



Remuneration Report

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 detailed information about remuneration plans and payments made in the 2018 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 the Chair of the Remuneration Committee
- Competencies and tasks of the Remuneration Committee
- Procedures for setting and authorizing remuneration
- Principles of remuneration policy and remuneration elements
- Remuneration of the Board of Directors
- Remuneration of Executive Committee
- Shareholdings of the Board of Directors and Executive Committee at the end of the 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 2018 reporting year (audited)	38
	Remuneration paid to the Board of Directors for the 2018/2019 term of office (projection)	38
	Remuneration paid to the Board of Directors in the 2017 reporting year (audited)	38
	Remuneration paid to the CEO and Executive Committee in the 2018 reporting year (audited)	39
	PSUs allocated to the CEO and Executive Committee in the 2018 reporting year	39
	Remuneration paid to the CEO and Executive Committee in the 2017 reporting year (audited)	39
Art. 15: Loans and credits granted to the Board of Directors and Executive Committee	As of December 31, 2018, 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)	40
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 2018; nor are any such commitments outstanding as at December 31, 2018. (audited)	40
Art. 17: Audit of the remuneration report by statutory auditor	Report of the Statutory Auditor on the Remuneration Report	40

Introduction by Chair of Remuneration Committee

The remuneration of the Board of Directors, the Executive Committee, and non-management employees of the Group is an important topic for all of Siegfried's stakeholders. In 2018, the Remuneration Committee thus once again made concerted efforts to ensure Siegfried's attractiveness as an employer, ensure full and transparent compliance with statutory regulations/internal guidelines and review the appropriateness of the remunerations on an ongoing basis.

The following topics related to remuneration were addressed in 2018:

- Annual review of overall remuneration for the Executive Committee and Board of Directors
- Adjustment of Long Term Incentive (LTI) remuneration for the Executive Committee

This report provides detailed explanations of our remuneration principles and model; it sets out how each remuneration element and plan works and highlights how they are linked to enterprise value and target achievement. The report also presents – and comments on – key targets, target achievement and the resulting amounts paid to the

Board of Directors and Executive Committee in the reporting year, as per legal requirements.

As explained in the general section of the annual report, 2018 was another challenging year for Siegfried from an operational point of view. As in previous years, the Board of Directors, along with the CEO and the Executive Committee, set ambitious goals for the company, designed to ensure a long-term increase in enterprise value. The Group-wide EBITDA and ROCE targets were not met, and this is reflected in the target achievement figures. The strategy of deliberately and systematically linking remuneration to operational performance (i.e. short-term, performance-based incentives are only

distributed if operational targets are met) is clearly effective.

In addition to dealing with regular remuneration issues, in 2019 the Remuneration Committee will once again devote attention to corporate culture, leadership, talent management and employee development initiatives spearheaded by the Executive Committee, as the Board of Directors is convinced that these factors are fundamental to sustainable business success.

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 Ulla Schmidt were elected to the Remuneration Committee for the 2018/2019 term of office. The Remuneration Committee shall constitute itself; it may 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 Global Head HR may also join meetings of the Remuneration Committee. The Chairman of the Board, the CEO, and/or the Global Head HR 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 2018

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 next 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 packages of Siegfried's Executive Committee and Board members are regularly reviewed – usually every two to three years – and compared with data from executive studies, specific benchmark data, and disclosures of companies that are com-

parable in terms of size and structure, business mix, model, and geographical structure; the extent to which the selected companies compete with Siegfried for the same highly qualified employees is also factored into the equation. The remuneration packages of Siegfried's Executive Committee were last reviewed in 2017, on the basis of an executive study undertaken in collaboration with an external partner (Mercer), and are next due to be reviewed in 2019.

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
Principles of share and profit-sharing plans		Makes proposal	Enacts	
HR and remuneration policy		Makes proposal	Enacts	

The following remuneration elements were approved at the General Meeting on April 20, 2018:

- Maximum total for overall remuneration of the Board of Directors for the 2018/2019 term of office (CHF 1 500 000)
- Maximum total for the fixed overall remuneration of the Executive Committee for 2019 (CHF 3 300 000)
- Short-term, performance-based remuneration for the Executive Committee for 2017 (CHF 1 463 526)
- Long-term, performance-based remuneration for the Executive Committee for 2018 (CHF 3 410 000)

Likewise, the proposals relating to the structure described above will be put before the General Meeting on April 17, 2019.

