



MCH Group  
Global Live Marketing

# Remuneration Report 2016



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# Introduction

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.

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.

The remuneration report does not have to be submitted to the General Meeting for approval. The non-profit-related remuneration of the Board of Directors and Executive Board, as well as the profit-related remuneration of the Executive Board, which the General Meeting has to decide on each year, are included on the agenda accordingly.

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## 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).

> [www.admin.ch](http://www.admin.ch)  
under “Bundesrecht” / “Systematische Rechtssammlung” / “Landesrecht” / “221.331”

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## 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.

> [www.mch-group.com](http://www.mch-group.com)  
under “MCH Group” / “Investor Relations”

On the basis of the statutes of MCH Group Ltd., the General Meeting of 22 April 2016 approved the non-profit-related remuneration of the Board of Directors and the Executive Board for the 2017 business year and the profit-related remuneration of the Executive Board for the 2015 business year. At the General Meeting of 26 April 2017, a vote will be held on the non-profit-related remuneration of the Board of Directors and Executive Board for the 2018 business year and also on the profit-related remuneration of the Executive Board for the 2016 business year.

# General principles of remuneration

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## 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 transparent for employees at all levels;
- the ratio between the non-profit-related (fixed) and the profit-related (variable) elements of the remuneration adequately reflects the sphere of influence of the employee concerned;
- an appropriate ratio exists between the lowest and the highest wages.

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## 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) subject to the approval of the General Meeting.

On 22 April 2016, 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  
René C. Jäggi, Member  
Carmen Walker Späh, Member  
Thomas Weber, Member

Details of the function of the GNCC and its members may be found in the Annual Report (pages 50 and 56 – 57).

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, with the following restrictions:

- 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 also 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 2016 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 2017 was approved by the General Meeting of 22 April 2016. The overall amount of fixed remuneration for 2018 will be submitted to the General Meeting on 26 April 2017 for approval. This will be CHF 540 000.– once again.

The remuneration for the 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 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 may be found in the Annual Report (page 60).

## e) Sign-on bonuses

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

## Remuneration of the Board of Directors

Attendance fee for meetings

Committee fees

Lump-sum expenses allowance

Basic fee

## f) Loans, credit

Insofar as loans and credit are granted to members of the Board of Directors, this is done at the standard market conditions.

## g) Suretyships

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

## Remuneration of the Board of Directors

2015, in CHF	Basic fee	Fee for additional functions <sup>1)</sup>	Attendance fees and expenses <sup>2)</sup>	Social insurance contributions	Overall sum gross	Overall sum net
Dr. Ulrich Vischer, Chairman	89 189	8 000	13 000	0 <sup>7)</sup>	110 189	110 189
Rolando Benedick, Vice-Chairman	36 000	3 000	8 000	3 348	50 348	47 000
Christoph Brutschin <sup>3)</sup>	21 000	3 000	9 000	2 596	35 596	33 000
Werner Helfenstein	21 000	0	7 000	1 211	29 211	28 000
Dr. Eva Herzog <sup>3)</sup>	21 000	0	6 000	2 124	29 124	27 000
René C. Jäggi	21 000	0	6 000	1 092	28 092	27 000
Dr. Karin Lenzlinger Diedenhofen	21 000	2 000	8 000	4 307	35 307	31 000
Dr. André Odermatt <sup>3)</sup>	21 000	0	6 000	3 733	30 733	27 000
Ernst Stocker <sup>3)</sup>	21 000	3 000	5 000	2 399	31 399	29 000
Martin Vollenwyder	21 000	5 000	9 000	4 882	39 882	35 000
Thomas Weber <sup>3)</sup>	21 000	3 000	5 000	0	29 000	29 000
<b>Total</b>	<b>314 189</b>	<b>27 000</b>	<b>82 000</b>	<b>25 692</b>	<b>448 881</b>	<b>423 189</b>
Jean-Philippe Rochat, Observer	21 000	0	6 000	3 546	30 546	27 000
2016, in CHF	Basic fee	Fee for additional functions <sup>1)</sup>	Attendance fees and expenses <sup>2)</sup>	Social insurance contributions	Overall sum gross	Overall sum net
Dr. Ulrich Vischer, Chairman	89 426	8 000	15 000	0 <sup>7)</sup>	112 426	112 426
Rolando Benedick, Vice-Chairman <sup>4)</sup>	12 000	1 000	4 667	1 347	19 014	17 667
Christoph Brutschin, Vice-Chairman <sup>3) 5)</sup>	28 500	3 000	10 500	0	42 000	42 000
Marco Gadola <sup>6)</sup>	14 000	3 333	5 667	3 195	26 195	23 000
Werner Helfenstein	21 000	0	8 000	1 323	30 323	29 000
Dr. Eva Herzog <sup>3)</sup>	21 000	0	6 000	0	27 000	27 000
René C. Jäggi	21 000	2 000	3 000	969	26 969	26 000
Dr. Karin Lenzlinger Diedenhofen	21 000	3 000	9 000	4 576	37 576	33 000
Dr. André Odermatt <sup>3)</sup>	21 000	0	4 000	3 432	28 432	25 000
Martin Vollenwyder <sup>4)</sup>	7 000	1 667	4 333	1 811	14 811	13 000
Carmen Walker Späh <sup>3)</sup>	21 000	2 000	5 000	0	28 000	28 000
Thomas Weber <sup>3)</sup>	21 000	3 000	7 000	0	31 000	31 000
Andreas Widmer <sup>6)</sup>	14 000	0	2 666	2 288	18 954	16 666
<b>Total</b>	<b>311 926</b>	<b>27 000</b>	<b>84 833</b>	<b>18 941</b>	<b>442 700</b>	<b>423 759</b>
Jean-Philippe Rochat, Observer	21 000	0	6 000	3 532	30 532	27 000

