 21.12.2020.

11) Member of the BoD as of 21.12.2020.

12) Member of the BoD until 21.12.2020. The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

13) Member of the BoD as of 21.12.2020.

14) Member of the BoD as of 24.04.2020 until 21.12.2020. The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

15) Member of the BoD until 24.04.2020. The remuneration for the members of the BoD appointed by the public sector is paid to the offices specified by the latter.

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. A new remuneration model is being drawn up in the 2022 financial year and will be introduced subject to the approval of the decision-making bodies. The members of the Executive Board have waived variable remuneration in 2020 and 2021. Three members of the Executive Board are entitled to a retention bonus at the end of 2022.

With the introduction of the remuneration model that came into force in 2014, the variable remuneration was brought more into line with the effectively achieved results and documented in a regulation governing the variable remuneration of the Executive Board. The fixed remuneration and the lump-sum expenses allowances have been reviewed periodically over the past few years; the latter have been approved by the cantonal tax office.

The members of the Executive Board are waiving their variable remuneration for the years 2020 and 2021. Three members of the Executive Board are eligible to a retention payment if they meet certain conditions at the end of 2022. This is considered as additional fixed remuneration for 2022. See also under “a) Fixed (non-profit-related) remuneration”.

In the 2022 financial year, the model for variable remuneration is being reviewed. The annual bonus – the Short-term Incentive (STI) scheme – is still being revised. It is also planned to introduce a long-term remuneration component – the Long-term Incentive (LTI) scheme – for Executive Board members (and other management personnel in key positions) to strengthen the alignment with the interests of the shareholders, to promote a performance-oriented attitude and reinforce the loyalty to the company. This LTI scheme will be linked to clearly defined performance conditions for the three year plan period and, if these are fulfilled, will be paid out in the form of shares in MCH Group Ltd. The introduction of the LTI program requires the approval of the Annual General Meeting on 27.04.2022. See also under “b) Variable (profit-related) remuneration”.

The remuneration for members of the Executive Board includes the following components:

a) Fixed (non-profit-related) remuneration

The non-profit-related remuneration of members of the Executive Board is determined by the Board of Directors on the basis of their education, 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 maximum amount for the fixed remuneration in 2021, approved by the Annual General Meeting on 24.04.2020, amounts to CHF 2,800,000 (including basic salary, payments for service anniversaries, family allowances, pension fund buy-ins and other allowances).

A maximum amount of CHF 3,400,000 for the fixed remuneration in 2023 will be submitted to the Annual General Meeting 2022 for approval.

On 28.04.2021, the Annual General Meeting approved a supplement of maximum CHF 520,000 to fixed remuneration for three members of the Executive Board as a possible retention payment for the 2021 and 2022 financial years. The payment is subject to the condition that the beneficiary is still in permanent employment at MCH Group on 3.12.2022. Subject to this condition, the payment will be made in December 2022 and will be part of the non-profit-related remuneration for 2022.

b) Variable (profit-related) remuneration

The members of the Executive Board have waived variable remuneration in 2020 and 2021.

In the variable remuneration model still valid, the group result is the sole component by which the variable remuneration of the CEO is measured. For the other members of the Executive Board, the variable remuneration takes into consideration the group profit, the division result and the individual performance, with different weightings. The group profit component is only paid out if the group profit is greater than CHF 10.0 million.

The weight of the individual component depends on the individual member's area of responsibility. The variable remuneration is paid out in cash.

This model of variable remuneration is being reviewed in the 2022 financial year (see explanations regarding the LTI and STI above).

The LTI program to be introduced in 2022 is a Performance Share Units (PSU) plan. The individual grant amount is determined as a CHF amount and converted into a certain number of PSU on the basis of the current share price. A PSU is not yet a share, but a conditional right to receive a certain number of shares of the company in the future. The PSUs are subject to a three-year vesting period, after which they are converted into shares and paid out under the condition that the predefined performance conditions have been met and subject to continuous employment of the participant. The two performance conditions are revenue growth and EBITDA growth. The vesting level can range from 0 %, if the performance conditions are not met, to 150 % (cap) if both performance conditions are exceeded. This means that each PSU can provide for 0 to 1.5 shares.