3. Principles of Remuneration Policy and Remuneration Elements

Principles of Remuneration Policy
 Recruiting, developing, and retaining qualified and talented managers and specialists is crucial 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 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 designed as a package consisting of fixed and performance-based elements.

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

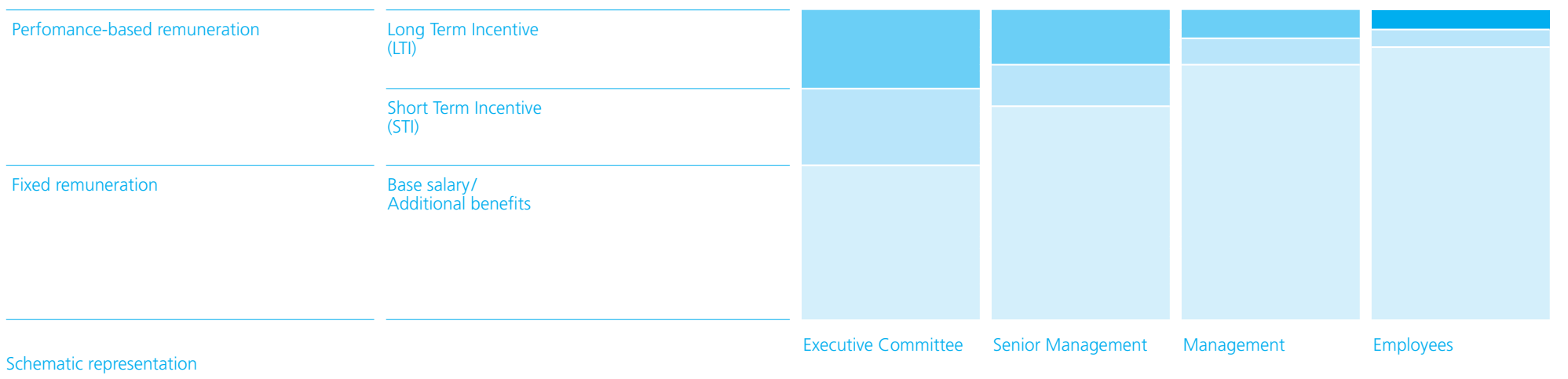
1. Fixed remuneration – annual base salary
2. Performance-based remuneration
 - (i) Short-term, performance-based remuneration (Short Term Incentive Plan, STIP)
 - (ii) Long-term, performance-based remuneration (Long Term Incentive Plan, LTIP)
3. Additional remuneration elements
 - (i) Additional benefits,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

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 and performance, as well as local market conditions. Siegfried aims to ensure that the base salary of employees who meet the expected performance and qualification 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. Base salaries are only adjusted in the course of a given year if a person takes over a new or broader function.

	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 benefits	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)

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.



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 depends on the plan participant's functional level. The target categories and associated weighting applicable to each employee depend on the employee's functional level and are defined in a target matrix that is coordinated across all areas of the company.

Under the STIP, targets are set 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	Functional targets	Individual targets
CEO	Setting and approval of targets and target achievement	Setting and approval of targets and target achievement	Setting and approval of targets and target achievement
Executive Committee	Board of Directors	n. a.	Chairman of the Board of Directors
Senior Management		CEO	CEO
Management		Executive Committee	Line Manager
Employees			

The corporate targets used are EBITDA (earnings before interest, taxes, depreciation and amortization) and ROCE (return on capital employed) – key operational and strategic performance indicators commonly used in the chemical industry. The Board of Directors sets and approves the target values annually, based on the figures in Siegfried’s medium-term planning (5-year horizon) and on the budget for the year in question. The annually defined EBITDA and ROCE targets are geared to achievement of the long-term EBITDA and ROCE goals on which the LTIP is based.

Functional targets (quantitative and qualitative) are derived from Siegfried’s strategy, operational priorities, and corporate targets and are based on the overall performance of a given function. They are defined in a top-down process by the Executive Committee and are broken down incrementally into individual departments, locations, and teams. Functional targets are, for the most part, predefined KPIs related to steering the operational business and achieving corporate targets. Typical key indicators include net working capital (defined

as a percentage of sales revenue), safety statistics per location (number of notifiable events as per international OSHA [Occupational Safety and Health Administration] standards), profitability per location (manufacturing efficiency), and active management of overdues.

Individual targets relate to the performance of the employee and usually take the form of project, leadership, or behavioral targets which are agreed bilaterally between the line manager and the employee.

At the end of the one-year 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.

