

Remuneration Report 2020

05

Introduction by
Chair of Remuneration
Committee

09

Principles of
Remuneration Policy and
Remuneration Elements

22

Shareholdings of
Board of Directors and
Executive Committee
at End of Reporting Year

Remuneration Report

-
- 05 Introduction by Chair of Remuneration Committee
 - 06 Competencies and Tasks of Remuneration Committee
 - 07 Procedures for Setting and Approving Remuneration
 - 09 Principles of Remuneration Policy and Remuneration Elements
 - 16 Remuneration of Board of Directors
 - 19 Remuneration of Executive Committee
 - 22 Shareholdings of Board of Directors and Executive Committee at End of Reporting Year
 - 23 Contractual Agreements, Loans, Credits, and Additional Contributions
 - 24 Report of the Statutory Auditor on the Remuneration Report



This is an excerpt of Siegfried's Annual Report 2020.
All chapters of Siegfried's Annual Report 2020 can be
downloaded at report.siegfried.ch.

The Remuneration Report describes Siegfried Group's (Siegfried's) remuneration principles and defines the competencies and responsibilities associated with setting remuneration for members of its Board of Directors and Executive Committee. The report also contains information about remuneration plans and payments made in the 2020 financial year.

This Remuneration Report was drafted in accordance with Siegfried Holding's articles of incorporation and with SIX Swiss Exchange's Directive Corporate Governance, and contains all the information required as per article 663b^{bis} and article 663c paragraph 3 of the Swiss Code of Obligations (CO), as well as articles 13 to 17 of the "Ordinance Against Excessive Compensation at Public Companies" (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV).

The Remuneration Report is structured as follows:

- Introduction by Chair of Remuneration Committee
- Competencies and tasks of Remuneration Committee
- Procedures for setting and approving remuneration
- Principles of remuneration policy and remuneration elements
- Remuneration of Board of Directors
- Remuneration of Executive Committee
- Shareholdings of Board of Directors and Executive Committee at end of reporting year
- Contractual agreements, loans, credits, and additional contributions

In this report, details pursuant to articles 14 to 17 VegüV are to be found in the following sections:

VegüV Article	Text / Figure / Table	Page
Art. 14: Remuneration paid to the Board of Directors and Executive Committee	Remuneration paid to the Board of Directors in the 2020 reporting year (audited)	17
	Remuneration paid to the Board of Directors for the 2020/2021 term of office (projection)	18
	Remuneration paid to the Board of Directors in the 2019 reporting year (audited)	18
	Remuneration paid to the CEO and Executive Committee in the 2020 reporting year (audited)	19
	PSUs allocated to the CEO and Executive Committee in the 2020 reporting year	21
	Remuneration paid to the CEO and Executive Committee in the 2019 reporting year (audited)	21
	Art. 15: Loans and credits granted to the Board of Directors and Executive Committee	As of December 31, 2020, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG (audited)
Art. 16: Remuneration, loans and credits to affiliated persons	Further, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors in 2020; nor are any such commitments outstanding as at December 31, 2020 (audited)	23
Art. 17: Audit of the remuneration report by statutory auditor	Report of the Statutory Auditor on the Remuneration Report	24

Introduction by Chair of Remuneration Committee

Dear Shareholders

I am delighted to be able to present our Remuneration Report for the 2020 financial year.

The report describes the remuneration policies, principles and elements applying to Siegfried Group's senior management bodies and details the remuneration paid to individual members of the Board of Directors and Executive Committee; it also reviews the key activities and decisions of the Remuneration Committee during the 2020 financial year. All of the information disclosed in the report relates to the financial year ended 31 December 2020.

Having conducted a thorough review of both the long and short-term incentive plans (LTIP/STIP) during the 2019 reporting year, and having concluded that they remained appropriate and reasonable, the Remuneration Committee carried out a further review in the year just ended in light of the acquisition of two manufacturing sites in Barcelona (Spain), effective 31.12.2020. The Remuneration Committee considered that the main features and mechanisms of the remuneration systems should be retained. However, it noted that a comprehensive review – especially of the LTIP – should be conducted in 2021 given the company's growth and the associated development of its share price. The goal would be for any adjustments to become effective from 2022, as this would allow the integration of the two new sites' remuneration systems to be factored in.

In 2020, the analysis of equal pay for men and women, which will be prescribed by law from 2021, was carried out for the Swiss sites in Zofingen and Evionnaz and compliance with the relevant requirements was confirmed. This result shows that Siegfried has always been committed to – and applied – the principle of equal pay.

Over the past year, the Remuneration Committee has once again been actively monitoring the progress of projects relating to corporate culture, employee/leadership development and talent management, as the Board of Directors is convinced that effective implementation in these areas is fundamental to the success and performance of the company.

In addition to working on standard remuneration issues in 2021, the Remuneration Committee will, as mentioned above, focus on revising the STIP and LTIP as well as conducting its regular review of Executive Committee and Board of Directors remuneration.

The Board of Directors is convinced that this Remuneration Report gives you, our valued shareholders, a clear and integrated picture of Siegfried Group's senior management remuneration as well as the major issues we have dealt with in 2020 and will be addressing in the future.

1. Competencies and Tasks of Remuneration Committee

In accordance with the articles of incorporation, the Remuneration Committee is composed of at least two members of the Board of Directors, who are each elected by the General Meeting for a one-year term of office. Reto Garzetti (Chair), Dr. Martin Schmid and Isabelle Welton were elected to the Remuneration Committee for the 2020/2021 term of office. The Remuneration Committee shall constitute itself and appoint a chair from among its members.