A special rule applies for the PSUs granted in 2022 (LTI 2022-2024) and in 2023 (LTI 2023-2025). For the 2022 grant, one-third of the PSUs is subject to a one-year vesting period, another third to a two-year vesting period and the last third to a three-year vesting period. For the 2023 grant, two-third of the PSUs is subject to a two-year vesting period and one-third to a three-year vesting period. From the grant in 2024 (LTI 2024-2026) onward, the regular three-year vesting period will apply for all PSUs.

The LTI amounts will be submitted to the Annual General Meeting prospectively for the following financial year (analogous to fixed remuneration). As the LTI plan will be introduced in 2022, the grant amounts 2022 (LTI 2022-2024) and 2023 (LTI 2023-2025) will be proposed to the General Meeting for approval.

c) Expenses

The members of the Executive Board receive an expenses allowance which varies according to their function and a lump-sum vehicle allowance. In 2021, the overall amount is CHF 164,000 (previous year CHF 151,000). These expenses allowances have been approved by the cantonal tax authorities.

d) Shares, options

The MCH Group has not had any share or option schemes for the Executive Board to date. See under “b) Variable (profit-related) remuneration” regarding the planned introduction of an LTI.

Details of shares in MCH Group Ltd. that are held by members of the Executive Board may be found in the “Corporate Governance” section of the Annual Report under “Executive Board”.

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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 2021

The maximum amount for the fixed remuneration in 2021, approved by the Annual General Meeting on 24.04.2020, amounts to CHF 2,800,000.

No profit-related remuneration of the Executive Board for the year 2021 will be submitted to the General Meeting 2022 for approval, since this amounts to CHF 0 gross.

In the 2021 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 Articles of Association for the remuneration of Executive Board members who are appointed after the General Meeting's vote on the remuneration of the Executive Board.

2021, in CHF (audited)	Fixed compensation gross ¹⁾	Variable compensation gross ²⁾	Social insurance contributions ³⁾	Sum total incl. social insurance contributions ⁴⁾
Beat Zwahlen (Group CEO) ⁵⁾	603 302	0	131 585	734 887
Other members of the Executive Board ⁶⁾	1 239 380	0	282 667	1 522 047
Bernd Stadlwieser ⁷⁾	350 001	0	72 260	422 261
Total	2 192 683	0	486 512	2 679 195

1) Includes basic salary, payments 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 15.01.2021 Group CFO, as of 15.01.2021 new employment contract as Group CEO a.i.

6) Andreas Eggimann, Florian Faber, Michael Hüslér (appointment as of 15.01.2021), Marc Spiegler

7) Until 31.07.2021 Group CEO, released from his duties as of 15.01.2021

For consultancy work by former Executive Board members, the MCH Group paid fees totaling CHF 30,529.– in 2021 (without VAT).

Remuneration 2020

No profit-related remuneration of the Executive Board for the year 2020 was 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 Articles of Association 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⁾
Bernd Stadlwieser (CEO)	600 002	0	159 612	759 614
Other members of the Executive Board ⁵⁾	1 265 853	0	326 890	1 592 743
Total	1 865 855	0	486 502	2 352 357

1) Includes basic salary, payments 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) Andreas Eggimann, Florian Faber, Marc Spiegler, Beat Zwahlen

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 21,500 in 2020 (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 2021. 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 2021 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, 24 March 2022

KPMG AG, Viaduktstrasse 42, PO Box 3456, CH-4002 Basel

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MCH Group Ltd.
4005 Basel, Switzerland
T + 41 58 200 20 20
info@mch-group.com
www.mch-group.com

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