Sample calculation of target achievement for a member of middle management with a target STI of 10% of fixed annual base salary:

Target category	Weighting of target category	Target achievement	Weighted target achievement
Corporate targets	30%	90%	27%
Functional targets	40%	125%	50%
Individual targets	30%	110%	33%
Overall target achievement			110%

Actual STI: target STI (10%) x overall target achievement (110%) = 11% of annual base salary

In 2018, the achievement of corporate targets – which apply at all locations – was 70.65% (EBITDA 80.70%; ROCE 60.60%).

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 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.

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 pre-defined 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 and ROCE.

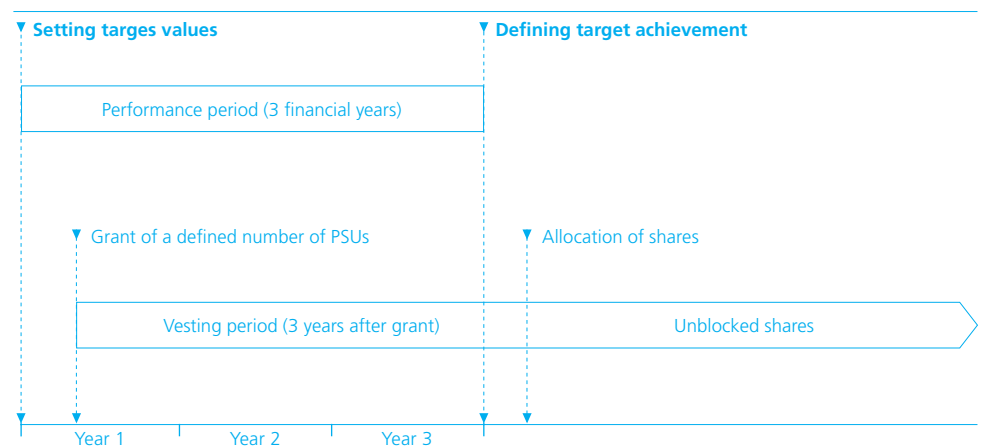
The Board of Directors has set an 8% annual increase in share value as its long-term TSR target value (100%). The Board of Directors defines EBITDA and ROCE target values annually for each new PSU grant, taking account of Siegfried Group’s five-year medium-term planning.

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 set by the Board for the relevant period.

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 targets are exceeded, the plan participant may receive a maximum of two (2) shares per PSU. The value of shares allocated at the end of the vesting period is determined according to the market price at the time of allocation. If the minimum targets are not reached, the PSUs lapse without compensation.

Furthermore, shares may only be transferred following the three-year vesting period provided the plan participant has a valid employment relationship with the company (the point in time at which notice of contract termination is given, not the date on which the contract ends, is the relevant criterion here).

In order to ensure a sustainable increase in enterprise value and an alignment of interests between the Executive Committee/management and Siegfried’s shareholders, LTIP participants must meet certain equity participation requirements. Participants must thus hold a certain number of Siegfried shares for the duration of their participation in the plan. The number of shares to be held is twice the number of PSUs granted under the LTIP at the last grant date. New employees joining the plan must meet these equity participation requirements within a defined period (maximum three years) by using their own funds to invest in Siegfried shares.



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 reviews and 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%	

In March 2018, shares for the performance period 2015–2017 were allocated. Target achievement (and hence the performance factor) for the 2015–2017 performance period was 168.9%. The detailed breakdown of target achievement was as follows: TSR CAGR: 200%, EBITDA: 192.8%, and ROCE: 0%. 1.689 shares were thus allocated per PSU. On 16.03.2018, based on a total of 25 409 PSUs originally granted, 31 988 shares were transferred to Siegfried's Executive Committee and upper and middle management. During the vesting period, 5 781 PSUs lapsed without compensation due to participants exiting the plan and 331 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 2015 ¹	Number of allocated shares 2018 ^{2,4}
CEO	3 600	6 080
Executive Management	8 250	9 962
Senior Management	6 500	8 057
Management	5 952	6 417
Discretionary Group ²	1 107	1 472
Total	25 409	31 988

¹ Includes PSUs that lapsed due to exits during the vesting period or PSUs that, as per internal regulations, were converted into shares on the relevant exit date due to retirement/redundancy.

