# REMUNERATION REPORT

# 1 INTRODUCTION

This remuneration report details Cicor's remuneration policy, covering all key elements and general principles and outlines the responsibilities with regard to planning, approval framework and implementation. It also contains detailed information on the remuneration of the Board of Directors and the Group Management for financial years 2021 and 2020.
This remuneration report meets the requirements of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV, which replaces Article 663bis of the Swiss Code of Obligations by the corresponding VegüV provisions) and Article 5 of the annex to the Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG) of the SIX Swiss Exchange dated 13 December 2016, as well as the recommendations in art. 38 "Compensation report and transparency" of appendix 1 to the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

# 2 REMUNERATION SYSTEM

## PRINCIPLES OF REMUNERATION

The remuneration paid to members of the Group Management may comprise three components:
- fixed basic remuneration;
- variable performance-related compensation;
- individual allocation of company shares.

Members of the Board of Directors have no executive duties and receive a fixed salary, plus any compensation due to them for the performance of special duties that exceed the usual scope of their mandate.

## BASIC REMUNERATION

The basic remuneration for the members of the Group Management may comprise a monthly salary, a lump sum for entertainment and car expenses, other benefits as per individual agreement and the relevant social security contributions. Other benefits as per individual agreement include contributions to professional development.
The monthly salary is determined on a discretionary basis, taking into account the individual's duties, amount of responsibility, qualifications and experience required, as well as the actual external market environment in relation to the entire remuneration system for the senior management of the Group. Cicor does not provide members of the Group Management or Board members with a company vehicle.
Members of the Board of Directors receive a fixed remuneration, which is dependent on their function and committee memberships.

## SHORT-TERM INCENTIVE PLAN (STI-PLAN)

The STI-Plan is a simple and clear plan aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives. It promotes initiative and coordinated efforts and rewards the performance of individuals and the company. The STI-Plan for the Group Management consists of financial and individual objectives. Financial objectives include sales growth, EBIT and operating free cash flow and account for 85 %, and individual objectives for 15 % of the target amount. The Board of Directors approves the financial and the individual objectives of members of the Group Management and of all STI-Plan participants at their meeting at year-end for the following year. Financial targets are based on the annual budget and the payout is based on the actual financial results. A financial result on target entitles to a payout of 100 % of the target amount, at the lower threshold the payout is 50 %, below the lower threshold there is no payout. Upon achieving the financial or individual objectives, the maximum payout is capped at 150 % of the target amount. The Remuneration Committee (RC) confirms the overall STI-Plan payout based on the true performance taking into account the actual business and commercial environment. It makes a recommendation to the Board of Directors for a final decision in February. At this meeting, the RC also recommends to the Board of Directors, the aggregate maximum amount for variable performance-related compensation for the Group Management that is submitted to the Annual General Meeting of Shareholder's for approval.

For the Group Management, the weighted average payout for the STI-Plan 2021 is 114 % (2020: 17 %).

## LONG-TERM INCENTIVE PLAN (LTI-PLAN)

For the Cicor Group, recruitment, motivation and long-term retention of top talent are key to achieving its goals. The Cicor long-term incentive plan (LTI-Plan) is the program designed to retain and motivate senior executives, highly skilled and other important employees by creating long-term performance incentives. The LTI-Plan is designed to reward Cicor executives and selected employees for their contribution to the company's long-term success and creation of shareholder value. The LTI-Plan thus links part of the annual performance-based remuneration of Cicor's management to the long-term development of the company.

In the context of the LTI-Plan, which rewards the relative increase in Total Shareholder Returns (TSR) of the Cicor Technologies Ltd. share compared to the TSR of selected benchmark companies, Performance Share Awards (PSAs) are allocated. TSR is a common measure used to evaluate stock performance. It is defined as the net share price change plus any dividends paid in a given period. The initial value for the measurement of the TSR corresponds to the Volume Weighted Average Price (VWAP) of the first 30 days of the first year. The end value corresponds to the VWAP of the last 30 days of the third year.

