
COMPENSATION REPORT

The Compensation Report was prepared in compliance with the SIX Exchange Regulation on Corporate Governance and the provisions of the new, revised Swiss Code of Obligations, effective from 1 January 2023.

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COMPENSATION REPORT

INTRODUCTION

The present Compensation Report contains information on the compensation policy, the compensation programs, and the procedure for determining the compensation of the Board of Directors and Group Management of Schweiter Technologies AG. It also provides in-depth information on the compensation awarded in the financial year 2023.

This compensation report has been prepared on the basis of the following regulatory provisions:

- Swiss Code of Obligations "Remuneration of companies whose shares are listed on the stock exchange" (dated 9 February 2023)
- Corporate Governance Directive of SIX Exchange Regulation (dated 29 June 2022)
- "Swiss Code of Best Practice for Corporate Governance" of Economiesuisse (version of 2023)
- Articles of Association of the Company (dated 4 April 2023)
- Organizational and Business Regulations of the Company (dated 13 December 2022)

The compensation programs for the Board of Directors and Group Management are reviewed and assessed by the Nomination and Compensation Committee at regular intervals in order to ensure that they are appropriate and in accordance with the interests of the shareholders.

The structure of the compensation model for members of the Board of Directors was adjusted with effect from the 2023 Annual General Meeting. Compensation for the Board of Directors now consists of two non-performance-based components, a short-term component (including expense allowances) paid out in cash and a long-term share-based component with a vesting period of three years. Previously, the members of the Board of Directors received their fees (including expense allowances) exclusively in cash. However, the amount of the fees for the members of the Board of Directors remained unchanged in 2023 compared to the previous year.

At the beginning of 2023, the Nomination and Compensation Committee reviewed the short- and long-term variable compensation of the Executive Board, whereby the structure of the compensation model maintained compared to the previous year. As of the 2022 financial year, the individual targets for the short-term variable compensation of the members of the Group Management also include ESG criteria (Environmental, Social and Governance); in addition, the vesting period for the share-based compensation in the short-term variable incentive was set from one year to three years in 2022.

The Board of Directors has essentially confirmed the existing rules for the year 2023:

- Payment of the short-term variable compensation of the CEO in cash and restricted share units; this rule has also applied to the CFO since September 2023 in connection with the change of CFO;
- Malus and clawback clauses ("clawback") on the share-based short-term variable compensation;
- Variable long-term incentive plan for members of the Group Management for a performance period of three financial years each in the form of deferred cash compensation.

In accordance with the Articles of Association, the Nomination and Compensation Committee performed its regular activities in 2023, such as setting the performance objectives for the members of Group Management at the beginning of the year, evaluating the performance achievement at year-end, determining the compensation of the members of the Board of Directors and of Group Management, preparing the Compensation Report as well as the say-on-pay votes for the ordinary General Meeting.

As in previous years, the Compensation Report 2023 will be submitted to a consultative vote at the ordinary General Meeting on 10 April 2024. Shareholders will also be asked to vote on the maximum aggregate compensation to be awarded to the Board of Directors for the 2024–2025 term and on the maximum aggregate compensation of Group Management for the financial year 2025.

Compensation overview Board of Directors

(in CHF)	2023	2022
Number of members	7	7
Aggregate compensation	1 116 000	1 137 000
Maximum aggregate compensation amount approved by AGM ¹	1 200 000	1 400 000

¹ Maximum aggregate compensation for the board term from one ordinary AGM to the next

Compensation overview Group Management

(in CHF)	2023	2022
Number of members	3 ¹	3 ³
Aggregate compensation	1 720 000 ²	1 758 000 ⁴
Maximum aggregate compensation amount approved by AGM	3 000 000	4 000 000

¹ Three members from 1 September 2023 until 30 September 2023. At 31 December 2023, the Group Management comprised two members: Roman Sonderegger, CEO and Dr. Urs Scheidegger, CFO.

² CFO change in 2023: Martin Klöti was CFO and member of the Group Management until 30 September 2023. His compensation as CFO related to nine months. Dr. Urs Scheidegger has served as CFO and member of the Group Management of Schweiter Technologies AG since 1 October 2023. From 1 September 2023 (joining Schweiter Technologies AG) until 30 September 2023 he served as Designated CFO and was also a member of the Group Management. His compensation relates to four months in financial year 2023.

³ Three members from 1 May 2022 until 30 September 2022; at 31 December 2022, the Group Management comprised two members: Roman Sonderegger, CEO, and Martin Klöti, CFO.

⁴ Change of CEO in 2022: Dr. Heinz O. Baumgartner was CEO and member of the Group Management until 30 September 2022; at 1 October 2022 he resigned from the Group Management. His compensation as CEO relates to nine months in fiscal year 2022. Roman Sonderegger has served as CEO and member of the Group Management since 1 October 2022. From 1 May 2022 (joining Schweiter Technologies AG) until 30 September 2022 he served as Designated CEO and was also a member of the Group Management. His compensation relates to eight months in financial year 2022.

