

Compensation Report 2021

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01 Introduction

The compensation report has been prepared in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OAEC), the principles of the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*, as well as the corporate governance reporting directive of the SIX Swiss Exchange (its Directive on Information Relating to Corporate Governance).

The compensation report discloses the compensation of the members of the Board of Directors and Executive Committee for fiscal years 2020 and 2021. The shareholdings of the Board and Executive Committee (disclosed in accordance with the Swiss Code of Obligations) are presented in the notes to the separate financial statements of Comet Holding AG within note 6, "Disclosure of shareholdings of the Board of Directors and Executive Committee". The expense for their compensation (disclosed in accordance with International Financial Reporting Standards) is presented in the consolidated financial statements of Comet Holding AG within note 32, "Compensation of the Board of Directors and Executive Committee".

02 OAEC-related provisions and compensation governance

02.1 OAEC-related provisions under the Articles of Association

Compensation-related provisions are specified in the Articles of Association and implemented in corresponding regulations of the Group. Articles 21 to 28 of the Articles of Association govern compensation approval, the compensation of the Board of Directors and Executive Committee, the composition of performance-based compensation, and the terms of stock awards.

Every year, the Board of Directors submits to the Annual Shareholder Meeting for approval its proposals for the maximum aggregate amounts of compensation of the Board of Directors and of the Executive Committee.

02.2 Shareholders' say on pay

Under the OAEC and the Articles of Association of Comet Holding AG, the amounts of the respective aggregate compensation of the Board of Directors and Executive Committee require shareholder approval in a binding vote at the Shareholder Meeting. Specifically, under article 21 of the Articles of Association of Comet Holding AG, shareholders vote on the following:

- The compensation of the Board of Directors for the coming term of office (prospectively)
- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospectively)
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospectively)

The prospectively binding voting in combination with retroactive approval of the performance-related remuneration give shareholders an extensive "say on pay".

03 Determination of compensation and compensation principles

03.1 Determination of compensation

The design, regular review and evaluation of the compensation system are the responsibility of the Nomination and Compensation Committee (NCC). The composition and responsibilities of the NCC are outlined in the corporate governance report.

In fiscal year 2020, the NCC initiated an overall review of the compensation structure applicable to the Executive Committee with the support of Agnès Blust Consulting AG, independent Swiss experts for executive compensation. As a result of this review, the NCC discussed the potential redesign of the long-term incentive plan as a forward-looking performance share unit (PSU) plan based on a new set of key performance indicators and potential broader international peer group of companies in Comet's industry. In addition, the NCC explored the possibility of introducing an employee stock purchase plan (ESOP). These project activities are still in progress and the results will be presented in the 2022 compensation report.

Subject to the limits of the maximum aggregate amounts approved by the Annual Shareholder Meeting, the Board of Directors annually prepares the compensation proposals, as follows:

Decision on	CEO	NCC	Board of Directors	Shareholder Meeting
Compensation policy and guidelines under the Articles of Association		Proposes	Approves	
Maximum aggregate compensation of the Board of Directors		Proposes	Reviews	Binding vote
Individual compensation of Board members		Proposes	Approves	
Fixed compensation of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Fixed compensation of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate fixed compensation of Executive Committee
Profit-sharing and LTIP plans of the CEO		Proposes	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee
Profit-sharing and LTIP plans of the other members of the Executive Committee	Proposes	Reviews	Approves	Binding vote as part of vote on aggregate variable compensation of Executive Committee

On behalf of the Board of Directors, the external audit firm verifies whether the quantitative disclosures on compensation, loans and other credit made in the compensation report pursuant to articles 14 to 16 OAEC comply with the law and the OAEC.

03.2 Compensation of the Board of Directors

Compensation principles

Every year, the Board of Directors submits its proposal for the maximum aggregate amount of Board compensation to the Annual Shareholder Meeting for approval. The amounts of Board members' compensation are set to reflect the industry environment and are regularly reviewed against benchmarks. The latest such review was performed in fiscal year 2021. The compensation details are specified in a Board-approved compensation plan in the form of a set of regulations.