For the LTI-Plan 2021–2023, the initial value thus corresponds to the VWAP of the stock price of the trading days from 1 to 31 January 2021, and the final value of the LTI-Plan 2021–2023 thus corresponds to the VWAP of the share price of the trading days from 1 to 31 December 2023. The relative increase of the TSR of the Cicor Technologies Ltd. share compared to the TSR of corresponding peer companies is measured over a period of always three years (performance period). The right to receive a certain number of PSAs from the LTI-Plan generally arises – except in the case of change of control – only at the end of the vesting period. The performance period of the fifth LTI-Plan starts on 1 January 2021 and will end on 31 December 2023.

The vesting period, during which the plan participant merely has a non-binding entitlement to the allocated PSAs, is three years. The PSAs can also expire during the vesting period for reasons such as company affiliation, negative share price development or unsatisfactory company success. This vesting period may lapse in the event of change of control as well as personal disability or death. The vesting period of the fifth LTI-Plan starts on 1 May 2021 and will end on 1 May 2024. Each PSA represents a non-binding entitlement to Cicor Technologies Ltd. shares in dependence on the development of the Group. If the TSR of Cicor is within the top three of the benchmarked companies, a maximum of 200 % of the PSA target amount is converted into Cicor Technologies Ltd. shares. If ranked sixth within the benchmarked companies, the allocation is 100 %, if ranked eighth, the allocation is 80 % and if ranked eleventh and below, the allocation is 0 %. In between the thresholds, interpolation will be done. The peer group is reviewed every year by the Remuneration Committee and consists of: AT&S, Benchmark Electronics, Schweizer Electronic AG, Neways, Comet, ELMA, Gavazzi, LEM, Huber & Suhner, Kitron, Plexus Corp., Sanmina, Schaffner and Unimicron. The maximum payout at the end of the vesting period is limited to 200 % of the allocated PSAs. However, in justified cases, the Board of Directors may freely set this factor between 0 % and 200 %, for example, if the payout level is considered inappropriate in the light of the general development of the Group.
The allocation of the number of PSAs to the plan participants of each LTI-Plan is determined by the following criteria:

- The RC suggests the target amount for each planned participant to the Board of Directors.
- For the determination of the number of PSAs the defined target amount in Swiss Francs is divided by the VWAP of the Cicor share of the first ten trading days after publication of the year-end results of the past year.
- The number of PSAs allocated, multiplied by the weighted payout factors based on the achieved rank of Cicor's TSR at the end of the vesting period, determines the effective number of Cicor shares granted.

The assignment of the non-binding entitlement of the plan participant to the PSAs of the respective LTI-Plan takes place on 1 May of the first year of the corresponding LTI-Plan. The definitive allocation (vesting) of the PSAs of the concluded LTI-Plan takes place on 1 May after the end of the third year of the LTI-Plan vesting period.

Accordingly, the allocation of the non-binding entitlements of the LTI-Plan 2021 took place on 1 May 2021 (grant date) and the definitive allocation of the PSAs will take place on 1 May 2024 (vesting date). The vested shares carry full voting and dividend right from the moment of vesting and treasury shares can be used. The value of the allocated PSAs for the Group Management is included in the amount of the variable compensation of the Group Management approved every year by the Annual General Meeting of Shareholder's.

On 1 May 2022, the vesting of the allocated PSA of the LTI-Plan 2019–2021 will take place. The relative increase in Total Shareholder Return (TSR) over the performance period was 34.71 %, leading to rank ten within the peer group. The payout factor therefore is 27 %, leading to a vesting of 488 shares per plan participant of the Group Management (488 in total).

## EMPLOYMENT CONTRACTS AND SPECIAL BENEFITS

No member of the Group Management has an employment contract with a notice period of more than twelve months. None of these employment contracts involve any severance payments.

## NUMBER OF EXTERNAL MANDATES AND FUNCTIONS

According to the Articles of Incorporation, Board members may not have or perform more than three mandates in other listed companies and not more than 15 in non-listed companies.
Members of the Group Management may not have or perform more than one mandate in another listed company and not more than three in non-listed companies.