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

⁴ Excludes 547 shares for participants at the Nantong site, who received an equivalent cash amount instead of shares due to regulatory restrictions

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

Overview of Outstanding PSUs

	Grant 2016 (Vesting period 2016–2019)	Grant 2017 (Vesting period 2017–2020)	Grant 2018 (Vesting period 2018–2021)
Number of PSUs granted	29 757	35 180	31 246
CEO	3 600	3 600	2 800
Executive Committee	8 400	9 177	7 225
Management	17 757	22 403	21 221
Outstanding PSUs as per December 31, 2018	21 695	29 236	29 244
CEO	3 600	3 600	2 800
Executive Committee	6 050	8 277	7 225
Management	12 045	17 359	19 219
Lapsed PSUs as per December 31, 2018¹	7 188	5 458	1 867
CEO	0	0	0
Executive Committee	2 350	900	0
Management	4 838	4 558	1 867
Shares granted from PSUs as per December 31, 2018²	874	486	135
CEO	0	0	0
Executive Committee	0	0	0
Management	874	486	135

¹ Entitlement lapsed due to termination of employment relationship by employee or Siegfried.

² Pro rata share transfer based on 100% target achievement due to termination of employment on retirement/redundancy.

Additional Benefits

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

In Switzerland and abroad, Siegfried operates a number of insurance plans that cover staff against the risks of death, disability, and old age.

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.

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 may be purchased once a year (in April) at a discount of 30% versus the defined purchase price and are subject to a restriction period of three years from the date of purchase. The defined purchase price is equivalent to the average closing price of the Siegfried share on the SIX Swiss Exchange over the twelve months' stock trading days prior to the purchase. In principle, employees may invest up to 10% of their annual base salary in the ESPP. The ESPP has been introduced

at all locations where the 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
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 and retaining experienced and motivated individuals to carry out the duties of a Board member. Board members' remuneration comprises a fixed cash component and a share-based component (fixed number of shares). 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 Vice-Chairman of the Board of Directors or as Chair of a Committee of the Board. From the 2017/2018 term of office, a fee for participating in a Board committee was implemented (details 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 2018/2019 term of office:

Base Fee	Cash component	Lump sum expense allowance	Number of restricted shares	Actual number of restricted Shares allocated for 2018/2019 term of office ¹
Chairman of the Board of Directors	140 000	20 000	900	738
Vice-chairman of the Board of Directors	70 000	10 000	450	369
Other members of the Board of Directors	50 000	10 000	450	369
Fees for individual functions				
Chair of Committee	10 000			
Member of Committee	5 000			

¹ Number of shares allocated was reduced in order to meet approved maximum total for overall remuneration of the Board of Directors for the 2018/2019 term of office.

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 2018 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2018 ¹	Employer contributions to social security ²	Total remuneration financial year 2018
Andreas Casutt (Chairman)	140 000	20 000	160 000	251 021	19 536	430 557
Martin Schmid (Vice-Chairman)	80 000	10 000	90 000	125 510	10 791	226 301
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	125 510	9 639	205 149
Wolfram Carius ³ (Member; Chair of Strategy Committee)	60 000	10 000	70 000	125 510		195 510
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	125 510	10 221	215 731
Ulla Schmidt ³ (Member)	60 000	10 000	70 000	125 510		195 510
Total (serving members on December 31, 2018)	470 000	70 000	540 000	878 572	50 187	1 468 759

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2017/2018 term of office; 8/12 for the 2018/2019 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 284 for the 2017/2018 term of office, CHF 345.50 for the 2018/2019 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 2018) for the 2018/2019 term of office.

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

In 2018, no remuneration was paid to the members of the Board of Directors other than that presented above. During the 2018/2019 term of office, Board of Directors remuneration is projected to total CHF 1.48 million; the figure approved at the General Meeting was CHF 1.50 million.

Remuneration Paid to Board of Directors for 2018/2019 Term of Office (Projection until end of 2018/2019 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 2018/2019
Andreas Casutt (Chairman)	140 000	20 000	160 000	254 979	20 087	435 066
Martin Schmid (Vice-Chairman)	80 000	10 000	90 000	127 490	11 051	228 541
Colin Bond (Member; Chair of Audit Committee)	60 000	10 000	70 000	127 490	9 925	207 415
Wolfram Carius ³ (Member; Chair of Strategy Committee)	60 000	10 000	70 000	127 490		197 490
Reto Garzetti (Member; Chair of Remuneration Committee)	70 000	10 000	80 000	127 490	10 487	217 977
Ulla Schmidt ³ (Member)	60 000	10 000	70 000	127 490		197 490
Total (term of office 2018/2019, serving members)⁴	470 000	70 000	540 000	892 427	51 550	1 483 977
Approved by the General Meeting for 2018/2019 term of office						1 500 000

The remuneration figures shown in the table apply to the 2018/2019 term of office (May 2018–April 2019).