The Remuneration Committee supports the Board of Directors in

- defining and reviewing the remuneration policy and principles;
- defining and reviewing the targets and target levels for short and long-term performance-based remuneration elements and evaluating target achievement;
- preparing recommendations on Board and Executive Committee members' remuneration for the attention of the General Meeting.

Depending on the agenda, the Chairman of the Board, the CEO, and the Chief Human Resources Officer may also join meetings of the Remuneration Committee. The Chairman of the Board, the CEO, and/or the Chief Human Resources Officer must withdraw during consideration of agenda items relating directly to them. After every Remuneration Committee meeting, a set of minutes and a summary of topics discussed, decisions taken and recommendations made is sent to the Board of Directors.

The Remuneration Committee convenes at least twice annually. During the reporting year, the Remuneration Committee convened three times for ordinary meetings and also held other discussions.

Topics considered per Remuneration Committee meeting in 2020

Topics	Winter	Summer	Autumn
General subjects			
Personnel changes in Senior Management group	•	•	•
Update HR projects	•	•	•
Update pension funds	•	•	•
Talent review			•
Governance			
Preparation of remuneration report (incl. analysis on remuneration disclosure)		•	•
Approval of remuneration report	•		
Preparation "Say-on-Pay" vote for upcoming GM	•		
Remuneration of Board of Directors			
Setting remuneration for next term of office (incl. amount to be approved at GM)	•		
Remuneration of Executive Committee			
Signing off target achievement for previous year and approving short-term, performance-based remuneration (STI) (incl. amount to be approved at GM)	•		
Setting grant date for long-term, performance-based remuneration (LTI)	•		
Setting LTIP remuneration amount for current financial year (incl. amount to be approved at GM)	•		
Setting target remuneration for following financial year (incl. amount to be approved at GM)	•		
Setting STI target values for next financial year			•
Setting LTIP target values for next performance period			•

2. Procedures for Setting and Approving Remuneration

Regular Benchmarking and External Consultants

In keeping with normal industry practice, Siegfried regularly benchmarks internal remuneration data at all locations against those of other multinational companies in order to ensure competitiveness and attractiveness on the labor market. Our goal is to ensure that employees who meet the academic, performance and behavioral criteria associated with a given position receive a total remuneration package that is in line with the benchmark market median for similar positions in comparable companies. For this purpose, Siegfried works with independent external remuneration specialists.

The remuneration of Siegfried's Executive Committee and Board members are regularly reviewed, most recently at the end of 2017 on the basis of a study commissioned from Mercer (Executive Remuneration Audit). Given that the market situation remains virtually unchanged, a decision was taken to delay the next detailed analysis until 2021, following successful integration of the new sites in Spain.

Process for Setting and Approving Remuneration

Remuneration is set and approved as follows:

Process for defining and approving remuneration	CEO	Remuneration Committee	Board of Directors	General Meeting
Principles of remuneration for the Board of Directors		Makes proposal	Proposes a motion	Enacts
Remuneration model for CEO (incl. short- and long-term, performance-based remuneration in the form of cash or shares) and terms of employment contract		Makes proposal	Proposes a motion	Enacts
Remuneration model for the Executive Committee (incl. short- and long-term, performance-based remuneration in the form of cash or shares)	Makes proposal	Recommends	Proposes a motion	Enacts
Maximum total remuneration for the Board of Directors for the term of office lasting until the next Ordinary General Meeting		Makes proposal	Enacts	Approves
Maximum total remuneration for the fixed remuneration of the Executive Committee (incl. the CEO) for the following financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total short-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the previous financial year	Makes proposal	Recommends	Enacts	Approves
Maximum total long-term, performance-based remuneration of the Executive Committee (incl. the CEO) for the current financial year	Makes proposal	Recommends	Enacts	Approves
Structure of share and profit-sharing plans		Makes proposal	Enacts	
HR and remuneration policy		Makes proposal	Enacts	

The following remuneration elements/amounts were approved at the General Meeting on April 17, 2020:

- Maximum total for overall remuneration of the Board of Directors for the 2020/2021 term of office (CHF 1 750 000)
- Maximum total for the fixed overall remuneration of the Executive Committee for the 2021 financial year (CHF 3 200 000)
- Short-term, performance-based remuneration for the Executive Committee for the 2019 financial year (CHF 692 390)
- Long-term, performance-based remuneration for the Executive Committee for the 2020 financial year (CHF 2 000 000)

Likewise, the proposals relating to the structure described above will be put before the General Meeting on April 22, 2021

3. Principles of Remuneration Policy and Remuneration Elements

Principles of Remuneration Policy

Recruiting, developing, and retaining diverse, qualified and talented managers and specialists is crucial globally for Siegfried's success. The remuneration structure and its elements are geared towards achieving this goal and are based on the following objectives:

- ensure an effective link between individual performance and sustainable enterprise value for Siegfried's shareholders;
- reward individual performance, competence, and desired behaviors in line with Siegfried's corporate values and leadership principles;
- create a sustainable performance culture by implementing performance-related remuneration that is contingent on the Group's success;
- set effective incentives by balancing performance-based long and short-term remuneration elements;
- act fairly and transparently when making and communicating remuneration-related decisions;
- ensure market competitiveness;
- comply with all legal and regulatory requirements relating to remuneration including, in particular, those regarding minimum wages, equal pay for men and women, and provisions linked to the disclosure and approval of remuneration for Siegfried's most senior decision-making bodies;
- ensure that dilution resulting from performance/share-based remuneration does not exceed 1.0% per year (long-term average).