Compensation principles

The objective of the compensation policy applicable to the Board of Directors is to attract qualified members with the required expertise and relevant experience, as well as to reinforce their focus on the long-term strategy of the company and their independence from Group Management in exercising their supervisory duties.

The objective of the compensation policy for Group Management is to attract and motivate qualified executives with the required expertise and relevant experience and to develop a long-term working relationship with them using simple, transparent, and attractive compensation programs. The compensation policy is built along the following principles:

Compensation policy

<p>ALIGNMENT WITH BUSINESS STRATEGY</p> <p>Compensation programs support the long-term and sustainable success of the company and they promote the company values.</p>	<p>PERFORMANCE ORIENTATION "PAY FOR PERFORMANCE"</p> <p>Executives are rewarded for business success and their individual contributions. Further, they have the opportunity to participate in the company's long-term success.</p>
<p>MARKET COMPETITIVENESS</p> <p>Compensation is in line with market practice and appropriate.</p>	<p>SIMPLICITY</p> <p>Compensation programs are simple and transparent.</p>

COMPENSATION POLICY – BOARD OF DIRECTORS

The compensation of the members of the Board of Directors reflects the responsibility and complexity of their respective function, the professional and personal requirements placed on them, and the expected time required to fulfill their duties.

In line with the principles mentioned above, members of the Board of Directors receive fixed compensation only, without any performance-related component, above all to ensure their independence. With the aim of strengthening their focus on the long-term strategy, the Board of Directors has decided to split the compensation for the various responsibilities into a cash component (including expense allowances) and share-based compensation. This compensation structure has been in place since the 2023 Annual General Meeting; until then, the Board of Directors' fees (including expense allowances) were paid out exclusively in cash.

The compensation is awarded for the term of office, which is from one ordinary General Meeting to the next. It is paid at the end of the term, with the share-based compensation subject to a vesting period of three years. The shares are purchases on the stock market, therefore this does not result in a future dilution of share capital or profit for the company.

The following table shows the individual components of the compensation of the members of the Board of Directors that have applied since the 2023 Annual General Meeting.

Board and committee fees

Function	Compensation components in 2023 in CHF ¹		Total annual fee in 2023 in CHF ^{1, 3}	Total annual fee (cash) in 2022 in CHF ¹
	Cash compensation	Share-based compensation ²		
Board chairman	100 000	100 000	200 000	200 000
Board member	55 000	55 000	110 000	110 000
Committee chair	10 000	10 000	20 000	20 000
Committee member	5 000	5 000	10 000	10 000

¹ The amounts are gross figures; cash compensation including expense allowances

² Vesting period of three years

³ Total annual fee for the Chairman of the Board of Directors has remained unchanged at CHF 200 000 since 2011. Total annual fee for the members of the Board of Directors, for the chair and committee work remained unchanged since 2021.

Members of the Board of Directors are generally not insured under the occupational pension fund; in the reporting year 2023, there were two exceptions, as in the previous year. One exception applied to the Chairman of the Board of Directors, Dr. Heinz O. Baumgartner. He serves as Chairman of the Board since

the Annual General Meeting 2023 and was insured under the occupational pension plan as CEO and member of the Group Management until 30 September 2022. After leaving the Group Management, he continues to be insured under the pension fund. The second exception applied to Beat Siegrist; he served as Chairman of the Board until the Annual General Meeting 2023. Due to his former employment as CEO of the company, he was offered to remain insured in an external pension fund where the company insures members of the Group Management against risks of death, disability. Even after his resignation as Chairman of the Board of Directors, he continues to be insured under the pension fund. None of the other members of the Board of Directors is insured under the pension fund, and such coverage is not available for members of the Board of Directors who are not former or current member of the Group Management of the company.

Members of the Board may be remunerated separately at market conditions for additional services (beyond their function on the Board of Directors) that are provided to the company or other Group companies. Such services, and the related compensation, must be approved by the Board of Directors in advance. Such compensation is subject to shareholders' approval at the General Meeting.

COMPENSATION POLICY – GROUP MANAGEMENT

In line with the principles of alignment with the business strategy and pay-for-performance, a significant portion of the compensation of Group Management consists of variable incentives based on performance.

The compensation includes fixed compensation elements, such as base salary and benefits, as well as variable compensation elements, such as performance-based short-term compensation and long-term incentives. According to the Articles of Association (version dated 4 April 2023), the variable compensation is capped at 200% of the fixed compensation, as before.

The elements of compensation for Group Management are summarized in the table below.

Overview of elements of Group Management compensation

	Purpose	Instrument	Performance indicators	Performance period	Drivers	Max. payout opportunity ¹
Fixed base salary	Attract, retain, motivate	Cash payments	–	–	Position, skill set	–
Benefits	Protect against risks	Insurances, retirement plan	–	–	Local legislation and market practice	–
Short-term variable incentive	Pay for annual performance	Bonus in cash and shares, 50% each (CEO & CFO ²)	EBIT; EBIT margin (CEO); individual objectives (including ESG criteria) ³	1 year	Financial and individual performance	145% of target
Long-term variable incentive	Reward for sustainable value creation	Deferred cash	EBIT; EBIT margin (3A Composites)	3 years	Company and/or division performance	150% of target

¹ Overall cap on variable compensation at 200% of fixed compensation

² Rule has also applied to the acting CFO since September 2023

³ Since 2022, the rules for setting individual targets have also included criteria relating to ESG (Environmental, Social and Governance).

Fixed base salary

The fixed base salary is determined at the discretion of the Board of Directors based on the scope and responsibilities of the respective position and the incumbent's qualifications, skill set, and experience. It is paid in cash, typically monthly.

Benefits

Benefits consist mainly of retirement, insurance and healthcare plans that are designed to safeguard employees and their dependents against the financial consequences of retirement, illness, occupational disability, and death. All members of Group Management have a Swiss employment contract and participate in an external pension fund. In addition, for the period between early retirement and the statutory pensionable age, members of Group Management may receive a bridging pension up to a maximum amount of the annual fixed salary of the last year of employment prior to early retirement. Members of Group Management do not receive any other benefits.

Short-term variable incentive

The short-term variable incentive (STI) rewards both the financial results of the company and the individual contribution of the executive in a given financial year.

The performance objectives for the STI for each of the members of Group Management are set at the beginning of the year by the Board of Directors, based on a proposal by the Nomination and Compensation Committee.

The financial objectives are based on the Group EBIT and, in addition for the CEO, on the Group EBIT margin. These performance indicators were chosen as they reflect the Group's business strategy of profitable growth. A target corresponding to the expected performance is defined for each indicator. There is no payout for a performance below 80% of the target (threshold), and the payout is capped for performance above 150% of the target (ceiling).

The individual performance objectives are set annually as part of the annual MBO (management by objectives) process. They consist primarily of financial and economic performance objectives and, since 2022, also of ESG criteria (Environmental, Social and Governance). These performance objectives are based on the manager's specific function in the context of the execution of the overarching business strategy. The payout is capped for performance above 100% of the target (ceiling).

The target and maximum payout levels of the STI for the members of Group Management, as well as the performance indicators and their weighting, are illustrated in the table below. The target, threshold and ceiling of the effective performance objectives are not disclosed as such disclosure would provide insights into the forward-looking strategy of Schweiter Technologies and thus create a competitive disadvantage for the company.

STI: performance objectives, target, and maximum payout

	Objectives	Weight	Target STI	Maximum STI
CEO	EBIT	38%		
	EBIT margin	38%	36% of fixed salary	145% of target
	MBO	24%		
OTHER MEMBERS OF GROUP MANAGEMENT	EBIT	79%	56% of fixed salary	145% of target
	MBO	21%		

The achievement of the financial and individual objectives is assessed at the end of the financial year and the STI payout determined accordingly.

In the event of voluntary resignation by the member of Group Management, there is no entitlement to the portion of the STI related to the EBIT performance. However, the Board of Directors may grant exceptions. The MBO portion of the STI may be paid based on the performance achieved at the termination

date. In case of termination by the company, the Board of Directors may, at its own discretion, grant the STI (EBIT and MBO) pro-rata on the basis of the performance achieved at the termination date.

The STI is paid in cash in March of the following year. For the CEO, and since September 2023, also for the acting CFO, the STI is set at 50% in cash and 50% in shares. Since 2022, the vesting period for the share-based compensation has been three years (previously one year). In case of voluntary resignation of the CEO or the CFO, or termination for good reasons during the vesting period, the shares are forfeit. However, the Board of Directors may grant vesting in whole or in part at its own discretion, e.g. if the resignation is made by Schweiter Technologies. In case of retirement, the shares are subject to a pro-rata vesting at the regular vesting date. In case of death or disability, the shares are subject to an accelerated pro-rata vesting.

The share portion of the STI is subject to clawback and malus provisions that allow the company to reduce the number of shares to vest (malus) and/or to recover shares already allocated (clawback) in case of a material restatement of the financial accounts of the company or in case of violation of law or internal rules.

The shares for the share portion of the STI for the CEO and the CFO are purchased on the stock market. Therefore, this share program does not result in a future dilution of share capital or profit for the company.

Long-term variable incentive

The Board of Directors may grant a long-term incentive award (LTI) as a long-term oriented component of compensation for members of Group Management and selected key employees. The purpose of an LTI is to strengthen the identification with the Group and to link compensation with sustainable value creation.

In 2021, the Board of Directors decided to grant an LTI award for members of Group Management and selected key employees within the Group. The LTI covers a three-year performance period from 2021 to 2023.

The LTI payout depends on the achievement of performance conditions and on continuous employment until the payout date.

The performance conditions of the LTI are cumulative EBIT and EBIT margin (each weighted 50%) of the 3A Composites division over the three-year period. EBIT and EBIT margin were chosen because they reflect the business strategy of profitable growth; they will be measured on the 3A Composites division, which is the only operational division of the Group.

For each objective, a target level of expected performance, a threshold level (below which there is no payout) and a ceiling (above which the payout is capped at 150% of target) are determined. The level of payout between threshold, target and ceiling is calculated by linear interpolation. Performance targets (including thresholds and ceilings) cannot be adjusted during the term of the plan.

LTI 2021–2023: targets

	Threshold (no payout)	Target (100% payout)	Ceiling (150% payout)
CUMULATIVE EBIT OF 3A COMPOSITES DIVISION (IN CHF)	75% of target	100% of target	125% of target
EBIT MARGIN OF 3A COMPOSITES DIVISION (AS A % OF SALES)	Target minus 1.5% points	Target	Target plus 1.5% points

LTI: performance objectives, target, and maximum payout

	Objectives	Weight	Target LTI	Maximum LTI
CEO¹	EBIT	50%	125% of fixed salary	150% of target
OTHER MEMBERS OF GROUP MANAGEMENT²	EBIT margin (3A Composites)	50%	109% of fixed salary	150% of target

¹ Dr. Heinz O. Baumgartner, CEO until 30 September 2022, is entitled to LTI awards for the full financial years 2021 and 2022.

Roman Sonderegger, CEO since 1 October 2022, did not participate in the LTI plan 2021–2023

² Dr. Urs Scheidegger, CFO since 1 October 2023, did not participate in the LTI plan 2021–2023

The target and maximum payout levels of the LTI for the members of Group Management, as well as the performance indicators and their weighting, are illustrated in the table above.

The target, threshold and ceiling of the performance objectives are not disclosed as such disclosure would provide insights into the forward-looking strategy of Schweiter Technologies and thus create a competitive disadvantage for the company. The achievement level for each performance objective will be measured at the end of the performance period. In March 2024, no payment to the Group Management will occur for the LTI (2021 – 2023), as the specified performance objectives were not achieved.

Employment agreements

Employment agreements with the members of Group Management are, in principle, agreed for an unlimited term. The notice period may not exceed 12 months. Where, by way of exception, employment agreements have a fixed term, this may not exceed one year. Employment agreements do not contain clauses on change of control or non-competition clauses.

COMPENSATION TO GOVERNING BODIES IN 2023

This section has been audited by the statutory auditors in accordance with Article 728a section 1 para. 4 of the Swiss Code of Obligations.

Compensation of the Board of Directors

The following tables show the compensation paid to members of the Board of Directors for 2023 and 2022. Since the 2021 Annual General Meeting, the Board of Directors has comprised seven members. As explained in the section "Compensation Policy – Board of Directors" on page 88, the fees for the members of the Board of Directors, with the exception of the Chairman's fee, were adjusted and increased for the last time in 2021.

With the exception of Dr. Heinz O. Baumgartner (see tables below), none of the other members of the Board of Directors received compensation for additional consulting services in the reporting year or in the previous year.

Compensation of the Board of Directors in 2023 (audited)

(in CHF 1000s) ¹	Function	Board fee (cash)	Board fee share- based ²	Board fee total	Other compen- sation	Benefits ³	Total
Dr. Heinz O. Baumgartner ^{4, 5}	Chairman	102	75	177	63	58	298
Dr. Daniel Bossard ⁶	Member	75	45	120	0	8	128
Vanessa Frey ⁶	Member	75	45	120	0	8	128
Dr. Jacques Sanche ⁶	Member	81	49	130	0	9	139
Beat Siegrist ⁷	Member	91	42	133	0	23	156
Lars van der Haegen ⁸	Member	81	49	130	0	9	139
Stephan Widrig ⁸	Member	75	45	120	0	8	128
Total compensation for Board of Directors		580	350	930	63	123	1 116

¹ The amounts are gross figures; cash compensation including expense allowances

² Share-based compensation since AGM 2023; vesting period for shares three years; the allocation of the shares is based on the volume-weighted average share price on the five trading days following the AGM

³ Employer's contribution to social insurance, for Dr Heinz O. Baumgartner (Chairman) and Beat Siegrist (member of the Board of Directors) to the pension fund as well

⁴ Chairman since AGM 2023

⁵ Under his employment contract as CEO ending on 31 March 2023, he was paid a consulting fee of CHF 63,000 (excluding pension fund contributions) for the period from January to the end of March 2023 (end of contract) in addition to his compensation as a member of the Board of Directors

⁶ Member of the Nomination and Compensation Committee

⁷ Chairman until AGM 2023; the compensation is composed proportionately of the compensation as Chairman (1 January 2023 until AGM 2023) and as member of the Board of Directors (AGM 2023 until 31 December 2023)

⁸ Member of the Audit Committee

The reported compensation of the Board of Directors for the 2023 financial year is allocated pro-rata to the two respective terms of office as follows:

Compensation of the Board of Directors in 2023 (audited)

(in CHF 1000s)	
Pro-rata 1.1.2023 – 4.4.2023	347
Pro-rata 5.4.2023 – 31.12.2023	769

The total maximum compensation amount of CHF 1 200 000 as approved by the Annual General Meeting 2023, which may be paid to the Board of Directors for the term of office from the 2023 General Meeting to the 2024 General Meeting, was therefore not exceeded during the portion of the term of office up to the cut-off date of this Annual Report (5 April 2023 – 31 December 2023). A conclusive assessment for the entire term of office will be included in the Compensation Report 2024.

The compensation of the Board of Directors for the term of office from the 2022 General Meeting to the 2023 General Meeting was CHF 1 213 000 (for seven members of the Board of Directors). The total maximum compensation amount of CHF 1 400 000 as approved by the General Meeting 2022, which may be paid to the Board of Directors for the term of office from the 2022 General Meeting to the 2023 General Meeting, was therefore not exceeded.

Compensation of the Board of Directors for 2022 (audited)

(in CHF 1000s) ¹	Function	Fee (Board)	Fee (Committee)	Other compensation	Benefits ⁶	Total
Beat Siegrist	Chairman	200	3	–	33	236
Dr. Heinz O. Baumgartner ^{3,4}	Member	110	–	90	41	241
Dr. Daniel Bossard ²	Member	110	7	–	8	125
Vanessa Frey ²	Member	110	10	–	8	128
Dr. Jacques Sanche ²	Member	110	20	–	9	139
Lars van der Haegen ⁵	Member	110	20	–	9	139
Stephan Widrig ⁵	Member	110	10	–	8	128
Total compensation for Board of Directors		860	70	90	116	1 136

¹ The amounts are gross figures

² Member of the Nomination and Compensation Committee (Dr. Daniel Bossard member since AGM 2022)

³ Until 30 September 2022 also CEO of Schweiter Technologies. The compensation as CEO for 2022 is outlined separately in the table "Compensation of Group Management in 2023 and 2022" (but only concerns 2022)

⁴ Under his employment contract as CEO ending on 31 March 2023, he was paid a consulting fee of CHF 90,000 (excluding pension fund contributions) for the period from October to December 2022 in addition to his compensation as a member of the Board of Directors.

⁵ Member of the Audit Committee

⁶ Employer's contribution to social insurance, for Beat Siegrist (Chairman) and Dr. Heinz O. Baumgartner (member of the Board of Directors) to the pension fund as well

Compensation of Group Management

The table below shows the compensation paid to members of Group Management for the 2023 and 2022 financial years.

Compensation of Group Management in 2023 and 2022 (audited)

(in CHF 1000s) ¹	2023		2022	
	3 members ²	of whom highest individual compensation ³	3 members ⁴	of whom highest individual compensation ⁵
Group Management				
Fixed basic compensation in cash	969	650	1 275	600
Performance-related compensation ⁶	466	248	155	68
Long-term Incentive Plan (2021–2023) ⁷	0	0	0	0
Pension benefits ⁸	285	163	328	136
Total compensation of Group Management	1 720	1 061	1 758	804

¹ The amounts are gross figures

² Three members from 1 September 2023 until 30 September 2023. Dr. Urs Scheidegger joined the company as Designated CFO on 1 September 2023, and assumed the role of CFO on 1 October 2023, succeeding Martin Klöti, CFO until 30 September 2023. As of 31 December 2023, the Group Management comprises two members: Roman Sonderegger, CEO, and Dr. Urs Scheidegger, CFO

³ Roman Sonderegger, CEO

⁴ Three members from 1 May 2022 to 30 September 2022. Roman Sonderegger joined the Group Management as Designated CEO on 1 May 2022; on 1 October 2022 he took over the function of the CEO from Dr. Heinz O. Baumgartner

⁵ Dr. Heinz O. Baumgartner, CEO until 30 September 2022

⁶ 2023: Performance-related compensation is composed as follows: Objectives for the CEO are taken into account for 12 months; objectives for the acting CFO are taken into account for four months; with 50% being paid out in shares on the volume-weighted average share price in February 2024, shares with a vesting period of three years.

Objectives for the former CFO are taken into account for nine months and was paid out in the fourth quarter 2023. No retention bonus was paid for the performance period 2021 – 2023.

2022: Composition of the performance-related compensation, please see "Performance objectives, target and maximum payout of short-term variable compensation" page 75 of the Compensation Report 2022 <https://www.schweiter.ch/s1a200/investors/financial-reports-presentations.html?L=2>

⁷ Long-term Incentive plan 2021–2023: Participants were the two members of the Group Management who were already members of the Group Management in 2021. For details of the LTI 2021–2023, see page 91. In March 2024, no payment will occur for the LTI (2021–2023), as the specified performance objectives were not achieved.

⁸ Employer's contribution to social insurance and the pension fund.

Explanatory notes on the compensation table

- As of 1 April 2019, Group Management basically consisted of two members, the CEO and the CFO.
- In fiscal year 2023, Group Management temporarily consisted of three members due to the change of the CFO:
 - Roman Sonderegger, CEO, from January to December 2023
 - Dr. Urs Scheidegger, CFO, from October to December 2023 (Designated CFO from 1 September to 30 September 2023, and CFO as of 1 October 2023)
 - Martin Klöti, CFO from January to September 2023
- The fixed compensation paid to the CEO was set when taking office at 1 October 2022, valid from 1 January 2023. The fixed compensation for the former CFO remained unchanged compared to the previous year. With the change of the CFO, the fixed compensation for the new CFO was set when taking office at 1 October 2023. The year-on-year change in the total fixed compensation is due to the change of CEO in 2022 and the fact that the Group Management consisted of three members for five months in 2022.
- The payment of the variable compensation (short-term performance-based compensation) for 2023 for the Group Management (temporarily three members) corresponded to 38% and 73% of the fixed salary (2022: between 11% and 16%, temporarily three members of the Group Management). For the CEO it corresponded to 38% (2022: 11% for three months as CEO and five months as other member of the Group Management). The year-on-year change is mainly due to the performance-related increase in compensation.
- No bridging payments were made to members of Group Management under the pension fund either in 2023 or in 2022.

For the financial year 2023, the members of Group Management (12 months for the CEO, four months for the acting CFO, and nine months for the former CFO) were awarded an aggregate total compensation of CHF 1 720 000, which is within the maximum aggregate compensation amount of CHF 3 000 000 that was approved by the shareholders at the Ordinary General Meeting 2022.

Mandates of members of governing bodies in other companies with an economic purpose

The tables below list all other mandates of the members of the governing bodies in other companies as required by Article 734e of the new Swiss Code of Obligations. The statutory rules regarding the number of permissible further activities and vested interests of the members of the governing bodies of Schweiter Technologies AG are mentioned in Article 27f of the company's Articles of Association. For details, please refer to the comments on pages 70 and 77 of the Corporate Governance Report. The company's Articles of Association are available under the following link:

<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>

Other mandates of the members of the Board of Directors of Schweiter Technologies AG as of 31 December 2023 (audited)

Name	Mandates in listed companies¹	Other activities¹
Dr. Heinz O. Baumgartner	Bystronic AG, CoB	United Grinding Group, BoD Bluearbre AG, BoD
Dr. Daniel Bossard	Bossard Group, CEO (as well as various Board memberships in subsidiaries of the Bossard Group)	BURU Holding AG, BoD Ecoparts AG, BoD "Doing Business in the USA" chapter of the Swiss-American Chamber of Commerce, Zurich, Member
Vanessa Frey	Inficon Holding AG, BoD	Corisol Holding AG, CEO/BoD (as well as various Board memberships in subsidiaries of the Corisol Group) Small Cap Invest AG, BoD KWE Beteiligungen AG, BoD TATA 1mg Technologies, BoD Foundations: Avilan Ocean Foundation, Chairwoman of the Foundation fit4future foundation, Chairwoman of the Foundation
Dr. Jacques Sanche	Bucher Industries AG, CEO (as well as various Board memberships in subsidiaries of the Bucher Group)	"Doing Business in the USA" chapter of the Swiss-American Chamber of Commerce, Zurich, Member
Beat Siegrist	Phoenix Mecano AG, BoD Inficon Holding AG, BoD	Bomatec Holding AG, BoD The Island Rum Company AS, BoD
Lars van der Haegen	Belimo Group, CEO (as well as various Board memberships in subsidiaries of the Belimo Group)	"Doing Business in the USA" chapter of the Swiss-American Chamber of Commerce, Zurich, Member American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), Member CEO4Climate, an initiative of swisscleantech, Member Foundation >>venture>>, Zurich, Member Advisory Board
Stephan Widrig	Allreal-Group, CEO (as well as various Board memberships in subsidiaries of the Allreal Holding AG)	None

¹ CoB = Chairman of the Board of Directors; BoD = Member of the Board of Directors; CEO = Chief Executive Officer

Other mandates of the members of the Group Management of Schweiter Technologies AG as of 31 December 2023 (audited)

Name	Mandates in listed companies	Other activities
Roman Sonderegger	None	None
Dr. Urs Scheidegger	None	None

Compensation to former members of governing and executive bodies or related parties (audited)

Georg Reif, CTO, retired on 31 March 2019 and stepped down as a member of Group Management of Schweiter Technologies as of that date. Since then, he has continued to exercise his function as Managing Director of the Schweiter Pension Fund on an external mandate basis. The total compensation for this mandate amounted to CHF 20 000 gross per year in each case, also in 2023.

No further compensation was paid to former members of governing and executive bodies during the year under review other than the sum set out above. In the previous year, no further compensation was paid to former members of governing and executive bodies or related parties.

Loans and credits to members or former members of governing and executive bodies or related parties (audited)

In accordance with the Articles of Association, the company may not grant loans, credits or pension benefits other than from the occupational pension plans to members of the Board of Directors or Group Management or related parties. Advance payments of lawyer fees, court fees and similar costs up to a maximum of CHF 1.0 million in connection with defense against corporate liability claims are not subject to this provision. No such claims were asserted in the reporting year.

Shareholdings of members of the Board of Directors and Group Management (audited)

Information on the shares held by members of the Board of Directors and Group Management can be found on page 160 of the notes to the 2023 annual financial statements.

COMPENSATION GOVERNANCE

Role of shareholders

The role of shareholders in compensation matters has been strengthened in recent years. Specifically, shareholders annually approve the aggregate compensation amounts for the Board of Directors and Group Management by way of binding votes at the General Meeting. Shareholders also annually elect the members of the Nomination and Compensation Committee of the Board of Directors. Additionally, the compensation principles are defined in the Articles of Association valid as of 4 April 2023 (<https://www.schweiter.ch/s1a127/corporate-governance/articles-of-association.html>, available in German only):

Articles of Association: provisions on compensation¹

Principles governing compensation for members of the Board of Directors (Article 27a)	The members of the Board of Directors receive fixed compensation in cash and/or shares for their services on the Board of Directors and its committees, as well as potentially a fee for consulting services.
Principles governing compensation for members of Group Management (Articles 27b, 27c, and 27e)	Compensation of the members of Group Management consists of a fixed and a performance-based component, which may amount to a maximum of 200% of the fixed component. The performance objectives to be achieved for the performance-based compensation component are set by the Board of Directors, acting on the proposal of the Nomination and Compensation Committee, for each member of Group Management, due consideration being given to Group-wide and individual criteria. In order to encourage members of Group Management to remain with the Group on a long-term basis, the Board of Directors may decide that the fixed and/or performance-based compensation component can be fully or partly paid out in shares of the company. The Board of Directors determines what proportion is to be paid in shares as well as the value of the shares at the time of allocation. The shares are restricted for a period of at least one year and no more than five years. The specific period and vesting conditions are determined by the Nomination and Compensation Committee.
Loans, advances, and pension benefits (Article 27h)	No loans, credits or pension benefits other than from occupational pension plans are granted to members of the Board of Directors or Group Management.
Vote on the maximum total compensation amounts for the Board of Directors and Group Management (Article 10a)	The Board of Directors submits to the General Meeting for approval a proposal regarding the maximum total compensation amount for the Board of Directors that may be paid for the period until the subsequent Ordinary General Meeting. The Board of Directors will also submit to the General Meeting for approval a separate proposal regarding the maximum total compensation amount for Group Management that may be paid for the subsequent financial year.
Provisions for new members of Group Management (Article 10b, 27e)	In the event that new members are appointed to the Group Management and if the total amount of compensation for Group Management approved by the General Meeting for the current and/or subsequent financial year is not sufficient, an additional compensation amount may be paid to the new members for the compensation periods already approved by the General Meeting. The additional amount for all new members in total may not exceed 50% of the respective total compensation amount for Group Management approved by the General Meeting. Schweiter Technologies AG may grant new members of Group Management a compensation payment in the form of cash or shares to offset financial disadvantages resulting from the change of position.

¹ The basis for the 2023 compensation is the Articles of Association of the company dated 4 April 2023.

Role of the Board of Directors and the Nomination and Compensation Committee

The Nomination and Compensation Committee consists of at least three members of the Board of Directors who are elected annually and individually by the General Meeting to serve on the committee. The term of office of the members of the Nomination and Compensation Committee is one year, ending with the conclusion of the subsequent Ordinary General Meeting. Re-election is possible.

In accordance with the Articles of Association (valid as of 4 April 2023) and the organizational regulations (adopted on 13 December 2022), the Nomination and Compensation Committee has, in particular, the following duties and responsibilities with respect to compensation matters concerning the Board of Directors and Management:

- Submitting to the Board of Directors proposals concerning the definition of the principles of compensation applicable to Management, including the proportion to be paid in shares and the valuation of these shares
- Submitting to the Board of Directors proposals on the motions to the General Meeting, concerning the total compensation amounts of the Board of Directors and Management
- Submitting to the Board of Directors proposals concerning the individual levels of compensation of the members of the Board of Directors and Management within the respective aggregate compensation amounts approved by the General Meeting
- Submitting to the Board of Directors proposals on the motions to the General Meeting concerning amendments to the Articles of Association with regard to the compensation system applicable to the Board of Directors and Management

The Nomination and Compensation Committee prepares the annual Compensation Report for the attention of the Board of Directors. In addition to the tasks regarding compensation, the Nomination and Compensation Committee also has tasks regarding succession planning in connection with changes in the Board of Directors and related nomination or election recommendations to the Board of Directors for the attention of the Annual General Meeting, as well as the evaluation and succession planning of the Group Management. The tasks and competencies are set out in detail in the Corporate Governance Report, page 72, section «Nomination and Compensation Committee».

The Nomination and Compensation Committee acts in a preparatory capacity, while the Board of Directors retains final authority on compensation matters (except for the aggregate compensation of the Board of Directors and of Management, which are subject to shareholders' approval).

Decision-making authority on compensation matters

Level of responsibility	Recommendation	Review	Approval
Compensation policy and programs	Nomination and Compensation Committee		Board of Directors
Aggregate compensation for Board of Directors and Group Management	Nomination and Compensation Committee	Board of Directors	General Meeting
Individual compensation of members of the Board of Directors	Nomination and Compensation Committee		Board of Directors ¹
Individual CEO compensation	Nomination and Compensation Committee		Board of Directors
Individual compensation of other members of Group Management	CEO	Nomination and Compensation Committee	Board of Directors

¹ In the event of a conflict of interests, the concerned member abstains from voting.

The Nomination and Compensation Committee comprises three members. At the Annual General Meeting on 4 April 2023, the members were elected individually and for a term of office of one year; Dr. Jacques Sanche, Dr. Daniel Bossard, and Vanessa Frey were re-elected. Jacques Sanche assumed the chairmanship of the Nomination and Compensation Committee until the next Ordinary General Meeting. In the year under review, the Nomination and Compensation Committee held three meetings.

After each meeting, the Chair of the Nomination and Compensation Committee reports on the committee's activities to the Board of Directors. The committee meeting minutes are made available to the members of the Board of Directors. As a rule, the CEO and the CFO participate in the meetings in an advisory capacity. However, they do not attend the meetings or the part of the meetings when their own

compensation is being discussed and determined. In 2023, the CEO attended two meetings, the acting CFO attended one meeting since taking office in October 2023; and the former CFO attended one meeting until his departure at the end of September 2023. In the 2023 reporting year, the Chairman of the Board of Directors attended all meetings of the Nomination and Remuneration Committee as a guest. Likewise, other members of Group Management who are invited to the meetings are not present during the meetings, or the part thereof, when their own compensation is being discussed.

PROCESS FOR DETERMINING THE COMPENSATION FOR THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Benchmarking

The Nomination and Compensation Committee periodically reviews the compensation of members of the Board of Directors and Group Management whenever it sees need for action.

The amount of fees for the members of the Board of Directors remained unchanged in 2023 compared to the previous year; however, the structure of the compensation model was adjusted. Since the Annual General Meeting 2023, the compensation of the members of the Board of Directors has consisted of cash compensation (including expense allowances) and share-based compensation (vesting period of three years).

The compensation model for the Group Management was reviewed at the beginning of 2023. The overall structure was retained, with a slight adjustment in the payout modalities of the short-term variable compensation for the CFO. With the change of CFO, since September 2023, 50% of the short-term variable compensation for the CEO, and now also for the CFO, is paid in cash and 50% in shares (vesting period of three years). From 2022, individual target achievement is also linked to ESG criteria. No separate analysis was carried out for the amounts paid out to the members of the Group Management in the reporting year 2023.

Performance management process

The actual compensation paid to the individual members of Group Management in a given financial year is based on the company’s results and on personal performance. Individual performance is assessed as part of the annual management by objectives (MBO) process.

The Chairman of the Board of Directors, together with the CEO, sets the objectives (MBO) for the CEO, which are reviewed by the Nomination and Compensation Committee. The objectives for the CFO are agreed between the CEO and CFO. The respective performance is assessed against these objectives at the end of the year. In evaluating performance, the achievement of individual objectives and other factors such as the extent to which the executives have carried out their duties in line with the company’s values and the expected leadership qualities are also considered. The individual performance assessments and the company’s results form the basis for determining the compensation actually paid out.

MBO process and determination of compensation