¹ Fixed number of shares as part of Board of Directors remuneration; Value per share as approved by the General Meeting 2018 (CHF 345.50).

² Incl. social security deductions on the tax value of the share component of the fixed Board of Directors remuneration (allocated in 2018) for the 2018/2019 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 2018/2019 term of office.

Remuneration Paid to Board of Directors in 2017 Reporting Year (Audited)

Board of Directors	Cash remuneration	Lump sum expense allowance	Total cash	Share-based remuneration 2017 ¹	Employer contributions to social security ²	Total remuneration financial year 2017
Andreas Casutt (Chairman)	146 666	20 000	166 666	223 203	18 524	408 393
Martin Schmid (Vice-Chairman)	73 333	10 000	83 333	111 601	9 680	204 614
Colin Bond (Member; Chair of Audit Committee)	66 667	10 000	76 667	111 601	9 311	197 579
Wolfram Carius ³ (Member; Chair of Strategy Committee)	66 667	10 000	76 667	111 601		188 268
Reto Garzetti (Member; Chair of Remuneration Committee)	66 667	10 000	76 667	111 601	9 331	197 599
Ulla Schmidt ³ (Member)	60 000	10 000	70 000	111 601		181 601
Total (serving members on December 31, 2017)	480 000	70 000	550 000	781 209	46 846	1 378 055
Thomas Villiger ⁴ (Vice-Chairman; Chair of Remuneration Committee)	33 333	3 333	36 666	30 567	2 939	70 172
Total (on December 31, 2017 including former members)	513 333	73 333	586 666	811 776	49 785	1 448 227

The remuneration figures shown in the table are gross amounts and were booked according to the accrual principle (4/12 for the 2016/2017 term of office; 8/12 for the 2017/2018 term of office).

¹ Fixed number of shares as part of Board of Directors remuneration; valued as per closing share price on date of allocation.

² Incl. social security deductions on the tax value of the pro rata share component of the fixed Board of Directors remuneration (allocated in 2017) for the 2017/2018 term.

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

⁴ Thomas Villiger did not put himself up for re-election as member of the Siegfried Board of Directors for the 2017/2018 term of office

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 overall value of remuneration packages as well as individual remuneration components are regularly benchmarked and, if necessary, adjusted (see also section 2). The following table summarizes the Executive Committee's remuneration in 2018 and indicates the highest individual remuneration for services rendered in the reporting year (CEO). The remuneration is broken down into the components listed above: fixed base salary, short and long-term, performance-based remuneration, social security expenditure and pension plan expenditure. The performance-based components STI and LTI are explained in detail below. In 2018, the ratio of fixed to performance-based components in the CEO's remuneration was again approximately one-third to two-thirds (2017: 32%/68%) while the ratio for the Executive Committee averaged 41% to 59% (2017: 40%/60%).

Remuneration Paid to CEO and Executive Committee in 2018 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 2018 ⁵
Highest individual remuneration:							
Rudolf Hanco	570 000	305 663	875 663	883 372	124 507	95 635	1 979 177
Other Executive Committee members	2 088 239	668 486	2 756 725	2 279 416	348 899	263 170	5 648 210
Total (at December 31, 2018)	2 658 239	974 149	3 632 388	3 162 788	473 406	358 805	7 627 387

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

¹ Includes employer contribution to share purchase by R. Suter (ESPP) for purposes of meeting LTIP investment requirements.

² To be paid out in April 2019 after approval at General Meeting.

³ Includes PSUs granted in 2018 for plan period 2018–2020; PSUs are valued as per external consultant ALGOFIN (CHF 315.49 per PSU)

⁴ Includes an assumed 7.7% social insurance contribution on both the 2018 STI and PSUs granted in 2018.

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.

In 2018, no remuneration was paid to the Executive Committee members other than that presented above. Fixed remuneration paid in 2018 (CHF 3.22 million) did not exceed the CHF 3.7 million approved at the General Meeting 2017.

Overview of 2018 STI Calculations

CEO and Executive Committee	Target STI as % of fixed base salary	Target STI in CHF	Actual 2018 STI in CHF ^{1,2,3}	Actual STI as % of target STI	Actual 2018 STI amount incl. social security deductions ³ , to be approved at the General Meeting
CEO	75%	427 500	305 663	71.50%	329 199
Other Executive Committee members	40%–50%	868 352	668 486	76.98%	719 959
Total		1 295 852	974 149	75.17%	1 049 158

¹ To be paid out in April 2019 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, NWC, manufacturing efficiency): 30%, individual targets: 20%.

