

Compensation Report

1 Introduction

This report provides an overview of COLTENE's compensation principles and practices. It provides information on the compensation of the Board of Directors and Group Management in 2021 and 2022. It explains the variable compensation systems and equity participation programs and discloses equity participations of Directors and Group Management in the Company.

These principles and practices are designed to:

- Align the interests of the leadership team and employees with those of our shareholders
- Support our attractiveness as a global employer, helping us to retain and recruit an engaged workforce
- Reward individuals according to clear targets
- Encourage entrepreneurship, above-market performance, accountability and value creation

We believe that our plan is balanced and in line with current best practices.

1.1 Reporting Standards

The Compensation Report is written in accordance with the Ordinance Against Excessive Compensation in Listed Companies (VegüV), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse. The compensation paid or granted to Directors and Group Management is presented in chapter 4 of this report and on page 120 in our audited Financial Report.

1.2 Management Structure

Annual General Meeting
Board of Directors/Nomination and Compensation Committee
Group Management
Senior Management
Employees

Fig. 1: Management Structure

Information regarding the Board of Directors and the members of Group Management is available in the Corporate Governance report on pages 56 to 65.

1.3 Corporate Governance

The Board of Directors proposes candidates for the Nomination and Compensation Committee (NCC) to be elected annually by shareholders at the Annual General Meeting (AGM). Since the AGM 2016, the NCC is composed as follows:

Chair: Matthew Robin
Members: Nick Huber and Roland Weiger

The Board of Directors determines the NCC's responsibilities, and passes all resolutions on the Company's compensation system (see page 53). The NCC is entrusted with the design of the compensation system that applies to Directors, Group Management and Senior Management. It reviews the principles and programs for compensation, and ensures that the compensation paid by the Company is based on market and performance related criteria. The NCC reports to the Board of Directors on compensation practices as well as on Group Management compensation at least once a year and proposes changes when necessary. Any recommendations made to the Board of Directors by the NCC are discussed, adjusted if required and formally approved by the Board of Directors. Among other duties, the NCC:

- Recommends the remuneration of the members of the Board of Directors
- Defines the principles for the remuneration and recommends the remuneration of the members of Group Management and submits these to the Board of Directors for approval
- Prepares the compensation report annually to be presented to the AGM

Recommendation and decision responsibilities with regard to compensation

Recipient	Recommendation	Decision	Approval
Chairman of the Board of Directors	NCC	BoD	AGM
Other members of the Board of Directors	NCC	BoD	AGM
CEO	NCC	BoD	AGM
Other members of Group Management	CEO	BoD	AGM
Senior Management		Group Management	Group Management

NCC: Nomination and Compensation Committee
 BoD: Board of Directors
 AGM: Annual General Meeting
 CEO: Chief Executive Officer

This table describes the recommendation, decision and approval process of the COLTENE Group with regard to compensation of the Board of Directors, Group Management and Senior Management (including the split in fixed and variable components and the approval of the maximum payout).

According to the Ordinance Against Excessive Compensation in Listed Companies, effective since 2014, and the Articles of Incorporation of COLTENE Holding AG of 31 March 2021, the compensation payable to the Board of Directors and to Group Management has to be approved by the AGM. While the NCC recommends the remuneration packages, the Board of Directors decides on the compensation packages that are submitted to the AGM for approval. Group Management sets and approves the compensation for Senior Management within the guidelines set by the NCC. For all other employees, Group Management is responsible for setting the guidelines for compensation; these are implemented by Senior Management.

At the AGM on 31 March 2021, the shareholders approved the new Articles of Association, which include the following voting process regarding compensation to the Board of Directors and to Group Management:

- The compensation to the Board of Directors shall be approved by the AGM for the period of one year lasting from the ordinary AGM to the next ordinary AGM (instead of the financial year)
- The fixed compensation for Group Management shall be approved for the next financial year

- The variable compensation for Group Management shall be approved retrospectively by the AGM following the respective financial year

These changes came into force in several steps:

- The first step was the approval at the AGM 2021 of the compensation to the Board of Directors for the period of 1 January 2022 until the AGM 2022 and the fixed amount of the compensation to Group Management for the financial year 2022
- The AGM 2022 approved the fixed compensation to the Board of Directors for the period from the ordinary AGM 2022 to the ordinary AGM 2023 and the fixed compensation to Group Management for the fiscal year 2023
- The AGM 2023 shall for the first time retrospectively vote on the variable compensation to Group Management for the period from 1 January 2022 to 31 December 2022

2 Compensation Principles

2.1 Driving Values through Compensation

COLTENE believes that a compensation system based on value creation encourages sustainable performance, loyalty and entrepreneurship is thus in the interests of management, employees, and shareholders. The Group is committed to compensating staff, management, and Directors in a way that is competitive and rewards sustainable, short-term and long-term performance with the objective of driving value.

