



Reports 2018
Remuneration Report

Introduction to the Remuneration Report

Under the terms of Section 7 of the “Ordinance against abusive remuneration in listed companies” (“VegüV”) of 20 November 2013, the Board of Directors of MCH Group Ltd. is required to submit a written remuneration report providing information on remuneration, loans and credit for the Board of Directors and the management (Executive Board).

To provide a clearer overview and make for an easier understanding of the remuneration details, this remuneration report also contains the general principles and the remuneration systems for the Board of Directors and the Executive Board.



Baselworld

The remuneration report is published in accordance with the appropriate provisions governing the annual report. The statutory auditor is required to check the remuneration report for compliance with the law and the “VegüV” Ordinance in each case.

The remuneration report does not have to be submitted to the General Meeting for approval. The General Meeting does, however, have to decide on the non-profit-related remuneration of the Board of Directors and the Executive Board, as well as on the profit-related remuneration of the Executive Board.

Details of the remuneration as per the “VegüV” Ordinance

The details of the remuneration required to be disclosed are set out in Articles 14-16 of the “VegüV” Ordinance (in German).

Vote on the remuneration by the General Meeting

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

On the basis of the statutes of MCH Group Ltd., the General Meeting of 4 May 2018 approved the non-profit-related remuneration of the Board of Directors and the Executive Board for the 2019 business year and the profit-related remuneration of the Executive Board for the 2017 business year.

At the General Meeting of 2 May 2019, a vote will be held on the non-profit-related remuneration of the Board of Directors and Executive Board for the 2020 business year and also on the profit-related remuneration of the Executive Board for the 2018 business year.

General principles of remuneration

MCH Group

The MCH Group endeavours to offer its employees attractive general conditions. The remuneration principles, remuneration systems and remuneration levels are based on the standard conditions prevailing on the market and in the sector and are regularly reviewed. The MCH Group also aims to allow as many of its employees as possible to participate in the group's success through a variable remuneration component.

The remuneration systems for all the companies are configured in such a way that

they are both proportionate and competitive in relation to those of companies in a comparable field of activity;

they are commensurate with the quality of the work, the workload and the responsibility borne by the post in question and the contribution made by the individual;

they are readily comprehensible and transparent for employees at all levels;

the profit-related (variable) remuneration is in proportion to the group result;

the ratio between the non-profit-related (fixed) and the profit-related (variable) elements of the remuneration is commensurate with the sphere of influence of the employee concerned;

an appropriate ratio exists between the lowest and the highest wages.

Board of Directors and Executive Board

The Board of Directors sets the remuneration for the Board of Directors and the Executive Board each year following a proposal from the Governance, Nomination and Compensation Committee (GNCC) elected by the General Meeting and subject to the approval of the General Meeting.

On 4 May 2018, the General Meeting elected the following members of the Board of Directors as members of the GNCC for the reporting year:

Dr. Ulrich Vischer, Chairman

Dr. Balz Hösly, Member

Jean-Philippe RoCHAT, Member

Thomas Weber, Member

Details of the function of the GNCC and its members:
[Annual Report / Organisation & Management / Specialist Committees](#)
[Annual Report / Board of Directors](#)

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

When members join the Board of Directors or the Executive Board, the remuneration is included as of the date on which they take on their new function.

When members leave the Board of Directors or Executive Board, the remuneration is included up to the date of departure together with any remuneration paid in the course of the reporting year in conjunction with the member's previous activity.

Some members of the Executive Board are on the Board of Directors of group companies. No extra remuneration is paid for the exercise of these mandates within the group.

The profit-related remuneration of the Executive Board for 2018 is not paid until after the General Meeting has given its approval.

Remuneration of the Board of Directors

Profit-related remuneration has been dispensed with in the case of the Board of Directors. The fixed remuneration for 2019 was approved by the General Meeting of 4 May 2018. The overall amount for 2019 is CHF 540,000.– (including social security contributions). The overall amount of fixed remuneration for 2020 will be submitted to the General Meeting on 2 May 2019 for approval. The overall amount requested for 2020 is CHF 540,000.– (including social security contributions).