To ensure the independence of the Board of Directors in its supervision of the Executive Committee, the Board members receive only a fixed retainer, of which two-thirds is paid in cash and one-third is paid in stock. Hence, the compensation system for the Board of Directors does not have a performance-based element. The stock is subject to a holding period of three years from the date of the award during which it cannot be sold.

Structure of the compensation system

Overview of Board of Directors compensation structure:

In CHF (gross)

	Cash portion of retainer (two-thirds)	Stock portion of retainer (one-third)	Total reported value of compensation	Flat expense allowance (additional)
Chairman of the Board	132,000	66,000	198,000	8,000
Member of the Board	66,000	33,000	99,000	4,000

The reported compensation in section 4.1 includes the cash portion of the retainer, the value of the stock portion and, additionally, the actual employer contributions to social security plans. In addition, a flat expense allowance is provided, which is paid in cash. This allowance qualifies as reimbursement of expenses and is therefore not considered part of the compensation itself.

The Board members' normal term of office begins on the date following the day of the Annual Shareholder Meeting that elects them and ends on the date of the next Annual Shareholder Meeting. When a new member joins the Board of Directors, the compensation is paid on a pro-rated basis from the day of election. If a member leaves the Board before the end of a term, the retainer is calculated on a pro-rated basis to the date of departure. In the case of pro-rated retainers as well, two-thirds is paid in cash and one-third is paid in stock.

03.3 Compensation of the Executive Committee

Compensation principles

The compensation system is designed to attract and retain excellent management and specialist staff. Comet seeks to set compensation levels that reflect the individual levels of skills and responsibility in the Group and that bear comparison with other employers competing with Comet for talent. This aim is supported by a fair system of remuneration designed to match levels of pay offered by listed peer companies.

The compensation elements thus take into account short-term and long-term aspects of sustainable company performance and development. Comet believes that its remuneration architecture creates an effective link between compensation and performance that generates lasting value for shareholders.

The compensation of the Executive Committee is specified in Board-approved regulations. The CEO recommends the amounts of fixed compensation for the other Executive Committee members to the NCC. The NCC then prepares a specific proposal for the amounts of the individual fixed compensation of the CEO and each of the other Executive Committee members, for approval by the full Board of Directors. The NCC also bases its proposals on general experience and on levels of compensation at peer companies. The full Board of Directors periodically reviews, sets and approves the compensation levels, based on the proposal of the NCC. The latest review of the compensation of the Executive Committee was performed in fiscal year 2021 with the support of Korn Ferry, independent executive compensation experts. The analysis was conducted using the Korn Ferry Hay Guide Chart® Profile method of job evaluation, which provides a consistent and objective framework for analyzing organizational structures and developing an effective reward strategy.

Every year, the Board of Directors submits its proposals for the maximum aggregate amounts of Executive Committee compensation to the Annual Shareholder Meeting for approval, specifically:

- The fixed compensation of the Executive Committee for the next fiscal year after the year of the Annual Shareholder Meeting (prospectively)
- The performance-based compensation of the Executive Committee for the last fiscal year before the year of the Annual Shareholder Meeting (retrospectively)

To new members joining the Executive Committee during a period for which the Shareholder Meeting has already approved the compensation, Comet Holding AG or its subsidiaries are authorized to pay an additional amount if the already approved maximum aggregate amount is not sufficient to cover the compensation. The aggregate additional amount per compensation period must not exceed 40% of the approved maximum aggregate amount of compensation of the Executive Committee.

Structure of the compensation system

The remuneration consists of fixed compensation and a performance-based, profit-sharing component. The total compensation takes into account the recipient's position and level of responsibility. The profit-sharing compensation of the Executive Committee members is structured as a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). It is designed to heighten the commitment of the CEO and the other Executive Committee members. The profit-sharing compensation is based on the regulations approved by the Board of Directors. The requirement for this group of individuals to draw part of their profit-sharing compensation in stock is detailed in a separate set of regulations.