It is COLTENE's view that the success of a company depends largely on the quality and engagement of its people. A modern compensation system is an important instrument for attracting, retaining, and motivating talented people. COLTENE's compensation system takes these factors into account in that it:

- Offers competitive salaries
- Fosters a high-performance culture that differentiates and rewards above-average individual performance, both in the short and long term
- Links variable long-term compensation to value generated by the Company over the long term based on shareholder expectations
- Provides employees with benefits based on good practices and regulations in local markets

The system is periodically reviewed by the NCC for effectiveness and adjusted if required.

2.2 Determination Procedure for Compensation

COLTENE's policy is to pay employees, management, and Directors a compensation according to their expertise, formal qualifications, skills, experience, and area of responsibility.

Key employees and employees with management functions receive a variable compensation component in addition to their fixed compensation. The main target of the variable pay is to share the economic success of the COLTENE Group with them.

Benchmark reviews for the remuneration of the Board of Directors and Group Management are conducted regularly by COLTENE, by using of independent specialists and/or external studies if appropriate. In the reporting year, a benchmark review based on nine listed companies was conducted with regard to the compensation of Group Management and the Board of Directors. The sample of the benchmark review consisted of Swiss listed companies comparable to COLTENE Holding AG that were selected according to one or more criteria such as industry, geographic location, and size. Compared with the selected benchmark, the compensation for the Chairman of the Board of Directors is in the lower quartile. For the entire Board of Directors, the CEO and Group Management, the compensation is in the lower half of the peer group. The benchmark was made with the following companies: Straumann, IVF Hartmann, Basilea, Siegfried, Bachem, Dottikon ES, Arbonia, VAT Group and Starrag.

2.3 Ethical, Fair Standards

COLTENE is committed to fair and equal treatment of all its employees and seeks to be in full compliance with the regional labor standards. Compensation is not influenced by gender or by non-performance-related criteria other than specific professional experience.

3 Total Compensation and Compensation Elements

Total compensation for all employees including management and Directors can be found in the financial section of the Annual Report on page 99.

Based on the amended Articles of Incorporation that were approved by the AGM on 31 March 2021 the Board of Directors decided to adjust the payment of the share portion to the Board of Directors and the calculation of the long-term portion of the variable compensation component paid out in shares to Group Management. These adjustments are described further below in this section for the Board of Directors and in section 3.2 on page 77 for the Group Management. The new long-term incentive system is easy to understand and the Board of Directors and Group Management will be impacted directly positively or negatively in the case of changes of the share price like any other shareholder. Due to the changes of the long-term compensation system of Group Management the variable portion can be higher than the fixed portion of the compensation if the share price is high and the target achievement of Group Management member is high as well.

Directors received until the ordinary AGM 2022 a fixed annual cash amount and a fixed amount of money in shares. From the AGM 2022 onwards the Directors receive a fixed annual cash amount and a fixed number of shares. The Chairman shall receive 400 shares and each other member of the Board of Directors shall receive 200 shares every year. These shares shall be blocked for three years. 100 % of Directors' compensation is fixed. Their pay includes no variable component. The Directors receive 70 % to 90 % of the fixed compensation in cash and the remaining 10 % to 30 % in shares valued at the volume weighted average share price of the preceding month of the pay date.

The compensation of Group Management team members comprises fixed and variable components. The percentage of the variable component depends on the role of each member of Group Management and is proposed by the Nomination and Compensation Committee at its own discretion. For the CEO the maximum variable portion is 40 % to 50 % of the total remuneration. For other Group Management members

it varies from 15% to 50%. The Board of Directors approves the split. The variable compensation mix for Group Management includes a long-term variable remuneration element, which is paid in shares blocked for three years.