Remuneration Elements

Siegfried's remuneration model is a package consisting of fixed and performance-based elements.

An employee's total remuneration mix is contingent on his/her functional level, position, responsibilities, qualifications/experience, and place of work. In the reporting year, employee remuneration was composed of the following elements:

1. Fixed remuneration – annual base salary
2. Performance-based remuneration
 - (i) Short-term, performance-based remuneration (Short Term Incentive Plan, STIP)
 - (ii) Long-term, performance-based remuneration (Long Term Incentive Plan, LTIP)
3. Additional remuneration elements
 - (i) Additional benefits, in line with market practice
 - (ii) Employee Share Purchase Plan (ESPP)

	Element	Instrument	Purpose	Criteria	Target Group
Fixed remuneration	Annual base salary	Monthly cash payment	Attracting and retaining employees	Requirements of the job, employee experience and ability, job performance, local market conditions	All employees
Performance-based remuneration	Short-term, performance-based remuneration (STIP)	Annual cash payment	Rewarding employees' performance and contribution to enterprise value	Achieving corporate, functional, and individual targets in a given financial year	All employees (excluding Board members)
	Long-term, performance-based remuneration (LTIP)	Annual grant of performance share units (PSUs)	Ensuring a sustainable increase in enterprise value; aligning the interests of shareholders and management	Achieving corporate targets at the end of the three-year performance period	Management (excluding Board members)
Additional remuneration elements	Additional benefits	Pension plan and fringe benefits	Safeguarding employees and their dependents in old age or in the event of illness	Local market conditions, laws and other regulations	All employees
	Employee Share Purchase Plan (ESPP)	Employee participation plan, which allows employees to purchase Siegfried shares at a discounted price	Strengthening employees' interest in and loyalty to the company; enabling employees to take a stake in the company's success via a potential share price increase	Size of initial investment, share price development	Employees below management (excluding LTIP participants and Board members)

The performance-based share of remuneration depends on an individual's functional level; the greater the responsibility assumed within the organization, the larger the share.

Fixed Remuneration – Annual Base Salary

Each employee receives an annual base salary that is linked to the requirements of the position, the individual's experience, capabilities, qualifications and performance, as well as local market conditions. Siegfried aims to ensure that the base salary of employees who meet the expected performance, behavioral, and academic parameters in full corresponds to the market median for comparable positions in the chemicals/pharmaceuticals industry. Annual adjustments are made individually in light of internal and external benchmarks regarding the competitiveness of salaries, employee performance, and the overall economic health of the company. Salary adjustments only occur automatically in cases where they are required by law or prescribed in sectoral collective agreements.

Short-Term, Performance-Based Remuneration (Short Term Incentive Plan, STIP)

The Short Term Incentive Plan (STIP) allows Siegfried to customize employee incentives across all functional levels. The Short Term Incentive (STI) rewards an individual's performance and contribution to enterprise value, based on a retrospective consideration at the end of each financial year; it is paid in cash (at nominal value) in the following year.

The performance-based remuneration paid out under the STIP is contingent on the achievement of corporate, functional, and individual targets. A personal target bonus assuming 100% target achievement ("target STI") is defined for each plan participant. The target STI and associated target categories depend on the plan participant's functional level.

Under the STIP, targets are set and communicated annually for one financial year (performance period). Responsibility for defining STIP targets depends on the functional level of the employee, and is assigned as follows:

Level	Corporate targets Setting and approval of targets and target achievement	Functional targets Setting and approval of targets and target achievement	Individual targets Setting and approval of targets and target achievement
CEO		n. a.	Chairman of the Board of Directors
Executive Committee	Board of Directors	CEO	CEO
Senior Management			
Management		Executive Committee	Line Manager
Employees			

The corporate targets used at Group level are core EBITDA and core ROCE (return on capital employed). The target values for the relevant reporting year are set and communicated annually by the Board of Directors. The annually defined core EBITDA and core ROCE targets are geared to achievement of the long-term EBITDA and ROCE goals on which the LTIP is based.

Functional targets are derived from Siegfried's strategy, operational priorities, and corporate targets and are based on the overall performance of a given function or location. They are defined in a top down process by the Executive Committee annually and are broken down incrementally into individual departments, locations, and teams. Functional targets are, for the most part, key performance indicators (KPIs) relevant to steering the operational business and achieving corporate targets. Typical KPIs include safety statistics per location (number of notifiable events as per international OSHA [Occupational Safety and Health Administration] standards), profitability per location (OTIF [on time in full], contribution margin 1, non-material cost), and the generation of new product leads.