Two-thirds of the compensation under the STIP is paid in cash and one-third of it is paid in stock. The compensation under the LTIP is paid only in stock. The grant price, at which the stock is awarded and transferred to recipients, is the average closing market price of the stock in the period between (and excluding) the date of the annual results press conference and the date of the Annual Shareholder Meeting.

The stock transferred under the STIP is subject to a holding period of three years from the date of the award, during which it cannot be sold. However, all other shareholder rights are effective during the holding period, including rights to dividends and similar distributions and the right to participate in Shareholder Meetings. Except as otherwise required by law, in the event of an attempted change of control of Comet Holding AG, the holding period on stock ends when a public tender offer is validly made. The holding period remains in place in all other cases, including in the event of termination. The stock awarded under the LTIP does not have a holding period.

There are individual upper limits on the total profit-sharing compensation of the CEO and the other members of the Executive Committee. The upper limit thus caps the individual's combined total of STIP and LTIP profit-sharing compensation. For the CEO this maximum (the upper limit for the combined total of STIP compensation and LTIP stock) is 200% of the fixed compensation. For each of the other members of the Executive Committee, this upper limit for the combined total of STIP compensation and LTIP stock is 150% of the fixed compensation.

The members of the Executive Committee have employment agreements with a notice period of not more than nine months. There is no entitlement to hiring bonuses or termination benefits of any kind, nor any provision in case of a change of control except for the waiving of the remaining holding period on the stock awarded under the STIP.

The compensation system is structured as follows:

Type of compensation	Form of delivery	Purpose	Drivers
Fixed compensation	Monthly payment in cash	Pay for position	Nature and level of position, individual qualifications, market conditions
Short-term profit-sharing plan (STIP)	Annual payment in cash	Profit-sharing based on corporate financial results	Corporate financial results in terms of profitable growth
Short-term profit-sharing plan (STIP)	Annual payment in stock (with a holding period)	Long-term alignment with interests of shareholders	Corporate financial results in terms of profitable growth
Long-term incentive plan (LTIP)	Annual payment in stock (without holding period)	Alignment with long-term corporate targets	Corporate financial results relative to the peer group in terms of achievement of two performance targets for growth and profitability over a three year period
Social benefits	Company pension, social security contributions, short-term disability and accident insurance	Risk protection	Local legislation and voluntary benefits in line with market
Flat expense allowance	Monthly payment in cash	Defraying of minor expenses	Local legislation, tax authorities
Other benefits, incl. benefits in kind	Costs paid directly by company or reimbursed in cash	Pay for position	Local market practice

Fixed compensation

All members of the Executive Committee receive fixed compensation that is paid monthly, as well as a flat expense allowance. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions. These elements of compensation are paid in cash.

Short-term profit-sharing compensation (STIP)

In addition to the fixed compensation, the Executive Committee members are eligible for STIP profit-sharing compensation. The total pool of profit-sharing compensation is calculated as a percentage of the consolidated net income of the Group. This percentage rate is dependent upon the Group's rate of sales growth compared with the prior year. For fiscal year 2021, the percentage rate was determined according to the following model, unchanged from fiscal year 2020:

Sales growth	Percentage of net income
Less than 5%	15%
5% – 15%	Linear increase between 15% and 25%
More than 15%	25%

In all in fiscal year 2021, 25.0% of the Group's total consolidated net income (before profit-sharing) was accrued for distribution as short-term profit-sharing compensation (fiscal year 2020: 16.5%).

The members of the Executive Committee and all employees eligible for profit-sharing are assigned to one of five compensation groups. These five groups consist of the CEO, the other members of the Executive Committee, and, subdivided into three groups, the other eligible employees. Each compensation group is assigned a different multiplier. The values of the multipliers are set by the Board of Directors of Comet Holding AG. Within a given compensation group, the same multiplier is used for each member of the group. This multiplier together with the gross annual base salary determines the respective share assigned to the individual member of the Executive Committee and individual employee in the allocation of the total profit-sharing pool. The individual share of the total profit-sharing pool (under the STIP) is calculated using the following model:

a) Calculation of individual's percentage share of total profit-sharing pool

$$\frac{\text{Gross base salary of employee} \times \text{multiplier} \times 100}{\text{Total weighted gross salaries of all staff}^1} = \% \text{ share of total profit-sharing pool}$$