The value of the PSUs granted to the CEO and other members of the Executive Committee for the three-year performance period January 1, 2018–December 31, 2020 under the LTIP is reported once and in full as Executive Committee remuneration in the reporting year (2018). In 2018, the CEO and the Executive Committee were granted a total of 10 025 PSUs. At the time of grant, an external valuation expert used best practice methods to determine the fair value of one PSU as CHF 315.49. 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 2018 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	
2018–2020	CEO					2 800	883 372	68 020	0%–200%
	Other members of the Executive Committee	19.03.2018	01.01.2018–31.12.2020	19.03.2018–19.03.2021	19.03.2021	7 225	2 279 416	175 515	
Total						10 025	3 162 788	243 535	
Total cost to enterprise						3 406 323			
Approved sum by General Meeting³						3 410 000			

¹ PSUs are valued as per external consultant ALGOFIN (CHF 315.49 per PSU).

² Includes an assumed 7.7% social insurance contribution.

³ Approval of PSUs allocated in the financial year 2018 for the performance period 2018–2020 at the General Meeting 2018.

Remuneration Paid to CEO and Executive Committee in 2017 Reporting Year (Audited)

CEO and Executive Committee	Fixed remuneration in cash	Short-term, performance-based remuneration (STI) in cash ¹	Total cash payments	Long-term, performance-based remuneration (LTI) in PSUs ²	Employer contributions to social security ³	Employer contributions to pension fund	Total remuneration 2017 ⁴
Highest individual remuneration:							
Rudolf Hanco	570 000	436 991	1 006 991	761 832	116 868	94 596	1 980 287
Other Executive Committee members ⁵	1 981 846	921 901	2 903 747	1 942 037	316 672	273 036	5 435 492
Total (at December 31, 2017)	2 551 846	1 358 892	3 910 738	2 703 869	433 540	367 632	7 415 779

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

¹ To be paid out in April 2018 after approval at General Meeting.

² Includes PSUs granted in 2017 for plan period 2017–2019; PSUs are valued as per external consultant ALGOFIN (CHF 211.62 per PSU).

³ Includes an assumed 7% social insurance contribution on both the 2017 STI and PSUs granted in 2017.

⁴ Doesn't include fringe benefits (REKA money, child and family allowances, employer contributions to BU/NBU) in the amount of approximately CHF 24 000.

⁵ Michael Hüsler left the company on August 20, 2017; remuneration reduced pro rata (exception LTIP: no pro rata reduction; however, granted PSUs lapse due to exit).

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, 2018		December 31, 2017	
	Total shares	of which restricted	Total shares	of which restricted
Board of Directors				
Andreas Casutt (Chairman)	18 738	2 594	18 000	2 856
Martin Schmid (Vice-Chairman)	1 297	1 297	928	928
Colin Bond (Member)	2 797	1 297	2 428	1 428
Wolfram Carius (Member)	2 297	1 297	1 928	1 428
Reto Garzetti (Member)	7 831	1 297	7 462	1 428
Ulla Schmidt (Member)	1 297	1 297	928	928
Total	34 257	9 079	31 674	8 996
In % of share capital	0.80%	0.21%	0.75%	0.21%

Shareholdings of Executive Committee Members

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

	December 31, 2018		December 31, 2017	
	Total shares	of which restricted	Total shares	of which restricted
Executive Committee				
Rudolf Hanko (CEO)	86 080	0	75 000	0
Reto Suter (CFO)	4 000	3 500	500	0
René Imwinkelried (Global Head Technical Operations)	12 095	0	9 478	0
Arnoud Middel (Global Head HR)	5 026	0	3 000	0
Marianne Späne (Global Head BD & Sales)	22 531	0	18 576	0
Wolfgang Wienand (Chief Scientific & Strategy Officer)	14 208	0	10 844	0
Total	143 940	3 500	117 398	0
In % of share capital	3.38%	0.08%	2.82%	0.00%

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 4), 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, 2018, 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, 2018.

Report of the Statutory Auditor

to the General Meeting of Siegfried Holding AG, Zofingen

Report of the Statutory Auditor on the Remuneration Report

We have audited the accompanying remuneration report (charts on page 38 and 39 and page 40 section 7) of Siegfried Holding AG for the year ended 31 December 2018.

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 require-

ments 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 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Illi
Audit Expert
Auditor in charge

Basel, 1 March 2019



Andreas Kägi
Audit Expert