The remuneration for members of the Board of Directors is made up of the following components:

a) Non-profit-related (fixed) remuneration

Each member of the Board of Directors receives a fixed basic fee which is determined in advance and is laid down in the regulations. This is identical for each member. The Chairman and Vice-Chairman receive higher fees. Additional fees are paid for membership and chairmanship of specialist committees in order to take into account the individual responsibility and workload involved. The remuneration established for each member is paid in cash on a quarterly basis.

b) Attendance fees

An attendance fee is paid for each meeting or, if more than one meeting is held on a given day, for each day. The level of the attendance fee is laid down in the regulations governing the remuneration of the Board of Directors.

c) Expenses

All the members of the Board of Directors receive a lump sum expenses allowance. Additional expenses, such as those for business travel, are refunded on the basis of the expenses effectively incurred.

VISCHER AG invoices CHF 35,000.– each year for the outlay on running the secretariat for the Chairman of the Board of Directors.

d) Shares, options

The MCH Group does not have any share or option schemes for the Board of Directors. Details of shares in MCH Group Ltd. that are held by members of the Board of Directors:

[Annual Report / Corporate Governance / Board of Directors](#)

e) Sign-on bonuses

No sign-on bonuses are paid to members of the Board of Directors.

f) Loans, credit

As in the previous year, no loans or credit were granted to the Board of Directors in the reporting year.

g) Suretyships

No suretyships (sureties, guarantees) were granted to members of the Board of Directors in the reporting year.

Remuneration 2018

2018, in CHF	Basic fee	Fee for additional functions ¹⁾	Attendance fees and expenses ²⁾	Social insurance contributions	Overall sum gross	Overall sum net
Dr. Ulrich Vischer, Chairman ⁶⁾	85 813	8 000	21 000	0	114 813	114 813
Christoph Brutschin, Vice-Chairman ³⁾	36 000	3 000	18 000	0	57 000	57 000
Marco Gadola	21 000	5 000	16 000	5 863	47 863	42 000
Werner Helfenstein ³⁾	21 000	0	8 000	1 323	30 323	29 000
Dr. Eva Herzog ³⁾	21 000	0	6 000	0	27 000	27 000
Dr. Balz Hösly ^{3) 4)}	17 500	2 000	4 833	3 361	27 694	24 333
Dr. Karin Lenzlinger Diedenhofen	21 000	3 000	16 000	5 577	45 577	40 000
Dr. André Odermatt ³⁾	21 000	0	7 000	3 861	31 861	28 000
Jean-Philippe Rochat	21 000	3 000	7 000	4 076	35 076	31 000
Carmen Walker Späh ^{3) 5)}	3 500	500	1 167	0	5 167	5 167
Thomas Weber ³⁾	21 000	3 000	7 000	0	31 000	31 000
Andreas Widmer	21 000	0	8 000	4 004	33 004	29 000
Total	310 813	27 500	120 000	28 066	486 379	458 313

1) Contains fees for the GNCC and AC

2) Without compensation for the outlay on the secretariat for the Chairman of the Board of Directors

3) The fees for the BD members appointed by the public sector are paid to the offices specified by the latter

4) BD member as of 01.03.2018

5) BD member up to 28.02.2018

6) Vischer AG invoices the fee for the Chairman of the Board of Directors and makes the statutory social insurance payments

Remuneration 2017

2017, in CHF	Basic fee	Fee for additional functions 1)	Attendance fees and expenses 2)	Social insurance contributions	Overall sum gross	Overall sum net
Dr. Ulrich Vischer, Chairman ⁶⁾	85 028	8 000	14 000	0	107 028	107 028
Christoph Brutschin, Vice-Chairman ³⁾	36 000	3 000	11 000	0	50 000	50 000
Marco Gadola	21 000	5 000	10 000	2 323	38 323	36 000
Werner Helfenstein ³⁾	21 000	0	6 000	1 087	28 087	27 000
Dr. Eva Herzog ³⁾	21 000	0	7 000	0	28 000	28 000
René C. Jäggi ⁴⁾	7 000	1 000	333	284	8 617	8 333
Dr. Karin Lenzlinger Diedenhofen	21 000	3 000	10 000	2 191	36 191	34 000
Dr. André Odermatt ³⁾	21 000	0	6 000	1 726	28 726	27 000
Jean-Philippe Rochat ⁵⁾	21 000	2 000	7 000	3 940	33 940	30 000
Carmen Walker Späh ³⁾	21 000	3 000	4 000	0	28 000	28 000
Thomas Weber ³⁾	21 000	3 000	6 000	0	30 000	30 000
Andreas Widmer	21 000	0	6 000	1 726	28 726	27 000
Total	317 028	28 000	87 333	13 276	445 637	432 361