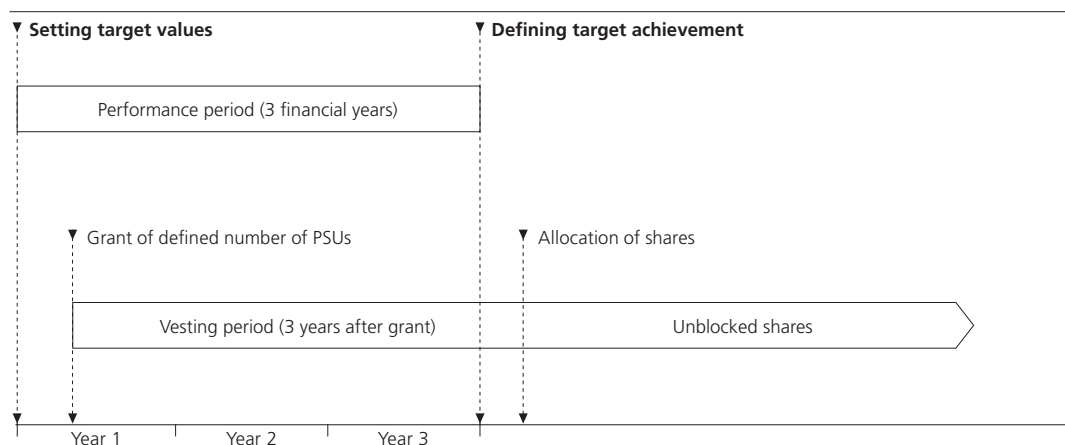
Individual targets are agreed bilaterally between the line manager and the employee. They are linked to the performance of the employee and usually take the form of project or task-related goals.

At the end of the performance period, target achievement of the corporate, functional, and individual targets is assessed. The achievement scale ranges from 0 to maximum 200% for corporate targets, and from 0 to maximum 150% for functional and individual targets. An individual's overall target achievement is derived from the weighted sum of target achievements. The individual STI is calculated by multiplying the target STI amount by the overall target achievement.

Long-Term, Performance-Based Remuneration (Long Term Incentive Plan, LTIP)

The Long Term Incentive Plan (LTIP) is a long-term, performance-based remuneration element aimed at ensuring a sustainable increase in enterprise value, an alignment of interests between plan participants and shareholders, and the retention of management with the company. The plan thus provides for a holding requirement whereby participants must permanently hold a defined number of shares. In addition, all plan participants must make an investment in Siegfried shares using their own funds upon joining the plan. The LTIP is open to members of the Executive Committee and management as well as to employees selected annually by the Board of Directors and Executive Committee whose contribution has a substantial influence on Siegfried's long-term development. The LTIP therefore links a portion of the Executive Committee's and management's performance-based remuneration to the long-term development of the Group's enterprise value.

Every year, as part of their total remuneration package, plan participants are granted a fixed number of Performance Share Units (PSUs); the number of PSUs is separately defined for each individual plan member by the Board of Directors. Each PSU is a non-binding entitlement to a maximum of two Siegfried shares depending on the company evolving satisfactorily and on the achievement of predefined targets during the three-year performance period. Where applicable, a transfer of shares takes place after a three-year vesting period (three-year period starting on the date of the actual grant of the PSUs and ending on the same day three calendar years later).



For the purposes of Siegfried’s LTIP, long-term growth in enterprise value is gauged according to the compound annual growth rate (CAGR) of the capital market KPI “total shareholder return” (TSR) and the operational KPIs EBITDA (reported) and ROCE.

KPIs	Key performance indicator and definition	Setting target values	Target value	Weighting
Capital market KPI	CAGR of total shareholder return (TSR) over the three-year performance period	The Board of Directors sets target values annually for each new PSU grant	TSR CAGR of 8% (minimum level: 4%, maximum level: 12%)	70%
Operational KPI	Cumulative EBITDA over a given three-year performance period		Set annually, taking into account the company’s medium-term planning	15%
	ROCE of the last year in the three-year performance period		Set annually, taking into account the company’s medium-term planning	15%

The Board of Directors has set an 8% annual increase in share value as its long-term TSR target value (100%). The Board of Directors defines EBITDA and ROCE target values annually for each new PSU grant, taking account of Siegfried Group’s five-year medium-term planning.

The number of shares transferred per PSU to the plan participant at the end of the three-year vesting period depends on the achievement level (performance factor) for TSR CAGR target values and operational targets.

The performance factor may have a value between 0 and 2. If targets are reached (100% achievement), the performance factor is given a value of 1 and the plan participant receives one (1) share per PSU. If the minimum targets are not reached, the PSUs lapse without compensation. The value of shares allocated at the end of the vesting period is determined according to the market price at the time of allocation.

Furthermore, shares may only be transferred following the three-year vesting period provided the plan participant has a valid employment relationship with the company.

In March 2020, shares for the performance period 2017–2019 were allocated. Target achievement (and hence the performance factor) for the 2017–2019 performance period was 154.8%. The detailed breakdown of target achievement was as follows: TSR CAGR: 200%, EBITDA: 98.9%, and ROCE: 0%. 1.548 shares were thus allocated per PSU. On 13.03.2020, based on a total of 35 180 PSUs originally granted, 35 682 shares were transferred to Siegfried’s Executive Committee and senior and middle management. During the vesting period, 8 523 PSUs lapsed without compensation due to participants exiting the plan and 2 886 PSUs had, as per internal regulations, been transferred early in the form of shares on the relevant employee’s exit date (due to retirement or redundancy).

	Number of granted PSUs 2017 ¹	Number of allocated shares 2020 ^{3, 4, 5}
CEO ¹	3 600	0
Executive Management ¹	9 177	12 811
Senior Management	11 272	12 467
Management	9 426	8 783
Discretionary Group ²	1 705	1 621
Total	35 180	35 682

¹ Reported number of PSUs refers to the organizational set-up at the time of PSU allocation (CEO: R. Hanko).