The split of the total maximum compensation is set as follows:

Compensation Elements

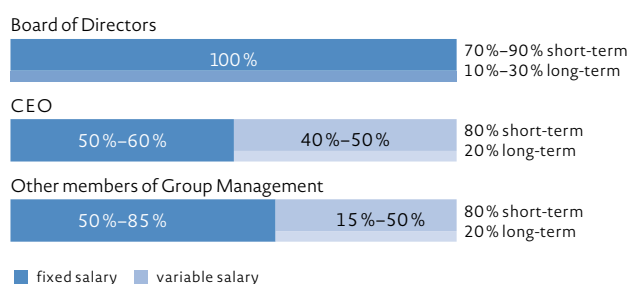


Fig. 2: Compensation Elements

3.1 Fixed Compensation Elements

The fixed compensation elements of the remuneration of Group Management include the following components:

- Base salary
- Pension plan benefits¹ (subject to local practices and regulations)
- Other benefits (subject to local practices and regulations)

¹ The Board of Directors is not entitled to a pension plan under Swiss legislation (BVG).

Base salary

Group Management members receive a base salary in accordance with their role.

Other benefits

COLTENE's benefit programs including local pension benefits are an integral part of total compensation and are designed to enable the Company to compete effectively for talent and retain it. Benefits are structured to support COLTENE's overall business strategy, and are aligned with local legislation and practices. Group Management members and certain members of Senior Management, depending on their travel frequency, are entitled to a company car.

3.2 Variable Compensation Elements

The variable component of total compensation for each member of Group Management varies by function (role), seniority, and responsibility. Total variable compensation is based on one or several quantitative financial targets plus individual performance targets.

Quantitative targets

Quantitative targets are key performance indicators (KPIs) on which the individual member of Group Management has a direct impact. As a rule, each member of Group Management has two or three quantitative targets to meet. These quantitative targets are based on the budget approved by the Board of Directors for the financial year and are generally selected from the following key indicators:

- EBIT margin (operating margin before interest and tax) for the COLTENE Group
- Net sales for the COLTENE Group or for the region applicable to the member of Group Management
- Net sales for focus products
- Net sales for new products

In fiscal year 2022 the quantitative targets of Group Management included net sales of the COLTENE Group, net sales of focus products, and the operating margin before interest and tax (EBIT margin). These quantitative targets were achieved in a range from 0% - 72%.

Individual targets

Individual targets are agreed separately with each member of Group Management and approved by the Board of Directors. These targets measure the performance of each individual member of Group Management. As a rule, each member agrees to meet at least five individual targets of equal or different weighting. These targets are aligned with the role and responsibilities of each individual member of Group Management and with the Group strategic targets. For example, they may include delivery on specific individual projects, organizational restructurings or product launches or tool rollouts. At the end of the financial year, the CEO reviews and rates the individual target achievements of the other members of Group Management and proposes these to the Compensation and Nomination Committee. The Board of Directors is responsible for reviewing and rating the individual targets of the CEO. Attainment of individual targets of each member of Group Management is finally approved by the Board of Directors at the end of the financial year.

The principle individual targets of COLTENE Group management members for 2022 included market targets such as the developing digital services for the devices in infection control, developing the Endo business and the strengthening of the DSO organization as well as operational targets such as the introduction of a new customer service tool, and preparing the organization for the changes according to MDR. These

individual targets were achieved in a range from 70 % to 95 %.

Weighting by variable compensation component

The variable compensation components are weighted as follows:

- Each quantitative target has a weighting of 15%–50 %
- The individual or personal targets have a combined weighting of 20%–50 %

The exact weighting of individual targets is set annually within these ranges and remains unchanged for the performance measurement period.

Weighting of quantitative criteria

The measurement scale for the achievement of quantitative financial targets (company performance and financial targets) extends from 0 % to a maximum of 120 % and is based on a line joining three points as explained in the illustration (figure 4). Entitlement to a variable compensation based on financial targets starts at a minimum of 80 % fulfillment of the defined target but it may start at a higher percentage than at 80 % of the defined target. An example for a target with a higher starting point, e.g. 90 % fulfillment, is net sales. This means that no variable compensation will be paid for this target until at least 90 % of the targeted net sales are achieved. The maximum payment made for the achievement of a single financial target is 150 % of the defined variable compensation for this single target.