1) Contains fees for the GNCC and AC

2) Without compensation for the outlay on the secretariat for the Chairman of the Board of Directors

3) The fees for the BD members appointed by the public sector are paid to the offices specified by the latter

4) BD member up to 26.04.2017

5) BD member as of 26.04.2017, previously Observer

6) Vischer AG invoices the fee for the Chairman of the Board of Directors and makes the statutory social insurance payments

Remuneration of the Executive Board

The Board of Directors lays down the remuneration model for the members of the Executive Board. The current remuneration model has been in force since 3 February 2014.

Following a proposal from the Governance, Nomination and Compensation Committee (GNCC), the Board of Directors modified the remuneration model slightly at that time compared with the previously applicable model in terms of the profit-related (variable) remuneration. The profit-related remuneration was brought more into line with the effectively achieved result. These changes have been incorporated in the regulations governing the profit-related remuneration of the Executive Board. The non-profit-related (fixed) remuneration and the lump-sum expenses allowances are reviewed periodically; the latter have been approved by the cantonal tax office. The level of the profit-related remuneration (individual bonus) is recalculated and specified on an annual basis as a function of the financial result.

There are no fixed-term employment contracts and no periods of notice in excess of 12 months. No severance payments are made to members of the Executive Board upon termination of their employment relationship.

The remuneration for members of the Executive Board is made up of the following components:

Remuneration Group CEO	Remuneration Head of Division	Remuneration CFO, CINO
Component		
Group profit	Group profit	Group profit
	Division	
	Individual assessment	Individual assessment
Fixed Remuneration	Fixed Remuneration	Fixed Remuneration

a) Non-profit-related (fixed) remuneration

The non-profit-related (fixed) remuneration of members of the Executive Board is determined by the Board of Directors on the basis of their training, competences and functions. This component of the remuneration includes any family allowances, awards for service anniversaries and other payments (e.g. pension fund buy-ins, other allowances, etc.).

The overall amount of non-profit-related remuneration for 2019 was approved by the General Meeting of 4 May 2018 and totals CHF 2,300,000.– (including social security contributions). The overall amount of fixed remuneration for 2020 will be submitted to the General Meeting on 2 May 2019 for approval and totals CHF 2,500,000.– (including social security contributions). The remuneration for the new CEO will include a higher non-profit-related component than for his predecessor, René Kamm.

b) Profit-related (variable) remuneration

With the remuneration model that was modified in 2014, the group profit is the sole component by which the profit-related remuneration of the CEO is measured. For the other members of the Executive Board, the profit-related remuneration takes in the components of group profit, the division result and the individual performance assessment, with different weightings. These are calculated as a percentage of the fixed remuneration:

—
Division result (0 – 12 %)

—
Individual assessment (0 – 12 %)

For the group profit component, the level of remuneration is derived directly from the result achieved. This component is only paid out if the group profit is greater than CHF 10.0 million. Since the 2014 business year, the group profit component has been 1.75% of the annual result for the CEO and 0.7% of the annual result for the other members of the Executive Board.

Individual components are given a higher weighting or left out of account altogether depending on the individual members' areas of responsibility. None of the maximum of three variable components is due to the members of the Executive Board independently of the course of business or independently of their individual performance. All profit-related remuneration elements are paid out in cash.

For the 2018 reporting year, the profit-related component of the remuneration for Executive Board members averaged 6% (previous year: 6%) of the overall remuneration. Of this, almost 81% (78%) was paid as a cash component and 19% (22%) was paid to the various social insurance schemes.

The overall amount of CHF 188,182.– for the profit-related remuneration for the 2018 business year will be submitted to the General Meeting on 2 May 2019 for approval (gross amount including share of social security contributions).

