

# Remuneration Report Vetropack Holding Ltd

## 1. Introduction

The strategy adopted by Vetropack Group is aimed at ensuring the company's sustainable long-term development, taking into account the interests of its stakeholders. Since Vetropack is firmly rooted in local markets, a high degree of importance is attached to the specific conditions at individual locations. Vetropack's remuneration principles have been drawn up with this in mind; they include a fixed component aligned with local market conditions and an appropriate variable component, which is performance- and results-related.

## 2. Principles of the Remuneration Scheme and its Components

Vetropack Group's remuneration scheme is geared towards its employees' level of responsibility and experience as well as local conditions. It is managed and further developed without drawing on any external advice.

Members of the Board of Directors (BoD) receive a fixed cash benefit with no variable components.

Members of the Management Board (MB) receive basic remuneration reflecting their individual responsibility and experience as well as a variable performance- and results-related component. They are also awarded non-cash benefits in the form of supplementary pension contributions and a company car, which is also available for their private use.

All remuneration is paid in cash and there are no share or option plans.

## 3. Organisation and Authorities for Determining Remuneration

The BoD determines the principles underlying its own remuneration scheme as well as that of the MB at the request of the Nomination and Compensation Committee. It sets remuneration for the BoD and the CEO annually at the request of the Nomination and Compensation Committee.

The Nomination and Compensation Committee (NCC) consists of three members of the BoD who are elected individually by the Annual General Assembly each year. The Annual General Assembly of 20 April 2018 elected Claude R. Cornaz, Richard Fritschi and Rudolf Fischer to the NCC, with the latter being elected its Chairman by the BoD. The NCC reports on its discussions and decisions and proposes any motions at the next meeting of the entire BoD. The committee met three times in 2018: March, July and November.

The main task of the NCC is to regularly check the BoD's and MB's remuneration schemes. The NCC recommends remuneration proposals for the members of the BoD and the CEO to the entire BoD for resolution. The committee takes independent decisions regarding the remuneration of the remaining members of the MB at the request of the CEO. The NCC also puts to the BoD the motions relating to overall remuneration for the BoD and MB that are to be proposed at the Annual General Assembly.

It also prepares the medium- and long-term human resources planning for the members of the BoD and the MB and submits its proposals to the entire BoD for resolution.

The Annual General Assembly of Vetropack Holding Ltd votes separately on the remuneration of the Board of Directors and the Management Board as follows:

- prospectively on the maximum total amount of remuneration for the Board of Directors for the period until the next Annual General Assembly (cp. article 27 of the company's articles of incorporation <https://www.vetropack.com/en/vetropack/investor-relations/corporate-governance/>).
- prospectively on the maximum total amount of remuneration for the Management Board for the fiscal year that follows the Annual General Assembly (cp. article 27 of the articles of incorporation).

Article 28 of the articles of incorporation provides for an additional 40% of the amount approved by the Annual General Assembly for members of the Management Board nominated during the remuneration period.

## 4. Description of the Remuneration Components

### Board of Directors

Members of the BoD receive fixed remuneration in cash, with the Chairman, Vice-Chairman and ordinary members entitled to different amounts based on a graduated scale. The members of the NCC also receive fixed remuneration in cash for their work on the Committee, with the Chairman and ordinary members likewise entitled to different amounts based on a graduated scale. There are no variable components. Remuneration is paid out in 12 monthly instalments.

### Management Board

The Management Board gained a member. On 1 September 2018, Nuno Cunha took up the newly created position of GM HR Management and Staff Development, meaning that the Management Board now consists of six members.

Members of the MB receive fixed basic remuneration (fixed basic salary), which is commensurate to the level of responsibility they have in their individual role, their experience and local conditions.

They also receive a variable cash bonus that consists of two parts:

- an individual bonus, based on the achievement of individually defined performance goals,
- a net result bonus, calculated on the basis of an individually defined per mille rate of the Group's consolidated net profit after tax. If the consolidated net profit is lower than 2% of the net revenue, this net result bonus is zero.

When appraising the extent to which individual performance goals have been achieved, the elements that cannot be quantified are evaluated at the appraiser's discretion.

The target value for the variable component as a whole, i.e. the individual bonus and net result bonus together, is between 25% and 50% of the basic salary.

It is limited to a maximum of 75% of the basic salary and is paid out in March of the following year after the Annual Report has been approved by the BoD.

## 5. Board of Director's (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2018. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the BoD, former members of the BoD or persons closely associated with them. There are also no outstanding credits or loans.