Mandates or employment relationships with associated companies outside the Cicor Group that entail sitting on a management or administrative body or a function in executive management are deemed a single mandate under this provision.

# 3 APPROVAL PROCESS

The remuneration system and the remuneration of the Group Management are established by the Remuneration Committee in consultation with the CEO and submitted to the Board of Directors for approval. The processes and responsibilities within Cicor are organized as follows:

## CEO

The Group CEO supports the Remuneration Committee by proposing for discussion:

- the conditions of employment contracts for the Group Management and senior management members;
- the individual target achievement for the variable salary component at the beginning of the year;
- new targets to be determined for the current financial year for the Group Management and senior management.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises one or more Board members.
It currently consists of:

- Daniel Frutig, Chairman (as from 15 April 2021)
- Andreas Dill (Chairman until 15 April 2021)
- Konstantin Ryzhkov (as from 16 July 2021)
- Rüdiger Merz (until 16 July 2021)

The Remuneration Committee reviews, evaluates and submits for approval to the entire Board:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;
- the total remuneration for the members of the Group Management and senior management members, including the achievement of individual targets for variable compensation for the past financial year at the beginning of the year, as well as new targets to be set for the current financial year;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share- and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- compensation for the various Board committees.

## BOARD OF DIRECTORS

The Board of Directors decides on all matters that are not, according to the law, Articles of Incorporation or organizational regulations, explicitly entrusted to another governing body of the company. In particular it approves, upon request by the Remuneration Committee:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;
- total remuneration for members of the Group Management and the senior management, including variable compensation;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share- and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- appointment of members to the various Board committees, except the members of the Remuneration Committee, as well as their remuneration.

## ANNUAL SHAREHOLDERS' MEETING

The Annual General Meeting of Shareholders' prospectively votes on the approval of the total remuneration amounts for the Board of Directors and the Group Management once a year. In addition, it can hold a consultative vote on the full remuneration report. If, after the remuneration has been prospectively approved by the Annual General Meeting of Shareholders', the Group Management is expanded or a member of the Group Management is promoted or replaced, there is, compliant to the Articles of Incorporation, an additional amount available. Such additional amount may not exceed 30 % of the previously approved total compensation amount per remuneration period and per member promoted or replaced.

# 4 REMUNERATION DURING 2021

Remuneration is reported in accordance with the principle of accrual.

## BOARD OF DIRECTORS

Board members receive a fixed salary, paid in cash, as well as any compensation due to them for the performance of special duties that exceed the usual scope of their office.

**Compensation Board of Directors 2021**

| in CHF 1 000 | Remuneration | STI-Plan | Pension fund | Social security contributions | Other | Consultancy fee | Total |
|---|---|---|---|---|---|---|---|
| Daniel Frutig[1] | 114 | – | – | – | – | – | 114 |
| Andreas Dill | 90 | – | – | 6 | – | – | 96 |
| Erich Haefeli | 84 | – | – | – | – | – | 84 |
| Norma Corio[2] | 12 | – | – | – | – | – | 12 |
| Konstantin Ryzhkov[3] | 15 | – | – | – | – | – | 15 |
| Robert Demuth[4] | 39 | – | – | 10 | – | – | 49 |
| Rüdiger Merz[5] | 13 | – | – | – | – | – | 13 |
| **Total current Board members** | **367** | **–** | **–** | **16** | **–** | **–** | **383** |
| **Total former Board members** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total current and former Board members** | **367** | **–** | **–** | **16** | **–** | **–** | **383** |

**Granted Compensation Board of Directors**

| in CHF 1 000 | Compensation reported in FY 2021 | less compensation received from January 2021 to the AGM 2021 | plus compensation accrued since January 2022 until the AGM 2022 | Total compensation received in the period from the AGM 2021 to the AGM 2022 | Amount approved by the AGM 2021 (for period AGM 2021 to AGM 2022) | Ratio of remuneration received (AGM to AGM) and approved remuneration | |
|---|---|---|---|---|---|---|---|
| | **367** | **–102** | **106** | **371** | **400** | **93 %** | |

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

[1] Member of the Board of Directors from 15 April 2021.
[2] Member of the Board of Directors from 16 July 2021.
[3] Member of the Board of Directors from 16 July 2021.
[4] Member of the Board of Directors until 15 April 2021.
[5] Dr. Rüdiger Merz resigned from the Board of Directors of Cicor Group as of 16 July 2021.