¹Represents the aggregate of the multiplier-weighted gross salaries of all employees and the retainers of the Board of Directors.

b) Calculation of effective profit-sharing compensation

$$\% \text{ share of total profit-sharing pool} \times \text{amount of profit-sharing pool that is actually distributed}$$

At least 80% of the profit-sharing pool is allocated among the members of the Executive Committee and all employees, using a general allocation formula. Up to an aggregate maximum of 20% of the profit-sharing pool may be allocated selectively to individual members of the Executive Committee or individual other employees, using an individual allocation formula. This is to enable the Board and the CEO to recognize individual performance distinctively. Performance is evaluated by the Board and CEO at the end of the fiscal year, and a decision is made on whether to allocate part or all of the 20% individual allocation pool to individual employees. Any unused portion of the individual allocation pool is also distributed by the general allocation formula. The Board of Directors did not allocate any of the 20% individual allocation pool in the year under review.

A precondition for paying any profit-sharing compensation is that, after the accrual of this distribution, the Group is still able to report positive consolidated net income. Members of the Executive Committee, or other employees, joining Comet intra-year participate in profit-sharing on a pro-rated basis. In the event of intra-year termination of the employment relationship, the pro-rated amount due is calculated based on the approved consolidated financial statements and is paid out in cash and stock upon approval of the profit-sharing compensation by the Annual Shareholder Meeting. Profit-sharing awards to the CEO and the other members of the Executive Committee are approved by the Board, with ratification by the shareholders at the Annual Shareholder Meeting as part of the binding retrospective vote on the compensation of the Executive Committee.

Long-term profit-sharing compensation (LTIP)

The aim of the LTIP, which was introduced in fiscal year 2017, is to tie the CEO and the other members of the Executive Committee more closely to the company and to strengthen the alignment of part of their compensation with the achievement of long-term corporate targets. Stock transferred under the LTIP does not have a holding period.

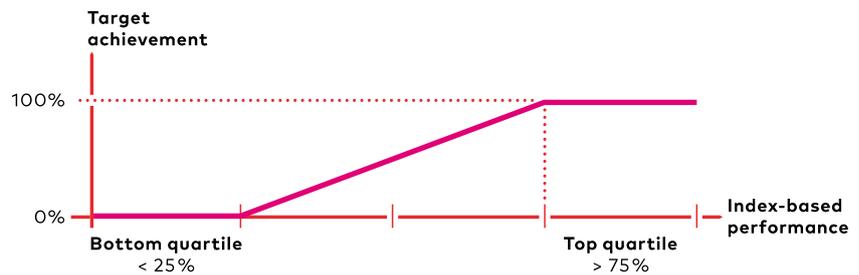
The amount of the LTIP compensation is dependent on the value of the stock earned as short-term profit-sharing compensation (STIP) in the previous three years. LTIP stock is granted each year based on the extent to which the performance targets for the previous three years were achieved. The LTIP amount is based on performance against the following two targets:

- a growth target (T1), and
- a profitability target (T2)

Target achievement is measured relative to a group of 13 listed Swiss manufacturing companies similar to Comet in revenue size and market capitalization.

Autoneum Holding AG	Interroll Holding AG	Rieter Holding AG
Feintool International Holding AG	Kardex Holding AG	Tecan Group AG
Gurit Holding AG	Komax Holding AG	u-blox Holding AG
Huber+Suhner AG	Phoenix Mecano AG	VAT Group AG
INFICON Holding AG		

For both targets, target achievement is assessed by measuring the index-based relative performance, thus comparing the Group's performance with that of the companies in the peer group. The degree of target achievement is 0% if the Group's result ranks in the bottom quartile of the index (i.e., among the 25% of companies with the lowest performance). Target achievement is 100% (the maximum) if the result attained is in the top quartile of the index (i.e., in the top 25% of all companies). If the result falls between these two outcomes, the percentage of target achievement is interpolated on a straight-line basis between 0% and 100%.