Outlook:

The MCH Group is currently reviewing the remuneration model from 2014. It is planned that, in future, the non-profit-related portion of the remuneration will be higher than the profit-related portion. This is in line with the new general practice of adjusting the mix of profit-related and non-profit-related remuneration in favour of non-profit-related remuneration.

c) Expenses

The members of the Executive Board receive an expenses allowance which varies according to their function and a lump-sum car allowance based on the distance travelled. In 2018, the overall amount is CHF 171,000.– (previous year CHF 142,000.–). These expenses allowances have been approved by the cantonal tax authorities.

d) Shares, options

The MCH Group does not have any share or option schemes for the Executive Board. Details of shares in MCH Group Ltd. that are held by members of the Executive Board:

[Annual Report / Corporate Governance / Executive Board](#)

e) Sign-on bonuses

No sign-on bonuses are paid to members of the Executive Board.

f) Loans, credit

As in the previous year, no loans or credit were granted to the Executive Board in the reporting year.

g) Suretyships

No suretyships (sureties, guarantees) were awarded to members of the Executive Board in the reporting year.

h) Pension fund payments

The payments the employer is required to make to pension funds are stated in the "Remuneration" table. Since 1 July 2012, the profit-related remuneration of the members of the Executive Board (and of all other employees entitled to this) has similarly been insured in the pension fund.

Remuneration 2018

The profit-related remuneration for the entire Executive Board for 2018, submitted to the General Meeting on 2 May 2019 for approval, is CHF 188,182.– gross (profit-related remuneration CHF 152,068.– net, plus the share of social insurance contributions amounting to CHF 36,114.–).

In the 2018 financial year, it was necessary to make use of the additional amount of CHF 1,000,000.– for which provision is made in the statutes for the remuneration of Executive Board members who are appointed after the General Meeting's vote on the remuneration of the Executive Board. The sum of CHF 2,300,000.– approved by the General Meeting of 26 April 2017 was exceeded by CHF 432,424.–. Non-profit-related remuneration totalling CHF 2,732,424.– was thus paid out in the 2018 financial year.

The reason why the approved remuneration was exceeded was primarily the personnel changes in the Executive Board and the duplication of the CEO function (4 months) and the CFO function (6 months). The labour legislation obligations led to an additional burden of CHF 349,267.– in all, with CHF 189,807.– for René Kamm (CEO) and CHF 159,460 for Christophe Biollaz (CFO). The remaining amount of CHF 83,157.– was accounted for by Beat Zwahlen (CFO, CHF 50,000.–) and Jean-Marc Devaud (CEO Live Marketing Solutions, CHF 33,157.–).

2018, in CHF	Fixed compensation 1)	Variable compensation	Social insurance contributions 2)	Sum total gross	Sum total net
Executive Board as a whole ³⁾	2 218 928	152 068	549 610	2 920 606	2 370 996
Including René Kamm (CEO) ⁴⁾	515 000	0	113 925	628 925	515 000

1) Includes basic salary, bonuses for service anniversaries, family allowances, pension fund buy-ins and other allowances, etc.

2) Includes employer contribution to pension fund and social insurances etc.

3) Until 30.04 five members / from 01.05. six members (arrival Beat Zwahlen) / from 04.09. seven members (arrival Hans-Kristian Hoejsgaard) / from 01.11. six members (withdrawal Christophe Biollaz)

4) Also includes an outplacement

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 122,000.– in 2018 (without VAT)..

Remuneration 2017

2017, in CHF	Fixed compensation 1)	Variable compensation	Social insurance contributions 2)	Sum total gross	Sum total net
Executive Board as a whole	1 808 800	116 780	543 817	2 469 397	1 925 580
Including René Kamm (CEO)	465 000	0	149 850	614 850	465 000

1) Includes basic salary, bonuses for service anniversaries, family benefits etc.

2) Includes employer contribution to pension fund and social insurances etc.

For consultancy work by former Executive Board members, the MCH Group paid fees totalling CHF 198,000.– in 2017 (without VAT).



Report of the Statutory Auditor

To the General Meeting of MCH Group Ltd., Basel

We have audited the accompanying remuneration report of MCH Group Ltd. for the year ended 31 December 2018. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables "Remuneration of the members of the Board of Directors" and "Remuneration of the members of the Executive Board" of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2018 of MCH Group Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Claudio Boller
Licensed Audit Expert
Auditor in Charge

Marc Stadelmann
Licensed Audit Expert

Basel, 18 March 2019



MCH Group
Global Live Marketing

Reports 2018

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