Composition of Group Management Compensation

	Fixed and variable percentage of total compensation		Quantitative and personal targets and their weighting			Long-term versus short-term variable compensation	
	Fixed percentage	Variable percentage	Net Sales Focus products New products	EBIT margin	Personal targets	Long-term variable compensation in CLTN shares (blocked for 3 years)	Short-term variable compensation paid in cash
CEO	50%–60%	40%–50%	25%–35%	40%–50%	20%–30%	20%	80%
Others members	50%–85%	15%–50%	20%–50%	25%–50%	20%–40%	20%	80%

Fig. 3: Composition of Group Management compensation

Scale of Variable Compensation Elements

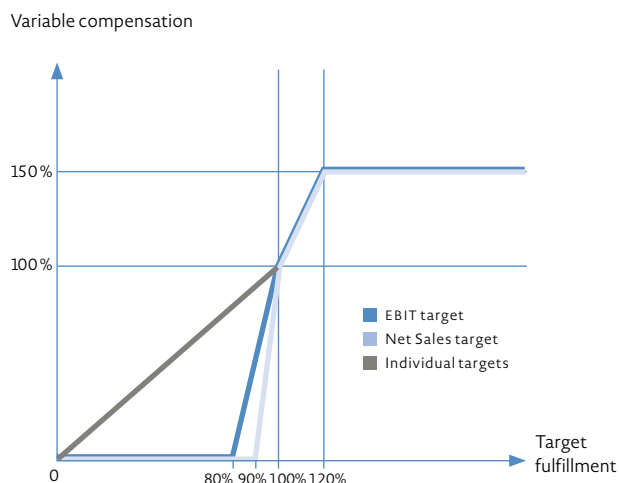


Fig. 4: Scale of variable compensation elements

Weighting of personal targets

The assessment scale for individual personal target achievement is linear and extends from 0% to 100%. 80% achievement of the personal targets means that 80% of the portion of the variable compensation related to the personal targets will be paid.

Total variable compensation and over-achievement of quantitative targets

A quantitative financial target might be over 100% fulfilled and in this case, the portion of the variable compensation related to this target will be paid up to 150%, the maximum being achieved when the target fulfillment reached 120%. However, the total variable compensation which results from the sum of the result of all quantitative and personal targets is capped at the maximum variable compensation agreed with each member of the management and may in no case exceed the total fixed compensation as defined in section 3.1 on page 77 and illustrated in Fig.2. This means that overachievement of one or more quantitative targets may compensate underachievement of other quantitative or qualitative targets.

Long-term component versus short-term component

The variable compensation to Group Management consists of a short-term component (paid in cash) and a long-term component (granted in shares, which are blocked for a period of three years).

For each member of Group Management a maximum of variable compensation is initially defined. 80% of the variable compensation shall be paid in cash (short-term component).

The Board of Directors decided to change the calculation of the long-term portion of the variable compensation component from the fiscal year 2022 and hence 20% of the variable compensation shall be granted in shares based on a predefined fixed number of shares (long-term component). The predefined number of shares are calculated by dividing 20% from the maximum variable compensation by the volume weighted average share price (VWAP) of COLTENE shares for a three-month period prior to become eligible for such long-term compensation plan. With the change from the year 2022 and thus for the first time the maximum number of shares was calculated based on the VWAP for the period from 1 October 2021 to 31 December 2021, which was CHF 108.42. This maximum number of shares shall then be fixed for a certain number of years. Based on the share price the value of the maximum number of shares can be higher or lower than 20% of the total variable compensation in the future. The allocation of the effective number of shares depends on the target achievement of Group Management member in the respective financial year (percentage of target achievement). As an example, if a Group Management member achieves 80% of the overall targets he will receive 80% of the predefined maximum number of shares as a long-term incentive. These shares shall be blocked for three years. The Board of Directors has the authority to adjust the maximum number of shares for Group Management members on its discretion.

Until fiscal year 2021, the amount of the long-term portion of the variable compensation of each Group Management team member was divided by the grant price of the COLTENE shares. This resulted in the total number of shares that were granted for each Group Management team member for the reporting period. The calculation of the grant price was based on the Swiss Performance Index (SPI) of the SIX Swiss stock exchange. This calculation was defined so that if COLTENE shares outperform the SPI, Group Management members were rewarded with a larger amount of money in shares in proportion with the outperformance and in the case of underperformance are penalized by rewarding Group Management with a lower amount of money in shares. The shares were granted at the SPI index price based on COLTENE's share price. The grant price for the reporting period was calculated based on the reference share price of the reporting period. Starting 2020, the reference price for COLTENE shares and for the SPI index were reset to the year-end share price of the prior year every four years forming the bases (SPI reference and reference share price) for the following four-year period. Based on the index price, the relative performance of the SPI was applied to calculate the grant price for COLTENE shares awarded to Group Management team members.

The following formula was applied to calculate the grant price and the number of shares awarded:

$$\text{Grant price} = (\text{CLTN reference share price}) \times (\text{SPI at 31 December of year of the reporting period}) / (\text{SPI reference})$$

For the reporting year 2021, the following values applied:

- CLTN reference share price was the year-end share price at 31 December 2019 (CHF 88.80)
- SPI at 31 December of the reporting period 2021 (16 445)
- SPI reference was the SPI at 31 December 2019 (12 838)
- Grant Price: CHF 113.75

The remuneration plan contractually agreed to by all eligible employees dictates that all rights granted in respect of a variable payment shall be immediately, automatically, and definitively forfeited in the case of termination for cause.

3.3 Contract Duration and Notice Period

Duration of term of office of the members of the Board of Directors: each member of the Board of Directors is elected every year at the ordinary AGM for one year of service until the next ordinary AGM. Notice period for members of Group Management: no member of Group Management has a notice period that exceeds twelve months.

3.4 Other Types of Payment

There are no severance payments, payments in advance, and no specific payments for change-of-control events. In the event of a change of control the Board of Directors decides whether there is full vesting under the long-term component of variable compensation or not.

3.5 Employee Share Purchase Program

From 2022 COLTENE Group can periodically offer company shares to selected employees. The Board of Directors issued a regulation addressing the following elements in particular:

Determination of the purchase price, granting of a potential discount on the purchase price and a blocking period of the shares. The conditions are determined by the Board of Directors based on a proposal of the NCC. Members of the Board of Directors and the Group Executive Board may be included in this program. The COLTENE shares acquired through this plan will be blocked for at least three years.

4 Remuneration of Directors and Group Management

The tables below show the total compensation paid to the members of the Board of Directors and of Group Management for the financial years 2021 and 2022.

Remuneration of the Board of Directors

In CHF	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2021				
Nick Huber	80 000	20 000	14 254	114 254
Erwin Locher	70 000	10 000	9 515	89 515
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 502	91 502
Astrid Waser	60 000	10 000	9 890	79 890
Roland Weiger	60 000	10 000	10 044	80 044
Allison Zwingenberger	60 000	10 000	10 044	80 044
Total	460 000	80 000	65 249	605 249
2022				
Nick Huber	80 000	26 989	15 107	122 096
Erwin Locher	70 000	13 506	9 877	93 383
Jürgen Rauch	60 000	13 506	0	73 506
Matthew Robin	70 000	13 506	11 935	95 441
Astrid Waser	60 000	13 506	10 477	83 983
Roland Weiger	60 000	13 506	10 477	83 983
Allison Zwingenberger	60 000	13 506	10 477	83 983
Total	460 000	108 025	68 349	636 374

¹ The number of shares granted for 2021 is calculated based on the weighted average share price of the month of April of the subsequent year. For the period of the beginning of 2022 until AGM 2022, the fixed number of shares granted is calculated based on the weighted average share price of the month April 2022, and for the period from the AGM 2022 until the end of the year, the outstanding shares are calculated at a share price of CHF 76.20 (as of year-end 2022). The outstanding shares will be transferred after the AGM of the following year at the weighted average share price for the month of April. The higher amount of the compensation in shares in 2022 is a result of the change in the compensation (fixed number of shares instead of a fixed amount of money in shares).

² Company paid social security contributions incl. AHV, IV, and ALV.

Remuneration of Group Management

In CHF	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2021						
Martin Schaufelberger	410 507	328 000	76 859	167 125	15 519	998 010
Other members	1 524 304	736 305	172 798	399 931	31 979	2 865 317
Total	1 934 811	1 064 305	249 657	567 056	47 498	3 863 327
2022						
Martin Schaufelberger	410 507	169 576	28 616	171 471	14 482	794 652
Other members	1 426 318	270 448	45 260	340 365	20 026	2 102 417
Total	1 836 825	440 024	73 876	511 836	34 508	2 897 069

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted in 2022 for the financial year 2021 is calculated based on the share price at closing of the grant date (CHF 106.00 on 23 February 2022). For 2022, the shares are calculated at a share price of CHF 73.00 (date of determination by the Board of Directors on 24 February 2023). Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

³ Company paid social security contributions incl. pension fund payments, AHV, IV, ALV, NBU, and KTG.