The value of the stock granted under the LTIP is based on the average annual achievement of the two performance targets (T_1 and T_2 , in percent) multiplied by the average annual value of the stock (V_s) actually transferred to employees in the preceding three years as STIP short-term profit-sharing compensation, multiplied by a calibration factor C :

$$\text{LTIP} = (T_1 + T_2)_s * V_s * C$$

Growth target T_1 : The growth target is defined in terms of the compound annual growth rate (CAGR) of sales for the respective last three years. The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the growth target is measured by the relationship of the average CAGR of the Group over the last three years to the results of the peer group.

Profitability target T_2 : The profitability target is defined in terms of the average ratio of ROCE to WACC for the respective last three years (ratio of return on capital employed to weighted average cost of capital). The performance on this metric is compared with that of the peer group (a group of manufacturing firms listed on the Swiss stock exchange). The achievement of the profitability target is measured by the relationship of the average ROCE-to-WACC ratio of the Group over the last three years to the results of the peer group.

Calibration factor C : The calibration factor is set by the Board of Directors. The calibration is normally reviewed every three years and, when necessary, adjusted so that the long-term incentive corresponds to the performance of the company and the purpose of the LTIP. When doing so, the Board ensures the adjustment is fair to all participants. No such adjustment was made in the fiscal year.

Calculation of the value V_s of the average annual amount of STIP stock transferred: The amount of stock transferred under the LTIP is based on the value of the stock transferred under the short-term profit-sharing plan (STIP) over the last three years. That value of transferred STIP stock is measured as of the time of its transfer. For determining the amount of LTIP stock to be transferred in year n , the underlying average annual value of STIP stock, V_s , is calculated as follows:

$$V_s = \frac{1}{3} (V_{n-2} + V_{n-1} + V_n)$$

Where V_{n-2} represents the value of the stock transferred in year $n-2$, V_{n-1} represents the value of the stock transferred in year $n-1$, and V_n represents the value of the stock transferred in year n .

Target achievement is determined at the end of each year. As the data for the peer group companies only becomes available with a time lag, the current year-end data for Comet is compared with that data for the peer group which is available at December 31.

The amount of stock to be transferred under the LTIP is based on the amount of stock already transferred under the short-term profit-sharing plan and is thus inherently pro-rated in the case of an intra-year hire or promotion. Employees who have given or received notice of termination of employment are not entitled to the LTIP compensation for the year of their departure.

The long-term profit-sharing compensation is disbursed on the basis of the approved consolidated financial statements and the approval of the profit-sharing compensation by the Annual Shareholder Meeting of Comet Holding AG in the subsequent year.

In the event of a public tender offer for the stock of Comet Holding AG, the LTIP compensation for the fiscal years that are not yet compensated under the LTIP at the time the public tender offer is validly made, is paid entirely in cash instead of stock.

03.4 Compensation system for employees below the Executive Committee level

Compensation principles

The description in the next three paragraphs excludes the compensation systems for the Board of Directors and the Executive Committee, which are covered in separate sections above.

The compensation system for Comet's other employees has two main elements: All employees receive fixed compensation, and employees eligible for profit-sharing under the STIP may earn a performance-based pay component.

Structure of the compensation system

Fixed compensation

All employees receive fixed compensation that is paid monthly in cash. The fixed compensation is determined by the individual's amount of responsibility, role, performance, experience and skills, and by local market conditions.

STIP

The calculation of an individual's effective profit-sharing compensation is based on that portion of the total profit-sharing pool which has been allocated by the general allocation formula. In addition to that general portion, the Board of Directors may award an individual share of profit. Unlike the Executive Committee, the STIP for other employees is settled in cash only (i.e., it has no stock portion and thus involves no holding period). Detailed information on the determination of STIP profit-sharing compensation for employees is provided in section 3.3 "Compensation of the Executive Committee".

04 Disclosure of compensation of the Board of Directors and Executive Committee

The following disclosures represent all compensation of the members of the Board of Directors and Executive Committee and their related parties¹ for fiscal years 2020 and 2021, disclosed in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations (OAEC). Further details on the included individuals and their positions in the Group are provided in the corporate governance report within this annual report.