## GROUP MANAGEMENT

**Compensation Management 2021**

| in CHF 1 000 | Remu-neration | STI-Plan | LTI-Plan 2021–2023 (Effective value on grant date) | Pension fund | Social security contri-butions | Other | Consul-tancy fee | Total |
|---|---|---|---|---|---|---|---|---|
| **Total current Management** | **820** | **423** | **200** | **127** | **57** | **–** | **–** | **1 627** |
| Of which highest single compensation paid to: | | | | | | | | |
| Alexander Hagemann | 500 | 241 | 200 | 80 | 34 | – | – | 1 055 |
| **Total former Management** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total current and former Management** | **820** | **423** | **200** | **127** | **57** | **–** | **–** | **1 627** |

**Granted Compensation Management at Annual General Meeting of Shareholders' 2021**

| in CHF 1 000 | Remu-neration | STI-Plan | LTI-Plan (Target value) |
|---|---|---|---|
| **Total current Management** | **1 000** | **550** | **200** |

The target STI 2021 for Alexander Hagemann is 40 % of the base salary, the target STI 2021 for all other members of the Group Management is 50 % of the base salary. The weighted average STI 2021 payout is 114 %.
No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

**Allocated PSA to CEO and Group Management 2021**

| LTI-Plan | Participant | Date of approval by General Assembly | Date of assignment of entitlements (grant date) | Performance period | Vesting period | Number of allocated PSAs | Value at 100 % target fulfillment (excl. Social security) in CHF 1 000 | Possible target fulfillment |
|---|---|---|---|---|---|---|---|---|
| 2021–2023 | Alexander Hagemann | 15 April 2021 | 1 May 2021 | 1.1.2021-31.12.2023 | 1.5.2021-1.5.2024 | 3 746 | 200 | 0 -200 % |
| **Total** | | | | | | **3 746** | **200** | |

**Vesting LTIP 2019–2021 for CEO and Group Management**

| LTI-Plan | Participant | Date of approval by General Assembly | Perfor-mance period | Vesting date | Number of allocated PSAs | Volume Weighted Average Price (VWAP) beginning | Volume Weighted Average Price (VWAP) end | Dividends during per-formance period | Relative increase in Total Share-holder Return (TSR) over period | Rank achieved within benchmark companies | Payout factor based on rank | Number of allocated shares |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2019–2021 | Alexander Hagemann | 16 April 2019 | 01.01.2019-31.12.2021 | 1 May 2022 | 1 809 | 41.42 | 52.30 | 3.50 | 34.71 % | 10 | 27 % | 488 |
| **Total** | | | | | **1 809** | | | | | | | **488** |

# 5 REMUNERATION DURING 2020

## BOARD OF DIRECTORS

**Compensation Board of Directors 2020**

| in CHF 1 000 | Remu-neration | STI-Plan | Pension fund | Social security contri-butions | Other | Consul-tancy fee | Total |
|---|---|---|---|---|---|---|---|
| Robert Demuth | 67 | – | – | 3 | – | – | 70 |
| Andreas Dill | 57 | – | – | 2 | – | – | 59 |
| Erich Haefeli | 57 | – | – | – | – | – | 57 |
| **Total current Board members** | **181** | **–** | **–** | **5** | **–** | **–** | **186** |
| Heinrich J. Essing | 84 | – | – | – | – | – | 84 |
| **Total former Board members** | **84** | **–** | **–** | **–** | **–** | **–** | **84** |
| **Total current and former Board members** | **265** | **–** | **–** | **5** | **–** | **–** | **270** |