Approved remuneration of the Board of Directors

The AGM 2021 approved a maximum aggregate remuneration (incl. social benefit contribution) of the members of the Board of Directors of CHF 210 000 for the shortened period from 1 January 2022 until the AGM 2022. The compensation actually received for this shortened period amounted to CHF 201 750 (incl. social benefit contributions).

Compensation paid to the Board of Directors for the period from 1 January 2022 until AGM 2022 in CHF

	Approved compensation	Actual compensation
Total compensation in cash	n.a.	175 083
Total compensation in shares	n.a.	26 667
Overall compensation	210 000	201 750

The remuneration of the Board of Directors for the shortened period was within the overall approved amount.

At the AGM 2022, the shareholders approved a total compensation for the Board of Directors for the period from the AGM 2022 to the AGM 2023 in the amount of CHF 750 000 (consisting of CHF 540 000 in cash and CHF 210 000 in shares). The actual compensation paid for this period will be reported in the compensation report 2023.

Approved remuneration of Group Management

The AGM 2021 approved for the year 2022 a maximum fixed compensation to the Group Management of CHF 2 900 000 (incl. social benefit contribution). The compensation actually paid for this period amounted to CHF 2 383 169 (incl. social benefit contribution) and was thus below the approved amount.

Compensation to Group Management for 2022 in CHF

	Approved compensation	Actual compensation
Total fixed compensation	2 900 000	2 383 169
Variable compensation ¹	n.a.	513 900
Total	n.a.	2 897 069

¹ The variable compensation for the year 2022 is subject to approval by the Annual General Meeting (AGM) 2023.

Compensation to Group Management for 2021 in CHF

	Approved compensation	Actual compensation
Total fixed compensation	2 900 000	2 549 365
Variable compensation ¹	1 600 000	1 313 962
Total	4 500 000	3 863 327

¹ The variable compensation for the financial year 2021 was paid in 2022 and approved in advance by the AGM 2020.

The remuneration of Group Management in 2022 was within the approved amounts.

Loans

In the reporting period, no loans, advances, or credits were granted to any member of the Board of Directors or Group Management.

Numbers of shares held by the Board of Directors and Group Management

Number of shares held by the Board of Directors

	31.12.2022	31.12.2021
Nick Huber	27 148	24 269
Erwin Locher	1 358	1 623
Jürgen Rauch	769	634
Matthew Robin	4 769	4 692
Astrid Waser	589	454
Roland Weiger	1 890	1 555
Allison Zwingenberger	394	259
Total Board of Directors	36 917	33 486

Number of shares held by Group Management

	31.12.2022	31.12.2021
Martin Schaufelberger	7 552	9 131
Gerhard Mahrle ²	n.a.	3 728
Werner Barth	1 950	1 811
Stefan Helsing	21 055	20 738
Christophe Loretan	916	548
Martin Schlüter	163	80
John Westermeier ²	n.a.	455
Markus Abderhalden ¹	0	n.a.
Paul Frey ¹	0	n.a.
Total Management	31 636	36 491

¹ New members of Group Management appointed on 1 January 2022.

² Gerhard Mahrle retired at the end of December 2021 from his position as CFO and John Westermeier left COLTENE at the end of June 2021.

5 Approval of the Compensation Report

This compensation report provides comprehensive transparency with regard to the Company's general compensation principles and in particular to the compensation of Group Management and the Board of Directors. The Board of Directors took notice of the Compensation Report 2022 and approved it on the Board of Directors' meeting of 24 February 2023. It will be presented to the shareholders for consultative approval at the Annual General Meeting on 19 April 2023.

Report of the Statutory Auditor

To the General Meeting of COLTENE Holding AG, Altstätten
St. Gallen, February 24, 2023



Report of the Statutory Auditor on the Compensation Report

Opinion



We have audited the compensation report of COLTENE Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables in chapter 4 on pages 81 to 82 of the compensation report.

In our opinion, the information on compensation, loans and advances in the remuneration report (pages 81 to 82) complies with Swiss law and Art. 14-16 VegüV.

Basis for opinion



We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the compensation report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information



The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include chapter 4 pages 81 to 82 in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ responsibilities for the compensation report



The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor’s responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd



Iwan Zimmermann
Licensed audit expert
(Auditor in charge)



Erik Zeller
Licensed audit expert