### 2017 BoD Remuneration

in CHF		Cash	Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman	123 333		6 706	130 039
Richard Fritschi, Vice-Chairman	88 333	10 000	7 272	105 605
Claude R. Cornaz, Member	63 667	10 000	5 006	78 673
Sönke Bandixen, Member	63 667		4 708	68 375
Pascal Cornaz, Member	63 667		4 708	68 375
Rudolf W. Fischer, Member	63 667	15 000	3 895	82 562
Jean-Philippe Rochat, Member	63 667		4 708	68 375
Urs Kaufmann, Member	43 333		3 204	46 537
<b>Total</b>	<b>573 334</b>	<b>35 000</b>	<b>40 207</b>	<b>648 541</b>

## 2018 BoD Remuneration

in CHF	Cash		Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman*	41 667		2 270	43 937
Claude R. Cornaz, Chairman**	232 200	10 000	71 006	313 206
Richard Fritschi, Vice-Chairman	90 000	10 000	7 395	107 395
Sönke Bandixen, Member	65 000		4 807	69 807
Pascal Cornaz, Member	65 000		4 807	69 807
Rudolf W. Fischer, Member	65 000	15 000	3 978	83 978
Jean-Philippe Rochat, Member	65 000		4 807	69 807
Urs Kaufmann, Member	65 000		4 807	69 807
<b>Total</b>	<b>688 867</b>	<b>35 000</b>	<b>103 877</b>	<b>827 744</b>

The higher total remuneration in the 2018 reporting year compared to that of 2017 can be attributed to the fact that Claude R. Cornaz actively held the office of Chairman of the Board of Directors. Remuneration from Annual General Assembly to Annual General Assembly for other members and the NCC remained the same. The number of members of the Board of Directors was reduced from eight to seven.

\* Hans R. Rüegg, Chairman until 20.04.2018

\*\* Claude R. Cornaz, Chairman since 20.04.2018

## 6. Management Board's (MB) Remuneration

Only cash benefits were paid to members of the MB in 2018. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the MB, former members of the MB or persons closely associated with them. There are also no outstanding credits or loans.

in CHF	Basic Salary	Bonus	Pension/Social Security Contributions	*** Non-cash Benefits	Total
<b>2017 MB Remuneration</b>					
Total MB	2 018 390	592 117	656 642	32 650	3 299 799
Highest level of remuneration *	618 240	193 306	207 757	5 280	1 024 583
<b>2018 MB Remuneration</b>					
Total MB	1 911 032	623 523	578 987	32 220	3 145 762
Highest level of remuneration **	475 000	259 370	135 933	5 200	875 503

\* Claude R. Cornaz, CEO / \*\*Johann Reiter, CEO / \*\*\* Company car for personal use

Johann Eggerth joined the Vetropack Group on 1 March 2018 as the successor to Johann Reiter. The number of Management Board members also increased from five to six with the appointment of Nuno Cunha to the role of General Manager HR Management and Staff Development on 1 September 2018.

## 7. Comparison of Remuneration disbursed with the Remuneration approved by the 2017 and 2018 Annual General Assembly

### Board of Directors

At the Annual General Assembly on 20 April 2018, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 910,000.- defined.

Remuneration to the Board of Directors is approved prospectively for the period until the next ordinary Annual General Assembly in accordance with the articles of incorporation. The table below compares the maximum amount of remuneration to the Board of Directors approved by the Annual General Assembly with the amounts actually disbursed in 2018.

in CHF	
Approved total remuneration for the BoD from the 2018 AGA until the 2019 AGA	910 000
Remuneration disbursed to the BoD in 2018	827 744

### Management Board

The total remuneration to the Management Board for the 2018 fiscal year (CHF 4,500,000) was approved at the Annual General Assembly held on 10 May 2017. See below a comparison of approved and disbursed remuneration for 2018. Please note the personnel changes, as stated above in point 6.

in CHF		2018
Approved total remuneration for the Management Board for 2018		4 500 000
Remuneration disbursed to the Management Board in 2018		3 145 762

## 8. Shareholdings

Information on shares held by members of the Board of Directors and the Management Board can be found in the Financial Report of Vetropack Holding Ltd on page 65.

**To the General Meeting of Vetropack Holding Ltd, Saint-Prex**  
Zurich, 13 March 2019

### **Report of the statutory auditor on the remuneration report**

We have audited the remuneration report of Vetropack Holding 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 (Ordinance) on pages 79 to 82 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. 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 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 Vetropack Holding Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg  
Licensed audit expert  
(Auditor in charge)

Marc Hegetschweiler  
Licensed audit expert