¹ Related parties are persons outside Comet who are related to members of the Board of Directors or Executive Committee within the meaning of article 678 of the Swiss Code of Obligations by virtue of close personal or economic ties in law or in fact.

04.1 Current members of the Board of Directors (including related parties)

The compensation of the Board of Directors is set at the Annual Shareholder Meeting for a period of one year. The Board's term of office, and therefore its annual compensation period, do not match the fiscal year.

The Annual Shareholder Meeting prospectively approves the Board's compensation for a period of one year, ending at the subsequent Annual Shareholder Meeting. The following tables show the actual compensation for the Board of Directors for fiscal year 2021 and 2020. As can be seen from the tables, the Board compensation for the term of office ending at the 2022 Annual Shareholder Meeting will be within the maximum aggregate amount approved by the Annual Shareholder Meeting. The aggregate amount of the Board's compensation was lower in fiscal year 2021 than in the prior fiscal year due to a reduction in the number of Board members.

Fiscal years 2021 and 2020

In CHF (gross)

	Total cash compensation ¹	Stock compensation ²	Total before social security contributions	Social security contributions ³	Total compensation in fiscal year 2021	Total compensation in fiscal year 2020
1/1/2020 to 4/23/2020						
Christoph Kutter, member	—	—	—	—	—	22,000
Franz Richter, member	—	—	—	—	—	22,000
1/1/2020 to 4/22/2021						
Rolf Huber, Vice Chairman	22,000	—	22,000	2,027	24,027	107,702
1/1/2020 to 12/31/2021						
Heinz Kundert, Chairman	132,000	66,000	198,000	—	198,000	211,968
Gian-Luca Bona, member	66,000	33,000	99,000	8,632	107,632	107,702
Mariel Hoch, Vice Chairwoman	66,000	33,000	99,000	8,632	107,632	107,702
Patrick Jany, member	66,000	33,000	99,000	8,632	107,632	107,702
4/22/2021 to 12/31/2021						
Tosja Zywiets, member	44,000	33,000	77,000	—	77,000	—
Board of Directors, total	396,000	198,000	594,000	27,923	621,923	686,777

Total Board compensation prospectively approved at the Annual Shareholder Meeting on April 22, 2021 and April 23, 2020, respectively

800,000 **700,000**

The total compensation paid to members of the Board of Directors (for the period from the Annual Shareholder Meeting to the year-end) plus estimated amounts yet to be paid in the following fiscal year (for the period from January to the next Annual Shareholder Meeting) are within the maximum aggregate amount approved by the Annual Shareholder Meeting indicated above

YES **YES**

¹ The compensation consists of a fixed retainer; two-thirds of it is paid in cash and disclosed in this item.

² This item represents the one-third of the fixed retainer which is paid in stock. The actual transfer of the stock occurs in the subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.

³ This item represents employer contributions to social security plans and to the family allowance fund. No pension fund contributions, short-term disability insurance premiums or accident insurance premiums are paid.

04.2 Current and former members of the Executive Committee (including related parties)

A total of seven persons served as Executive Committee members during fiscal year 2021. On average for the fiscal year, this represented 5.4 full-time equivalents (fiscal year 2020: 5.8). The total compensation of the current and former members of the Executive Committee, as well as the highest individual compensation, are presented in the table below. Former members of the Executive Committee are those members who were no longer active in the fiscal year but who, as a result of notice periods under their employment contracts, still received compensation.

Fiscal year 2021 In CHF (gross)	Footnote	Current Executive Committee members ¹	Former Executive Committee members ²	Total, Executive Committee	Of which K. Crofton (CEO)
Fixed compensation (cash)	3	2,006,699	—	2,006,699	650,000
Short-term incentive compensation (STIP, cash)	4	1,737,924	—	1,737,924	794,748
Short-term incentive compensation (STIP, stock)	5	868,962	—	868,962	397,374
Long-term incentive compensation (LTIP, stock)	6	104,595	—	104,595	44,297
Subtotal		4,718,180	—	4,718,180	1,886,419
Other benefits, incl. benefits in kind	7	24,776	—	24,776	20,112
Employer contributions to social security plans	8	436,750	—	436,750	180,360
Retirement benefits	9	310,659	—	310,659	148,580
Total compensation to members of the Executive Committee		5,490,365	—	5,490,365	2,235,471

¹ The composition of and changes in the Executive Committee membership are presented in the corporate governance report.

² In the fiscal year, no compensation was paid to former Executive Committee members.

³ For their work, the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service awards.

⁴ This item represents the portion of the STIP compensation paid in cash for 2021, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.

⁵ This item represents the portion of the STIP compensation paid in stock for 2021. The actual transfer of the stock occurs in the respective subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.

⁶ This item represents the LTIP compensation awarded for 2021, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year.

⁷ This item represents the annual cost of public ground transportation for certain members of the Executive Committee for 2021.

⁸ This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.

⁹ This item represents employer contributions to the employee pension plans.

Fiscal year 2020					
In CHF (gross)	Footnote	Current Executive Committee members ¹	Former Executive Committee members ²	Total, Executive Committee	Of which M. Kammerer (President, PCT division)
Fixed compensation (cash)	3	1,529,849	182,500	1,712,349	300,000
Short-term incentive compensation (STIP, cash)	4	307,774	55,914	363,688	64,572
Short-term incentive compensation (STIP, stock)	5	153,887	27,957	181,844	32,286
Long-term incentive compensation (LTIP, stock)	6	3,437	—	3,437	1,040
Subtotal		1,994,947	266,371	2,261,318	397,898
Other benefits, incl. benefits in kind	7	12,553	—	12,553	—
Employer contributions to social security plans	8	185,353	26,970	212,323	40,292
Retirement benefits	9	197,744	35,907	233,651	50,481
Total compensation to members of the Executive Committee		2,390,597	329,248	2,719,845	488,671

¹ The composition of and changes in the Executive Committee membership are presented in the corporate governance report.

² In 2020, compensation was paid to two former Executive Committee members: René Lenggenhager and Prisca Hafner.

³ For their work the members of the Executive Committee receive a fixed compensation component, which is paid in cash. This item also includes any other, one-time cash compensation, such as length-of-service-awards.

⁴ This item represents the portion of the STIP compensation paid in cash for 2020, which is calculated based on the criteria of the compensation system. The actual payment occurs in the respective subsequent year.

⁵ This item represents the portion of the STIP compensation paid in stock for 2020. The actual transfer of the stock occurs in the respective subsequent year. The stock is subject to a holding period of three years from the date of the award, during which it cannot be sold.

⁶ This item represents the LTIP compensation awarded for 2020, all of which is paid in stock. The actual transfer of the stock occurs in the respective subsequent year.

⁷ This item represents the annual cost of public ground transportation for certain members of the Executive Committee for 2020.

⁸ This item represents employer contributions to the old age and survivors (AHV) and unemployment insurance plans (ALV), to the family allowance fund (FAK) and to the short-term disability insurance and accident insurance plans.

⁹ This item represents employer contributions to the employee pension plans.

04.3 Shareholders' say on pay regarding Executive Committee compensation and compensation mix

The tables below provide a comparison of the prospective approval of the fixed compensation and the retrospective approval of the variable compensation of the Executive Committee members by the Annual Shareholder Meeting. For fiscal years 2021 and 2020, the fixed compensation was within the maximum aggregate amount approved by the Annual Shareholder Meeting. In addition, the subsequent information provides an overview of the compensation mix for 2021 and 2020.