**Granted compensation Board of Directors at Annual General Meeting of Shareholders' 2020**

| in CHF 1 000 | Remu-neration |
|---|---|
| **Total current Board members** | **300** |

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

## GROUP MANAGEMENT

**Compensation management 2020**

| in CHF 1 000 | Remu-neration | STI-Plan | LTI-Plan 2020–2022 (Effective value on grant date) | Pension fund | Social security contri-butions | Other | Consul-tancy fee | Total |
|---|---|---|---|---|---|---|---|---|
| **Total current management** | **820** | **65** | **200** | **127** | **98** | **–** | **–** | **1 310** |
| Of which highest single compensation paid to: | | | | | | | | |
| Alexander Hagemann | 500 | 29 | 100 | 80 | 55 | – | – | 764 |
| **Total former management** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total current and former management** | **820** | **65** | **200** | **127** | **98** | **–** | **–** | **1 310** |

**Granted Compensation management at Annual General Meeting of Shareholders' 2020**

| in CHF 1 000 | Remu-neration | STI-Plan | LTI-Plan (Target value) |
|---|---|---|---|
| **Total current management** | **1 000** | **550** | **200** |

The target STI 2020 for Alexander Hagemann is 40 % of the base salary, the target STI 2020 for all other members of the Group Management is 50 % of the base salary. The weighted average STI 2020 payout is 17 %.
No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

**Allocated PSA to CEO and Group Management 2020**

| LTI-Plan | Participant | Date of approval by General Assembly | Date of assignment of entitlements (grant date) | Performance period | Vesting period | Number of allocated PSAs | Value at 100 % target fulfill-ment (excl. Social security) in CHF 1 000 | Possible target fulfillment |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 2020–2022 | Alexander Hagemann | 16 April 2020 | 1 May 2020 | 1.1.2020-31.12.2022 | 1.5.2020-1.5.2023 | 3 036 | 100 | 0 %-200 % |
| 2020–2022 | Patric Schoch | 16 April 2020 | 1 May 2020 | 1.1.2020-31.12.2022 | 1.5.2020-1.5.2023 | 3 036 | 100 | 0 %-200 % |
| | | | | | | | | |
| **Total** | | | | | | **6 072** | **200** | |

**Vesting LTI-Plan 2018–2020 for CEO and Group Management**

| LTI-Plan | Participant | Date of approval by General Assembly | Perfor-mance period | Vesting date | Number of allocated PSAs | Volume Weighted Average Price (VWAP) beginning | Volume Weighted Average Price (VWAP) end | Dividends during per-formance period | Relative increase in Total Share-holder Return (TSR) over period | Rank achieved within benchmark companies | Payout factor based on rank | Number of allocated shares |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
| 2018–2020 | Alexander Hagemann | 19 April 2018 | 1.1.218-31.12.2020 | 1 May 2021 | 1 457 | 74.07 | 47.53 | 3.20 | –31.51 % | 12 | 0 % | – |
| 2018–2020 | Patric Schoch | 19 April 2018 | 1.1.2018-31.12.2020 | 1 May 2021 | 1 457 | 74.07 | 47.53 | 3.20 | –31.51 % | 12 | 0 % | – |
| | | | | | | | | | | | | |
| **Total** | | | | | **2 914** | | | | | | | **–** |

# 6 PAYMENTS TO RELATED PARTIES

No persons close to the Board of Directors or the Group Management were granted any loans of any kind, nor did they receive any remuneration.

# 7 LOANS

Cicor does not grant loans to Board members or to members of the Group Management.

# Report of the Statutory Auditor

**To the General Meeting of Cicor Technologies Ltd., Boudry**

We have audited the accompanying remuneration report of Cicor Technologies 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 sections 4 to 7 on pages 47 to 50 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 Cicor Technologies Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 9 March 2022

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen