

# Compensation Report

## 2020

*This report is issued in accordance with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO/VegüV) of 20 November 2013 and the Directive on Information relating to Corporate Governance dated 20 March 2018 of SIX Exchange Regulation. Unless indicated otherwise, all of the information provided is as of 31 December 2020.*

### Compensation of the board of directors and the executive board

#### Principles

The provisions applicable to voting at the general meeting of shareholders regarding the compensation of the members of the Board of Directors and the Executive Board are set out in article 18c of the articles of incorporation, and those regarding any additional amounts in article 18b thereof. The Articles of Association are on our homepage under Corporate Governance ([www.orellfuessli.com/en/investors](http://www.orellfuessli.com/en/investors)).

Based on the Board of Director's proposal, the Annual General Meeting approves the maximum compensation of the Board of Directors for the period until the next Annual General Meeting as well as the maximum compensation of the Executive Board for the next year.

The provisions applicable to variable compensation and share allocations are set out in article 18d + e of the articles of incorporation ([www.orellfuessli.com/en/investors](http://www.orellfuessli.com/en/investors)).

The compensation of the Board of Directors is made up entirely of a fixed component, whereas the Executive Board's compensation comprises a fixed and a variable component. External specialists are consulted only in the case of a fundamental redesign of the compensation structure. At group level, compensation is determined for new hires or promotions based on function-specific benchmarks.

The Board of Directors can allocate entitlements for employee shares to members of the Group Management as part of an equity participation plan. If they remain with the company for the duration of the vesting period, the participants in the plan are entitled to receive one employee share per entitlement. If the employee leaves the firm before the end of the vesting period, any entitlement for employee shares is usually extinguished.

The members of the Group Management can elect, on a voluntary basis, to receive a portion of their annual bonus in the form of restricted shares at a preferential price set by the Board of Directors as part of the equity bonus plan. The Board of Directors determines each year the portion of the bonus that can be awarded in shares and the duration of the vesting period. The voting rights and dividend rights are transferred with the transfer of the shares to the beneficiary.

Apart from the contributions to the pension fund, which are limited to a maximum of CHF 853,200 (maximum insured salary) by the Occupational Pensions Act (OPA/BVG), the Orell Füssli Group does not provide any special old-age benefit schemes.

The fixed compensation of the Executive Board and the Chairman of the Board of Directors includes individually agreed additional benefits, such as the provision of a company vehicle at no charge or the reimbursement of the cost of a rail season ticket (GA).

No severance payments ('golden parachutes') have been agreed with any of the members of the Board of Directors and the Executive Board. The members of the Executive Board do not have long-duration contracts (maximum period of notice of nine months).

#### Compensation of the Board of Directors

The Compensation Committee of the Board of Directors reviews annually the regulations applicable to the determination of the compensation of the Board of Directors. The Compensation Committee proposes to the Board of Directors any changes it deems necessary. The Board of Directors approves the compensation, which will take effect as of the subsequent term of office. Final approval of the compensation for the subsequent year is given only after the Annual General Meeting gives its approval. Board members receive a fixed amount of compensation.

### Compensation of the Executive Board

Final approval of the amount of the fixed and variable components of the compensation for the subsequent financial year is given by the Annual General Meeting. Within this range, the Compensation Committee of the Board of Directors reviews the fixed compensation as proposed by the CEO. The amount of the fixed compensation is defined according to the function, duties, qualifications, experience and the market environment. The CEO (when it concerns his own compensation) and the members of the Executive Board are not present during the discussions to determine the compensation. The Compensation Committee adjusts the compensation, where necessary, and passes on its recommendation to the attention of the Board of Directors. The Board makes the final decision and approves the fixed compensation component.

The variable component of the Executive Board's compensation is based on the bonus regulations as approved by the Board of Directors. The maximum value (for achieving or overachieving all of the targets) of the variable component is determined individually and amounts to between 45 percent and 75 percent of the basic salary. It is calculated according to a predefined formula based on the EBIT as well as the achievement of agreed annual goals (weightings: EBIT 60 percent and individual goals 40 percent). The Executive Board members are assessed against the group's results in addition to the EBIT. The individually determined goals, which have a three- to five-year horizon, comprise quantitative and qualitative components; such goals must also be specific, measurable, challenging, relevant and time-certain. They may concern, for example, the implementation of a project, adherence to a project budget or the further development of expertise. With the involvement of the Executive Board members, the CEO elaborates the goals of the individuals, the measurement criteria and the range of values. Lastly, he agrees on the proposed goals with the Chairman of the Board of Directors. After their approval by the Chairman of the Board of Directors, the proposed goals are reviewed by the Compensation Committee of the Board of Directors. The Compensation Committee adjusts them, if necessary, and passes on its recommendation to the attention of the Board of Directors. The Board then makes the final decision and approves the goals. The bonus regulations also provide for individual cash bonus payments to be made at the discretion of the Board of Directors to employees of the Orell Füssli Group as a reward for exceptional performance.

### Compensation 2020

(audited from this point until the end of page 55 by the external auditor)

Three new members of the Board of Directors were elected at the General Meeting held on 20 May 2020. The compensation of the departing members is included in the table below on a pro rata basis of four months and that of the new members on a pro rata basis of eight months.

On 25 May 2020, the company announced changes to the organisation and membership of the Executive Board. Peter Crottogini (Head of Human Resources) left the company; he was a member of the Executive Board until 30 June 2020. As of 1 July 2020, Dr Michael Kasch (Head of the Security Printing Division) and Thorsten Tritschler (Head of the Zeiser Division) joined the Executive Board as new members. The Executive Board is now composed of a total of five members (2019: four members). The compensation of the three members mentioned above is included in the calculations in proportion to their annual income and is presented in the table below.

In connection with an early retirement programme of the Orell Füssli Group, one-off employer contributions were made to the pension fund for affected employees to compensate part of the pension losses due to the reduction of the conversion rate. This also concerned one member of the Executive Board. The related amount is included in the table below of the compensation of the members of the Executive Board in the 'social security and pension fund expenses' column.

During the implementation of the transformation programme of the publishing house, the CFO of the Orell Füssli Group took over the interim management of Orell Füssli Publishing. A one-time salary adjustment for the period until the end of 2020 was made to compensate for the additional work involved. This is disclosed in the table below as part of the fixed and variable compensation in cash in 2020.

The equity bonus plan for members of the Executive Board was not used in the 2020 financial year. The entitlements allocated under the equity participation plan are subject to a three-year vesting period.

The disclosed compensation amounts are for the services rendered in the year under review. The following tables therefore include all entitlements to compensation relating to the 2020 financial year in full. Compensation that has not yet been paid is accrued in the financial year in question, even when the payment will only be made in the following year.

## COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2020

in CHF	Fixed compensation	Variable compensation	Other payments		Total 2020
	in cash	in cash	Special allowances	Social security expenses	
Dr Anton Bleikolm, Chairman	170,004	–	–	9,610	179,614
Dr Caren Genthner-Kappesz (until 20 May 2020) Member of the Board of Directors	18,333	–	–	–	18,333
Dieter Widmer, Audit Committee (Chairman)	75,000	–	–	5,530	80,530
Dr Thomas Moser, Compensation Committee (Member)	55,000	–	–	4,055	59,055
Peter Stiefenhofer, Audit Committee (Member) (Until 20 May 2020)	20,000	–	–	903	20,903
Dr Beat Lüthi, Vice Chairman (until 20 May 2020) Compensation Committee (Chairman)	18,333	–	–	1,352	19,685
Dr Martin Folini, Vice Chairman (as of 21 May 2020) Compensation Committee (Chairman)	36,667	–	–	2,703	39,370
Mirjana Blume, Audit Committee (Member) (as of 21 May 2020)	40,000	–	–	2,949	42,949
Dr Luka Müller, Member of the Board of Directors (as of 21 May 2020)	36,667	–	–	2,703	39,370
<b>Total</b>	<b>470,004</b>	<b>–</b>	<b>–</b>	<b>29,806</b>	<b>499,809</b>

## COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2019

in CHF	Fixed Compensation	Variable compensation	Other payments		Total 2019
	in cash	in cash	Special allowances	Social security expenses	
Dr Anton Bleikolm, Chairman	170,004	–	–	9,428	179,432
Dr Caren Genthner-Kappesz, Member of the Board of Directors	55,000	–	–	–	55,000
Dieter Widmer, Audit Committee (Chairman)	75,000	–	–	5,441	80,441
Dr Thomas Moser, Compensation Committee (Member)	55,000	–	–	3,990	58,990
Peter Stiefenhofer, Audit Committee (Member)	60,000	–	–	3,037	63,037
Dr Beat Lüthi, Vice Chairman Compensation Committee (Chairman)	55,000	–	–	3,990	58,990
<b>Total</b>	<b>470,004</b>	<b>–</b>	<b>–</b>	<b>25,886</b>	<b>495,890</b>

The social security expenses include the mandatory employer's contributions. No pension fund contributions were made.

## COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2020

in CHF

	Fixed compensation	Short term variable compensation incl. bonus share plan <sup>3)</sup>		Long term variable compensation (vested benefits)	Other payments	Social security and pension fund expenses <sup>6)</sup>	Total 2020
	in cash (CHF)	in cash (CHF) <sup>4)</sup>	in shares (CHF)	in shares (CHF) <sup>5)</sup>			
Daniel Link, CEO Orell Füssli Group <sup>1)</sup>	342,000	171,000	–	50,800	10,655	119,257	693,712
Other members of the Executive Board <sup>1), 2)</sup>	800,054	272,637	–	–	23,970	298,587	1,395,248
<b>Total</b>	<b>1,142,054</b>	<b>443,637</b>	<b>–</b>	<b>50,800</b>	<b>34,625</b>	<b>417,844</b>	<b>2,088,960</b>

<sup>1)</sup> The executive Board consisted of five members as of 31 December 2020 (incl. CEO)

<sup>2)</sup> Changes of executive board members took place as of 1 July 2020. The payments to the members are included pro rata.

<sup>3)</sup> The annual variable compensations are payable in cash in the following year. The equity bonus plan 2020 was not used.

<sup>4)</sup> Including one-off bonus payment for the other members of the Executive Board.

<sup>5)</sup> Valued in accordance with the market price as at the transfer date of 1 January 2020 at CHF 100.00

<sup>6)</sup> Including additional pensions costs for an early retirement of total CHF 89,700.00

## COMPENSATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR 2019

in CHF

2019	Fixed compensation	Short term variable compensation incl. bonus share plan <sup>3), 4)</sup>		Long term variable compensation (vested benefits)	Other payments <sup>6)</sup>	Social security and pension fund expenses	Total
	in cash (CHF)	in cash (CHF)	in shares (CHF) <sup>5)</sup>	in shares (CHF)			
Martin Buyle, CEO Orell Füssli Group (until 31 December 2019) <sup>1), 2)</sup>	380,002	190,000	–	–	46,786	122,407	739,195
Daniel Link, CEO Orell Füssli Group (as of 1. November 2019) <sup>1), 2)</sup>	57,000	17,100	–	–	2,355	14,954	91,409
Other members of the Executive Board <sup>1)</sup>	573,408	295,680	14,198	–	14,625	179,301	1,077,212
<b>Total</b>	<b>1,010,410</b>	<b>502,780</b>	<b>14,198</b>	<b>–</b>	<b>63,766</b>	<b>316,662</b>	<b>1,907,816</b>

<sup>1)</sup> The Executive Board consisted of four members as of 31 December 2019 (incl. CEO)

<sup>2)</sup> The new CEO took over as of 1. November 2019. Martin Buyle's compensation is shown for 12 months until his departure on 31 December 2019.

<sup>3)</sup> The term variable compensation component is paid out in the following year. With regard to variable compensation components, the members of the Group Management can choose to receive it entirely in cash or 2/3 in cash and 1/3 in shares.

<sup>4)</sup> Including one-off bonus payment and supplementary bonus agreement for the other members of the Executive Board.

<sup>5)</sup> Three-year vesting period, valued in accordance with the market price as at the allocation period (December 2019) at CHF 98.60. Planned transfer date: 9 April 2020

<sup>6)</sup> The other compensation of Martin Buyle includes the transfer of the company car and one-off exceptional expenditures in accordance with the termination agreement.

The social security and pension fund expenses include the mandatory and voluntary employer's contributions. The pension fund contributions are made jointly by the employer and the employee.

**Loans and other payments**

The provisions applicable to loans and other payments are set out in article 18i of the articles of incorporation ([www.orellfuessli.com/en/investors](http://www.orellfuessli.com/en/investors)).

In the 2020 and 2019 financial years, no loans were granted to the current or past members of the Board of Directors and the Executive Board. Additionally, no guarantees were given on behalf of the members of these bodies for loans granted by third parties. As of 31 December 2020, no such loan receivables were disclosed on the balance sheet.

**Further disclosure**

The Orell Füssli Group did not make any other payments to current or previous members of the Board of Directors, the Executive Board or any related parties thereof and did not waive any claims that it had against such persons.

## Report of the statutory auditor on the compensation report

# Report of the statutory auditor

to the General Meeting of Orell Füssli Ltd

Zurich

We have audited the remuneration report of Orell Füssli Ltd for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the section labeled 'audited' on pages 53 to 55 of the remuneration report.

#### Board of Directors' responsibility

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

#### Auditor's responsibility

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

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

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

#### Opinion

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

PricewaterhouseCoopers AG



Thomas Wallmer  
Audit expert  
Auditor in charge



Tobias Roth  
Audit expert

Zürich, 15 March 2021

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