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 22.04.2016

5) As of 24.06.2016 Vice-Chairman

6) BD member as of 22.04.2016

7) 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 laid down 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:

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## a) Non-profit-related (fixed) remuneration

The non-profit-related 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 and awards for service anniversaries.

Following a three-year period without any changes to the non-profit-related remuneration, an individual adjustment has been made for 2017. The non-profit-related remuneration of the Executive Board, as part of the overall amount approved by the General Meeting, was adopted by the Board of Directors on 3 February 2017.

The overall amount of fixed remuneration for 2017 was approved by the General Meeting of 22 April 2016. The overall amount of non-profit-related remuneration for 2018 will be submitted to the General Meeting on 26 April 2017 for approval. This will be unchanged from 2017 at CHF 2 300 000.–.

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## b) Profit-related (variable) remuneration

With the remuneration model that was modified in 2014, the group result 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 result, division result and individual 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 result component, the level of remuneration is derived directly from the result achieved. This element is only paid out if the group result is higher than CHF 10 million. Since the 2014 financial year, the group result 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.



Remuneration CEO	Remuneration Head of Division	Remuneration Head of Corporate Services
Group profit component	Group profit component	Group profit component
	Division component	
	Individual assessment component	Individual assessment component
Fixed Remuneration	Fixed Remuneration	Fixed Remuneration

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 2016 reporting year, the profit-related component of the remuneration for Executive Board members averaged 44 % (previous year: 41 %) of the overall remuneration. Of this, almost 81 % (80 %) was paid as a cash component and 19 % (20 %) was paid to the various social insurance schemes.

The overall amount of CHF 1 822 092.– for the profit-related remuneration for the 2016 financial year will be submitted to the General Meeting on 26 April 2017 for approval (gross amount including the share of social insurance contributions).

#### 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 2016, the overall amount was CHF 142 000.– (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 may be found in the Annual Report (page 60).

#### e) Sign-on bonuses

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

#### f) Loans, credit

Insofar as loans and credit are granted to members of the Executive Board, this is done at the standard market conditions.

#### 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 table "Remuneration of members of the Executive Board". 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 subject to insurance payments into the pension fund.

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## Remuneration of the members of the Executive Board

2015, in CHF	Fixed compensation <sup>1)</sup>	Variable compensation	Social insurance contributions <sup>2)</sup>	Sum total gross	Sum total net
Executive Board as a whole	1 736 100	1 332 370	745 945	3 814 415	3 068 470
Including René Kamm (CEO)	465 000	457 640	228 779	1 151 419	922 640

  

2016, in CHF	Fixed compensation <sup>1)</sup>	Variable compensation	Social insurance contributions <sup>2)</sup>	Sum total gross	Sum total net
Executive Board as a whole	1 737 050	1 466 440	772 236	3 975 726	3 203 490
Including René Kamm (CEO)	465 000	515 650	234 143	1 214 793	980 650

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

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

The profit-related remuneration for the entire Executive Board for 2016, submitted to the General Meeting of 26 April 2017 for approval, is CHF 1 822 092.– gross (profit-related remuneration CHF 1 466 440.– net, plus social insurance contributions of CHF 355 652.–).

For consultancy work by Executive Board members, the MCH Group paid fees totalling CHF 345 000.– in 2016 (previous year CHF 268 000.–).

In the 2016 financial year, no use was made 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.



# Report of the Statutory Auditor

To the General Meeting of MCH Group Ltd., Basel

We have audited the remuneration report dated 31 March 2017 of MCH Group Ltd. for the year ended 31 December 2016. 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" on pages 7 and 10 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 2016 of MCH Group Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Stefan Inderbinen  
Licensed Audit Expert  
Auditor in Charge

Christoph Vonder Mühl  
Licensed Audit Expert

Basel, 31 March 2017

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