

REMUNERATION REPORT

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1. INTRODUCTION

This Remuneration Report details Cicor's remuneration policy, covering all key elements and general principles and outlines the responsibilities with regard to planning, approval framework and implementation. It also contains detailed information on the remuneration of the Board of Directors and the Group Management for financial years 2015 and 2016.

This Remuneration Report meets the requirements of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV, which replaces article 663^{bis} by the corresponding VegüV provisions) and Article 5 of the Annex to the Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG) of the SIX Swiss Exchange dated 1 September 2014, as well as the recommendations in Art. 38 "Compensation report and transparency" of Appendix 1 to the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*.

2. REMUNERATION SYSTEM

Principles of remuneration

The remuneration paid to members of the Group Management may comprise three components:

- fixed basic remuneration;
- variable performance-related compensation;
- individual allocation of company shares.

Members of the Board of Directors have no executive duties and receive a fixed salary, plus any compensation due to them for the performance of special duties that exceed the usual scope of their mandate.

Basic remuneration

The basic remuneration for the members of the Group Management may comprise a monthly salary, a lump sum for entertainment and car expenses, other benefits as per individual agreement and the relevant social security contributions. Other benefits as per individual agreement include contributions to professional development.

The monthly salary is determined on a discretionary basis, taking into account the individual's duties, amount of responsibility, qualifications and experience required, as well as the actual external market environment in relation to the entire remuneration system for the senior management of the Group. Members of the Board of Directors receive a fixed salary, which is dependent on their function and committee memberships.

Variable compensation

Members of the Group Management are entitled to a variable salary component. If the defined targets are met or exceeded, the CEO receives a variable salary component worth up to 130% of his base salary, while the other members of the Group Management receive up to 80% of their base salary. The achievement of targets and thus the amount of the variable salary component, is determined once a year following the approval and publication of the Cicor Group's Annual Report. The variable performance-related compensation is paid in cash only and is based on:

- individual targets (30%);
- the achievement of predefined operative and/or financial key figures (70%).

For the CEO and other members of the Group Management, operative key figures have been defined as targets like growth in net sales, achievement of the budgeted operative result (EBIT) and free cash flow for the Group. Individual targets are based on strategic and operative parameters agreed following the budgeting process and strategy meeting and approved at the beginning of the year.

Cicor does not provide members of the Group Management or Board members with a company vehicle.

Long-term participation plans

In 2008 and 2009, Cicor paid to members of the Group Management as well as certain employees in key positions an additional, performance-related remuneration on top of the variable salary component. The objective of this remuneration in form of an allocation of call options is to increase the long-term commitment of these key employees to the Company and its success. The call options entitle holders to buy Cicor shares at a predefined price, subject to certain blocking periods. The existing plans of 2008 and 2009 carried blocking periods of two respectively three years and could be exercised within seven years. As per 31 December 2016, all option plans have expired.

Employment contracts and special benefits

No member of the Group Management has an employment contract with a notice period of more than 12 months. None of these employment contracts involve any severance payments.

Number of external mandates and functions

According to the Articles of Incorporation, Board members may not have or perform more than three mandates in other listed companies and not more than 15 in non-listed companies.

Members of the Group Management may not have or perform more than one mandate in another listed company and not more than three in non-listed companies.

Mandates or employment relationships with associated companies outside the Cicor Group that entail sitting on a management or administrative body or a function in executive management are deemed a single mandate under this provision.

3. APPROVAL PROCESS

The remuneration system and the remuneration of the Group Management are established by the Remuneration Committee in consultation with the CEO and submitted to the Board of Directors for approval. The processes and responsibilities within Cicor are organized as follows:

CEO

The Group CEO supports the Remuneration Committee by proposing for discussion:

- the conditions of employment contracts for the Group Management and senior management members;
- the individual target achievement for the variable salary component at the beginning of the year and
- new targets to be determined for the current financial year for the Group Management and senior management.

Remuneration Committee

The Remuneration Committee comprises three Board members. It currently consists of:

- Andreas Dill, Chairman
- Heinrich J. Essing
- Robert Demuth

The Remuneration Committee reviews, evaluates and submits for approval to the entire Board:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;
- the total remuneration for the members of the Group Management and senior management members, including the achievement of individual targets for variable compensation for the past financial year at the beginning of the year, as well as new targets to be set for the current financial year;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- compensation for the various Board committees.