² Each year, the Board of Directors and Executive Management at their discretion jointly nominate staff members below management level to participate in the plan.

³ Excluding shares which have already been converted into shares during the vesting period based on Art. 8.3. of the regulations (retirement/termination for economic reasons).

⁴ Excludes 1 069 shares for participants at the Nantong site, who received an equivalent cash amount instead of shares due to regulatory restrictions.

⁵ Number of transferred shares based on outstanding PSUs at the time of transfer.

The following table provides an overview of granted and outstanding entitlements (PSUs) from the LTIP.

Overview of Outstanding PSUs

	Grant 2018 (Vesting period 2018–2021)	Grant 2019 (Vesting period 2019–2022)	Grant 2020 (Vesting period 2020–2023)
Number of PSUs granted¹	31 246	30 192	30 761
CEO	2 800	2 800	2 800
Executive Committee	7 225	6 391	6 450
Management	21 221	21 001	21 511
Outstanding PSUs as per December 31, 2020	23 249	27 100	29 632
CEO	0	2 800	2 800
Executive Committee	7 225	6 391	6 450
Management	16 024	17 909	20 382
Lapsed PSUs as per December 31, 2020²	6 835	3 040	1 115
CEO	1 867	0	0
Executive Committee	0	0	0
Management	4 968	3 040	1 115
Shares granted from PSUs as per December 31, 2020³	1 162	52	14
CEO	933	0	0
Executive Committee	0	0	0
Management	229	52	14

¹ Reported number of PSUs per employee category refers to the grant date and is not corrected for organizational changes.

² Entitlement lapsed due to termination of employment relationship by employee or Siegfried.

³ Pro rata share transfer based on 100% target achievement due to termination of employment on retirement/redundancy.

Additional Benefits

In all locations, additional benefits include, first and foremost, retirement provision and insurance to cover staff in the event of loss of earnings, in the event of disability, illness, accident, or death. The form and amount of these additional benefits are governed by local market conditions and legislation.

In Switzerland, a supplementary defined-contribution pension plan is available for individuals whose income exceeds a given threshold. All members of the Executive Committee and some members of Senior Management are enrolled in this pension plan. Plans are in place to transition to a scheme with individual investment options from 1.1.2021.

Both employee and employer contribute to the aforementioned pension plans. The assets in these segregated plans are held in separate foundations or by insurers and cannot flow back to the employer.

Moreover, accrual-funded direct commitments are in place in Germany; these are recognized on the balance sheet as pension liabilities. The relevant accruals are revalued each year. Plans also exist for anniversaries or other benefits linked to years of service.

Employee Share Purchase Plan (ESPP)

The Employee Share Purchase Plan (ESPP) allows employees who are not eligible to participate in the LTIP to purchase Siegfried shares at a discounted price. Shares worth a maximum of 10% of an employee's annual base salary may be purchased once a year at a discount of 30% versus the defined purchase price. Shares are subject to a restriction period of three years from the date of purchase. The ESPP has been introduced at all locations where local legal and tax frameworks allow it.

In addition to regular ESPP participants, new members of management may participate, to a limited extent, in the ESPP in order to acquire the number of shares needed to satisfy the LTIP equity participation requirement. Participation over and above this is not permitted, however.

	Number of participants	Number of purchased/ issued shares	Discounted purchase price per share	End of restriction period
2020	211	4 000	CHF 277.28	30.04.2023
2019	185	3 009	CHF 265.74	30.04.2022
2018	270	9 751	CHF 207.68	30.04.2021
2017	315	9 783	CHF 140.15	30.04.2020
2016	228	8 431	CHF 122.61	30.04.2019

4. Remuneration of Board of Directors

The remuneration model for members of the Board of Directors is geared to recruiting experienced and motivated individuals to carry out the duties of a Board member for Siegfried. Board members' remuneration comprises a fixed cash component and a share-based component; the number of shares is determined annually and approved by the General Meeting). By incentivizing Board members to further the success of the company and increase enterprise value over the long term, the share component ensures that the interests of Siegfried's directors and shareholders are aligned. Members of the Board of Directors do not receive any performance-based remuneration.

The cash component consists of a base fee for the Board mandate, and fees for individual functions as per the table below. In addition, for each term of office, Board members receive an expense allowance covering all incidental expenses relating to their professional duties.

Shares are granted at the beginning of a Board member's term of office following the approval of directors' remuneration by the Ordinary General Meeting. From the date of grant, these shares are subject to a three-year restriction period. Should a Board member give notice during the current term of office, he/she undertakes to transfer the shares back to Siegfried on a pro rata basis.

The following table shows remuneration rates for the 2020/2021 term of office:

Base Fee	Cash component	Lump sum expense allowance	Actual number of restricted shares allocated for 2019/2020 term of office
Chairman of the Board of Directors	140 000	20 000	704
Vice-Chairman of the Board of Directors	70 000	10 000	352
Other members of the Board of Directors	50 000	10 000	352
Fees for individual functions			
Chair of Committee	10 000		
Member of Committee	5 000		

The following tables show remuneration paid/allocated in the reporting year and the prior year.

Remuneration of the Board of Directors is shown by financial year. The share component of the remuneration is valued according to Swiss GAAP FER.