In CHF (gross)	Total, Executive Committee	
	2021	2020
Fixed compensation		
Fixed compensation - cash portion	2,006,699	1,712,349
Employer contribution to social security and, retirement plans that is based on fixed compensation and other benefits, incl. benefits in kind	522,432	408,958
Total fixed compensation	2,529,131	2,121,307
Prospective approval of total fixed compensation by the preceding Annual Shareholder Meeting	3,500,000	3,300,000
Within range	YES	YES

In CHF (gross)	Total, Executive Committee	
	2021	2020
Variable compensation		
Short-term incentive compensation (STIP) – cash portion	1,737,924	363,688
Short-term incentive compensation (STIP) – stock portion	868,962	181,844
Long-term incentive compensation (LTIP) – stock	104,595	3,437
Employer contribution to social security and retirement plans that is based on variable compensation	249,753	49,569
Total variable compensation	2,961,234	598,538
Total variable compensation retrospectively approved by the subsequent Annual Shareholder Meeting		598,538

In CHF (gross)	Total, Executive Committee		Highest-paid member of the Executive Committee	
	2021	2021	2020	2020
Total compensation to members of the Executive Committee	5,490,365	2,235,471	2,719,845	488,671
Total fixed compensation in % of total compensation	46%	40%	78%	78%
Total variable compensation in % of total compensation	54%	60%	22%	22%
Variable compensation paid in cash in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	64%	64%	66%	66%
Variable compensation paid in stock in % of total STIP/LTIP variable compensation (excl. social security/retirement benefits)	36%	36%	34%	34%

04.4 Supplementary information on compensation

In fiscal year 2021, no signing bonuses were paid to present or former members of the Board of Directors or of the Executive Committee (fiscal year 2020: nil). No termination benefits were granted or paid (fiscal year 2020: nil).

In fiscal year 2021, no transactions with related parties were recorded (fiscal year 2020: nil) and no interim management contracts were in place (fiscal year 2020: nil).

No loans or other credits were granted to members of the Board of Directors or Executive Committee in the year under review (fiscal year 2020: nil). No loans or other credits were outstanding at the balance sheet date (December 31, 2020: nil). As well, Comet has not provided any guarantees or other security in the year under review (fiscal year 2020: nil).

No material changes related to compensation have occurred after the balance sheet date of December 31, 2021.

05 Disclosure of shareholdings of the Board of Directors and Executive Committee

As of December 31, 2021, the members of the Board of Directors and Executive Committee held a combined total of 0.3% of the outstanding shares of Comet Holding AG (December 31, 2020: 0.5%).

A detailed analysis of the shareholdings of the members of the Board of Directors and Executive Committee is presented in the notes to the separate financial statements of Comet Holding AG, in note 6.

06 Proposals to the 2022 Annual Shareholder Meeting for compensation of the Board of Directors and Executive Committee

At the 2022 Annual Shareholder Meeting, the Board of Directors will propose the resolutions for the compensation of the Board and the Executive Committee.

The detailed proposals and the supporting reasoning will be delivered to shareholders with the notice of the 2022 Annual Shareholder Meeting.

07 Compensation outlook for 2022

In fiscal year 2021, a review of the Board of Directors' compensation structure was conducted. A revised framework will take effect after the Annual Shareholder Meeting of April 14, 2022. The main change is that the new structure will involve a combination of an annual fixed board retainer and additional committee fees, with the committee fees paid as a fixed annual amount. The board compensation is delivered as a mix of cash and stock compensation. To better reflect the performance of the market and of the company, 60% (previously 66.6%) of the fee will be paid in cash and 40% (previously 33.3%) will be paid in stock. The Board Chair will be paid a flat, all-inclusive retainer, while the other Board members will be compensated through a combination of a fixed retainer and committee fees. This structure corresponds to standard market practice for companies listed on the SIX Swiss Exchange.



Ernst & Young Ltd
Schanzenstrasse 4a
P.O. Box
CH-3001 Berne

Phone: +41 58 286 61 11
Fax: +41 58 286 68 18
www.ey.com/ch

To the General Meeting of
Comet Holding Ltd., Flamatt

Berne, 1 March 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of Comet Holding Ltd. for the year ended 31 December 2021. 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 Section 04 – Disclosure of compensation of the Board of Directors and Executive Committee on pages 165 to 168 of the compensation report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation 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 compensation 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 compensation 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 compensation 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 compensation 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 compensation report for the year ended 31 December 2021 of Comet Holding Ltd. complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

MARTIN MATTES
Licensed audit expert
(Auditor in charge)

PHILIPPE WENGER
Licensed audit expert