Board of Directors

The Board of Directors decides on all matters that are not, according to the law, Articles of Incorporation or organizational regulations, explicitly entrusted to another governing body of the Company. In particular it approves, upon request by the Remuneration Committee:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of Group Management;
- total remuneration for members of Group Management and senior management, including variable compensation;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- appointment of members to the various Board committees, except the members of the Remuneration Committee, as well as their remuneration.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting prospectively votes on the approval of the total remuneration amounts for the Board of Directors and the Group Management once a year. In addition, it can hold a consultative vote on the full remuneration report. If, after the remuneration has been prospectively approved by the Annual Shareholders' Meeting, the Group Management is expanded or a member of Group Management is promoted or replaced, there is, compliant to the Articles of Incorporation, an additional amount available. Such additional amount may not exceed 30% of the previously approved total compensation amount per remuneration period and per member promoted or replaced.

4. REMUNERATION DURING 2016

Remuneration is reported in accordance with the principle of accrual.

Board of Directors

Board members receive a fixed salary, paid in cash, as well as any compensation due to them for the performance of special duties that exceed the usual scope of their office.

in CHF 1 000	Remuneration	Bonus	Pension fund	Social security contributions	Other	Consultancy fee	Total
Heinrich J. Essing	68	–	–	–	–	7	75
Robert Demuth	50	–	–	4	–	32	86
Andreas Dill	40	–	–	6	–	7	53
Erich Haefeli	34	–	–	–	–	6	40
Total current Board members	192	–	–	10	–	52	254
Total former Board members	–	–	–	–	–	–	–
Total current and former Board members	192	–	–	10	–	52	254

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Group Management

in CHF 1 000	Remuneration	Bonus	Pension fund	Social security contributions	Other	Consultancy fee	Total
Total current Management¹⁾	1 273	260	143	100	22	–	1 798
Of which highest single compensation paid to:							
Jürg Dübendorfer	400	109	43	32	5	–	589
Total former Management	–	–	–	–	–	–	–
Total current and former Management	1 273	260	143	100	22	–	1 798

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

¹⁾ The former CEO, Dr. Jürg Dübendorfer, as well as ES Division head Erich Trinkler and AMS Division head Jürgen Steinbichler, have been released from their duties as of 17 August 2016. For 2016 their compensation is shown under current Management.

5. REMUNERATION DURING 2015

Board of Directors

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Heinrich J. Essing	58	–	–	–	–	17	75
Robert Demuth	40	–	–	3	–	15	58
Andreas Dill	30	–	–	5	–	1	36
Erich Haefeli ¹⁾	21	–	–	–	–	–	21
Total current Board members	149	–	–	8	–	33	190
Antoine Kohler ²⁾	20	–	–	3	–	–	23
Hans Knöpfel ²⁾	9	–	–	–	–	–	9
Total former Board members	29	–	–	3	–	–	32
Total current and former Board members	178	–	–	11	–	33	222

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

¹⁾ Member of the Board of Directors since 23 April 2015

²⁾ Member of the Board of Directors until 23 April 2015

Group Management

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contri- butions	Other	Consul- tancy fee	Total
Total current Management	846	323	99	77	15	–	1 360
Of which highest single compensation paid to:							
Patric Schoch ³⁾	300	87	31	25	–	–	443
Total former Management	205	64	13	27	17	–	326
Total current and former Management	1 051	387	112	104	32	–	1 686

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

³⁾ Includes remuneration for five months as acting CEO of the Group.

6. PAYMENTS TO RELATED PARTIES

No persons close to the Board of Directors or the Group Management were granted any loans of any kind, nor did they receive any remuneration at all.

7. LOANS

Cicor does not grant loans to Board members or to members of the Group Management.



Report of the Statutory Auditor

To the General Meeting of Shareholders of Cicor Technologies Ltd., Boudry

We have audited the accompanying remuneration report of Cicor Technologies 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 sections 4 to 7 on pages 28 to 29 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 Cicor Technologies Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

Zurich, 8 March 2017

Enclosure:
- Remuneration report

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