Remuneration Paid to Board of Directors in 2020 Reporting Year (Audited)

	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2020 ¹	Employer contributions to social security ²	Total remuneration financial year 2020
Board of Directors						
Andreas Casutt (Chairman)	140 000	20 000	160 000	266 939	21 014	447 953
Martin Schmid (Vice-Chairman)	73 333	10 000	83 333	133 469	11 148	227 950
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	133 469	10 374	213 843
Wolfram Carius ³ (Member; Chair of Strategy Committee)	60 000	10 000	70 000	133 469		203 469
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	133 469	10 952	224 421
Ulla Schmidt ³ (Member)	56 667	10 000	66 667	133 469		200 136
Isabelle Welton (Member)	36 667	6 667	43 334	89 000	6 620	138 954
Total (serving members on December 31, 2020)	496 667	76 667	573 334	1 023 284	60 108	1 656 726
Rudolf Hanko ⁴	23 333	3 333	26 666	44 469	3 577	74 712
Total (on December 31, 2020 including former members)	520 000	80 000	600 000	1 067 753	63 685	1 731 438

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2019/2020 term of office; 8/12 for the 2020/2021 term of office).

¹ Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 379 for the 2019/2020 term of office, CHF 445 for the 2020/2021 term of office).

² Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2020) for the 2020/2021 term of office.

³ Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

⁴ Rudolf Hanko did not put himself up for re-election as member of the Siegfried Board of Directors for the 2020/2021 term of office.

In 2020, no remuneration was paid to the members of the Board of Directors other than that presented above. During the 2020/2021 term of office, total Board of Directors remuneration is projected to be CHF 1.73 million; the figure approved at the General Meeting was CHF 1.75 million.

Remuneration Paid to Board of Directors for 2020/2021 Term of Office (Projection until end of 2020/2021 Term of Office)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration term of office ¹	Employer contributions to social security ²	Total remuneration term of office 2020/2021
Andreas Casutt (Chairman)	140 000	20 000	160 000	267 000	21 089	448 089
Martin Schmid (Vice-Chairman)	80 000	10 000	90 000	133 500	11 608	235 108
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	133 500	10 411	213 911
Wolfram Carius ³ (Member; Chair of Strategy Committee)	60 000	10 000	70 000	133 500		203 500
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	133 500	10 989	224 489
Ulla Schmidt ³ (Member)	55 000	10 000	65 000	133 500		198 500
Isabelle Welton (Member)	55 000	10 000	65 000	133 500	9 934	208 434
Total (term of office 2020/2021, serving members)⁴	520 000	80 000	600 000	1 068 000	64 031	1 732 031
Approved by the General Meeting for 2020/2021 term of office						1 750 000

The remuneration figures shown in the table apply to the 2020/2021 term of office (May 2020–April 2021).

¹ Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting 2020 (CHF 445).

² Incl. social security deductions on the tax value of the share component of the fixed Board of Directors remuneration (allocated in 2020) for the 2020/2021 term of office.

³ Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

⁴ Projected total until the end of the 2020/2021 term of office.

Remuneration Paid to Board of Directors in 2019 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2019 ¹	Employer contributions to social security ²	Total remuneration financial year 2019
Andreas Casutt (Chairman)	140 000	20 000	160 000	262 870	20 481	443 351
Rudolf Hanko (Vice-Chairman)	46 667	6 667	53 334	88 939	7 084	149 357
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	131 435	10 123	211 558
Wolfram Carius ³ (Member; Chair of Strategy Committee)	60 000	10 000	70 000	131 435		201 435
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	131 435	10 685	222 120
Martin Schmid (Member)	66 667	10 000	76 667	131 435	10 471	218 573
Ulla Schmidt ³ (Member)	60 000	10 000	70 000	131 435		201 435
Total (serving members on December 31, 2019)	503 334	76 667	580 001	1 008 984	58 844	1 647 829

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2018/2019 term of office; 8/12 for the 2019/2020 term of office).

¹ Fixed number of shares as part of Board of Directors remuneration; value per share as approved by the General Meeting (CHF 345.50 for the 2018/2019 term of office, CHF 379 for the 2019/2020 term of office).

² Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2019) for the 2019/2020 term of office.

³ Exempted from Swiss social security obligation (fulfills social security obligations in principal country of employment).

5. Remuneration of Executive Committee

The Executive Committee's remuneration is comprised of a fixed base salary in line with the market, a short-term, performance-based component (STI), a long-term, performance-based component (LTI), and additional benefits. The following table summarizes the Executive Committee's remuneration in 2020 and indicates the highest individual remuneration for services rendered in the reporting year (CEO). The performance-based components STI and LTI are explained in detail below. In 2020, the ratio of fixed to performance-based components in the CEO's remuneration was 46% to 54% (2019: 42%/58%) while the ratio for the Executive Committee averaged 54% to 46% (2019: 51%/49%).

Remuneration Paid to CEO and Executive Committee in 2020 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash ¹	Short-term, performance-based remuneration (STI) in cash ²	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs ³	Employer contributions to social security ⁴	Employer contributions to pension fund	Total remuneration 2020 ⁵
Highest individual remuneration: Wolfgang Wienand	570 000	122 693	692 693	542 724	85 044	88 975	1 409 436
Other Executive Committee members	1 879 768	325 395	2 205 163	1 250 204	284 480	284 480	3 974 180
Total (at December 31, 2020)	2 449 768	448 088	2 897 856	1 792 928	373 456	373 456	5 383 616

The remuneration figures shown in the table are gross and are based on the accrual principle.

