



Remuneration Report

Remuneration Report

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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. 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, 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 (NCC). It sets also the annual remuneration for the BoD and the CEO annually at the request of the NCC.

The NCC consists of three members of the BoD who are elected individually by the Annual General Assembly each year. The Annual General Assembly of 24 April 2019 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 two times in 2019: March, 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

With effect from 1 June 2019, the BoD appointed Evan Williams as the new Group-wide Head of Marketing, Sales and Production Planning and as a member of the MB. Following Mr Williams's induction, his predecessor, Marcello Montisci, remained available to Vetropack Group for special projects until he retired at the end of 2019.

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. This bonus component is calculated based on an individually specified percentage of the personal fixed basic salary, multiplied by the target attainment rate.
- 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 2019. 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.

2019 BoD Remuneration

	BoD	Cash NCC	Social Security Contributions	Total
Claude R. Cornaz, Chairman	315 800	10 000	101 148	426 948
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
Total	730 800	35 000	131 749	897 549

2018 BoD Remuneration

	BoD	Cash NCC	Social Security Contributions	Total
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
Total	688 867	35 000	103 877	827 744

* 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 2019. 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.

	Basic Salary	Bonus	Pension/ Social Security Contributions	Non-cash Benefits*	Total
2019 MB Remuneration					
Total MB	2 105 297	798 230	657 141	45 215	3 605 883
Highest level of remuneration **	535 000	302 626	176 059	6 925	1 020 610
2018 MB Remuneration					
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

* Company car for personal use

** Johann Reiter, CEO

Marcello Montisci and his successor, Evan Williams, were on the MB between 1 June 2019 and 31 December 2019, the number of members temporarily increased from six to seven.

7. Comparison of Remuneration disbursed with the Remuneration approved by the 2018 and 2019 Annual General Assembly

Board of Directors

At the Annual General Assembly on 24 April 2019, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 910'00.– 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 2019.

in CHF

Approved total remuneration for the BoD from the 2019 AGA until the 2020 AGA		910 000
Remuneration disbursed to the BoD in 2019	897 549	

Management Board

The total remuneration to the Management Board for the 2019 fiscal year (CHF 4.700.000.–) was approved at the Annual General Assembly held on 24 April 2019. See below a comparison of approved and disbursed remuneration for 2019. Please note the personnel changes, as stated above in point 6.

in CHF

		2019
Approved total remuneration for the Management Board for 2019		4 700 000
Remuneration disbursed to the Management Board in 2019		3 605 883

8. Shareholdings

Information on shares held by members of the Board of Directors and the Management Board can be found [here](#).

Report of the statutory auditor on the remuneration report

To the General Meeting of Vetropack Holding Ltd, Saint-Prex

Zurich, 10 March 2020

We have audited the remuneration report of Vetropack Holding Ltd for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) (PDF version: pages 139 to 143 / online version: marked with the label “audited information”) 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 2019 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