¹ Incl. contractual remuneration in Siegfried shares for a member of the Executive Committee in the amount of approximately CHF 62 000 as well as employer contribution to share purchase (ESPP) for purposes of meeting LTIP investment requirements.

² To be paid out in April 2021 after approval at General Meeting.

³ Includes PSUs granted in 2020 for plan period 2020–2022; PSUs are valued as per external consultant ALGOFIN (CHF 193.83 per PSU).

⁴ Includes an assumed social insurance contribution on both the 2020 STI (7.7%) and PSUs granted in 2020 (7.7%).

⁵ Doesn't include fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 21 000.

In 2020, no remuneration was paid to the Executive Committee members other than that presented above. Fixed remuneration paid in the 2020 financial year (CHF 3.01 million) did not exceed the CHF 3.2 million approved at the 2019 General Meeting.

Overview of 2020 STI Calculations

	Target STI as % of fixed base salary	Target STI in CHF	Actual 2020 STI in CHF ^{1,2,3,4}	Actual STI as % of target STI	Actual 2020 STI amount incl. social security deductions ² , to be approved at the General Meeting
CEO and Executive Committee					
CEO	75%	427 500	122 693	28.70	132 140
Other Executive Committee members	40%–50%	797 852	325 395	40.78	350 451
Total		1 225 352	448 088	36.57	482 591

¹ To be paid out in April 2021 after approval at General Meeting.

² Assuming 7.7% social security contributions.

³ Target weighting – CEO: corporate targets (EBITDA, ROCE): 80%, individual targets: 20%; other Executive Committee members: corporate targets (EBITDA, ROCE): 50%, functional targets (e.g. safety, OTIF, CMI): 30%, individual targets: 20%.

⁴ In 2020, the overall achievement of corporate targets relevant for the ExeCom was 0%.

The value of the PSUs granted to the CEO and other members of the Executive Committee for the three-year performance period January 1, 2020–December 31, 2022 under the LTIP is reported once and in full as Executive Committee remuneration in the reporting year (2020). In 2020, the CEO and the Executive Committee were granted a total of 9 250 PSUs. At the time of grant, an external valuation expert used best practice methods to determine the fair value of one PSU as CHF 193.83. This fair value at the time of grant is the amount based on which remuneration in the reporting year and relevant social insurance contributions due are calculated. In the event of a share transfer, the actual income received at the end of the vesting period may deviate from the fair value assigned to the PSUs on grant depending on LTIP target achievement (the performance factor) and the share price at the time of transfer.

In order to ensure full transparency, the PSUs allocated in the reporting year are shown as totals in the following table of remuneration paid to the Executive Committee. In the Consolidated Financial Statements, however, LTIP expenses are distributed over the three-year performance period.

PSUs granted to CEO and Executive Committee in 2020 Reporting Year

Plan period	Executive Committee	PSU grant date	Performance period	Vesting period	Vesting date	Value at 100% target achievement			Potential target achievement
						PSUs allocated	Value of allocated PSUs ¹	Social insurance contributions on value of PSUs ²	
2020–2022	CEO					2 800	542 724	41 790	0%–200%
	Other members of the Executive Committee	13.03.2020	01.01.2020–31.12.2022	13.03.2020–13.03.2023	13.03.2023	6 450	1 250 204	96 266	
Total						9 250	1 792 928	138 056	
Total cost to enterprise						1 930 984			
Approved sum by General Meeting³						2 000 000			

¹ PSUs are valued as per external consultant ALGOFIN (CHF 193.83 per PSU).

² Includes an assumed 7.7% social insurance contribution.

³ Approval of PSUs allocated in the financial year 2020 for the performance period 2020–2022 at the General Meeting 2020.

Remuneration Paid to CEO and Executive Committee in 2019 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash ¹	Short-term, performance-based remuneration (STI) in cash ²	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs ³	Employer contributions to social security ⁴	Employer contributions to pension fund	Total remuneration 2019 ⁵
Highest individual remuneration: Wolfgang Wienand	570 000	238 460	808 460	561 764	94 808	74 108	1 539 140
Other Executive Committee members	1 759 115	403 831	2 162 946	1 282 227	233 551	231 493	3 910 217
Total (at December 31, 2019)	2 329 115	642 291	2 971 406	1 843 991	328 359	305 601	5 449 357

The remuneration figures shown in the table are gross and are based on the accrual principle.

¹ Incl. contractual remuneration in Siegfried shares for a member of the Executive Committee in the amount of approximately CHF 54 000.

² To be paid out in April 2020 after approval at General Meeting.

³ Includes PSUs granted in 2019 for plan period 2019–2021; PSUs are valued as per external consultant ALGOFIN (CHF 200.63 per PSU).

⁴ Includes an assumed social insurance contribution on both the 2019 STI (7.8%) and PSUs granted in 2019 (7.7%).

⁵ Doesn't include fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 20 000.

6. Shareholdings of Board of Directors and Executive Committee at End of Reporting Year

Shareholdings of Board Members

The following table lists shareholdings of Board members and affiliated persons.

	December 31, 2020		December 31, 2019 ¹	
	Total shares	of which restricted	Total shares	of which restricted
Board of Directors				
Andreas Casutt (Chairman)	19 600	2 042	19 000	2 298
Martin Schmid (Vice-Chairman)	1 949	1 021	1 649	1 149
Colin Bond (Member)	3 449	1 021	3 149	1 149
Wolfram Carius (Member)	2 949	1 021	2 649	1 149
Reto Garzetti (Member)	8 483	1 021	8 183	1 149
Ulla Schmidt (Member)	1 949	1 021	1 649	1 149
Isabelle Welton (Member)	415	300		
Total (active Board Members)	38 794	7 447	36 279	8 043
In % of share capital	0.89%	0.17%	0.84%	0.19%

¹ This table does not include shareholdings of former members of the Board of Directors. Rudolf Hanko, who did not put himself up for re-election in 2020, held 86 080 shares at the end of 2019.

Shareholdings of Executive Committee Members

The following table lists shareholdings of Executive Committee members and affiliated persons.

	December 31, 2020		December 31, 2019	
	Total shares	of which restricted	Total shares	of which restricted
Executive Committee				
Wolfgang Wienand (CEO)	18 371	0	16 627	0
Reto Suter (CFO)	6 750	3 500	4 000	3 500
René Imwinkelried (Chief Operating Officer)	12 948	0	9 852	0
Arnoud Middel (Chief Human Resources Officer)	3 012	0	4 500	0
Marianne Späne (Chief Business Officer)	26 353	0	25 644	0
Jürgen Roos (Chief Scientific Officer)	780	500	140	0
Total	68 214	4 000	60 763	3 500
In % of share capital	1.57%	0.09%	1.41%	0.08%

7. Contractual Agreements, Loans, Credits, and Additional Contributions

The employment contracts of Executive Committee members and the CEO are open-ended and provide for a notice period of six months. Board mandates are not subject to notice periods and terminate ordinarily at the end of the one-year term of office. There are no contractual agreements or undertakings in place with respect to severance payments or special clauses for members of either the Executive Committee or Board of Directors.

The Long Term Incentive Plan, which entered into effect on January 1, 2014 (see section 3), stipulates that

- a) In the event of a change of control of Siegfried Holding AG, plan participants will, on the date of the change of control, receive a pro-rated number of shares for all PSUs granted for ongoing vesting periods. The number of shares to be distributed per PSU is calculated on the basis of a valuation method to be determined by the Board of Directors.
- b) In the event of a takeover of Siegfried Holding AG which is not endorsed by the Board of Directors, shares are distributed to plan participants pro rata and on the basis of 100% target achievement as per the date of change of control for all PSUs of an ongoing vesting period. The pro rata entitlement is calculated from the grant date of the PSUs until the date of the change of control.

As of December 31, 2020, Siegfried Holding AG and its Group companies do not have any outstanding securities, loans, advances or credits to members of the Board of Directors or the Executive Committee of Siegfried Holding AG. Further, in the reporting year, no securities, loans, advances or credits were granted at non-market rates to persons affiliated with current members of the Executive Committee or Board of Directors or to former members of the Executive Committee or Board of Directors; nor are any such commitments outstanding as at December 31, 2020.

Report of the Statutory Auditor on the Remuneration Report

We have audited the remuneration report of Siegfried Holding AG 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 (Ordinance) contained in the tables labeled “audited” on pages 17 to 21 and page 23 section 7 of the remuneration report.

Board of Directors’ Responsibility

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.

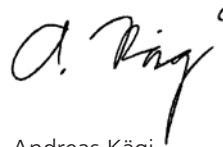
Opinion

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

PricewaterhouseCoopers AG



Thomas Illi
Audit Expert
Auditor in charge



Andreas Kägi
Audit Expert

Basel, 19 February 2021



About this Annual Report

In addition to highlighting Siegfried's business performance and its position concerning assets, finances and earnings, this report throws light on the company's commitment concerning sustainability and its interaction with society and the various stakeholders.

They are to gain a comprehensive and differentiated understanding of how Siegfried incorporates these issues into its corporate strategy and of progress achieved in this regard in the course of the year. The report appears in English and German language.

Scope

We report on the 2020 financial year ending 31 December 2020. The future-oriented topics dealt with in the report represent an exception. Siegfried's Annual Report appears annually and was last published in March 2020, both in a printed version and as PDF on our corporate website. The next report will come out in the spring of 2022.

Governance

Our statement concerning Governance describes the principles of management and the control of the Siegfried Group. Essentially, the Siegfried Group's corporate governance follows the Swiss Code of Best Practice and is subject to regular reviews and further development by the Board of Directors. Any deviations from these guidelines find mention in the report.

Principles of accounting

The Siegfried Group's financial reporting is carried out in accordance with the entire guidelines of Swiss GAAP FER and the provisions of the Swiss law.

External validation

PricewaterhouseCoopers AG (PwC) as auditors reviewed Siegfried Holding AG's Compensation Report (tables with remark "Audited") for the financial year ending 31 December 2020 and came to the conclusion that it corresponds with the law and with article 14 to 16 of the Ordinance against excessive remuneration for listed stock corporations. The process of sustainability reporting was supported by BSD Consulting, a consulting company specialized in the management of sustainability issues.

Sustainability Report in Accordance with GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, for the present annual report, the GRI Materiality Disclosures Service was carried out and the accuracy of the GRI references 102-40 to 102-49 confirmed. Please refer to the detailed GRI content index on the Internet at report.siegfried.ch.

Publisher's Note

This Annual Report is also available in German, being the original version.

This is an excerpt of Siegfried's Annual Report 2020. All chapters of Siegfried's Annual Report 2020 can be downloaded at report.siegfried.ch.

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more**

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