Introduction
The International Compensation Disclosure Standard (ICDS*) was developed by hkp/// group to establish a common ground for a cross-country and cross-company comparison of Executive and Non-Executive Directors pay of publicly listed companies. This transparent methodology guarantees the highest possible level of comparability between companies which are governed by different regulatory requirements and driven by different market practices.

For the comparison of Swiss companies listed at the Swiss Stock Exchange (SIX Swiss Exchange), the ICDS* is slightly adapted, to reflect country specific accounting and tax practices: When disclosed in compensation reports, discounted equity based compensation values, employer social security contributions and pension contributions are set out. The Swiss Compensation Disclosure Standard is only applicable to comparisons of Swiss companies.

Executive Directors
Base Salary
Includes all contractually agreed on fixed compensation components paid regardless of business and/or individual performance.

Annual Variable Compensation
Includes all variable compensation elements based on a performance period of one year. Payment is made in cash at or shortly after the end of the performance period. If part of the payout is deferred, the payout amount reduced by the deferred amount is shown as annual variable pay. The deferred amount is considered multi-year variable compensation and shown as cash deferral or equity deferral, depending on the plan design.

Multi-year Variable Compensation
Includes all variable compensation elements based on a performance period of more than one year. The following plan types are differentiated: cash and equity deferrals, share matching plans, multi-year bonuses, restricted stock, performance shares and stock options (please see glossary for definition of plan types). If a plan is not granted annually, but upfront for a multi-year period, the granted value is distributed over this period and the pro-rated value is shown for each year.

Regular Benefits
Includes non-cash benefits such as private use of company cars, insurance benefits or (expat related) benefits such as housing, schooling, etc.

Special Benefits
Includes benefits related to position entry or leave, i.e. sign-on bonuses, severance payments, change-in-control payments or non-competition payments.

Pension Contributions
Includes pension benefits in case of old-age, invalidity and death disclosed as allocation to accruals, service cost (IAS19) or change in defined benefits obligations.

Employer Social Security Contributions
Includes the mandatory social charges payable by employers to the governmental institutions that manage the social security system.

Non-Executive Directors
Fixed Compensation

Annual Variable Compensation

Multi-year Variable Compensation

Committee Fee

Attendance Fee

Total Compensation

Total Compensation in Cash

Total Compensation in Equity

Compensation elements reported under SCDS
In line with ICDS*, the Swiss Compensation Disclosure Standard reflects payout values for the activities of the respective fiscal year, i.e. base salary or fixed compensation, committee fees and attendance fees paid out for the fiscal year as well as actual annual variable compensation paid out for the fiscal year.

The reporting of equity-based multi-year variable compensation under the Swiss Compensation Disclosure Standard is different from the ICDS* reporting. If disclosed in the compensation report, the discounted tax value will be shown instead of the fair value at grant.

In line with ICDS*, non-equity based multi-year variable compensation is reported – in order of prevalence and availability – as target value, market value, accrued value or payout value. In exception to this the multi-year bonus is reported with its payout value.

* ICDS is a European registered trademark of hkp/// group
Description of the methodology for board compensation reporting

**Applied methodology: Swiss Compensation Disclosure Standard (SCDS)**

**Non-Executive Directors**

**Fixed Compensation**
Includes contractually agreed on fixed compensation components paid regardless of business and/or individual performance. Grants of immediately vested shares – blocked or unblocked – are also considered fixed compensation. If the shares do not vest immediately at grant, they are considered multi-year variable compensation.

**Annual Variable Compensation**
Includes all variable compensation elements based on a performance period of one year. Payment is made in cash at or shortly after the end of the performance period. If part of the payout is deferred, the payout amount reduced by the deferral is shown as annual variable pay. The deferred amount is considered multi-year variable compensation.

**Multi-year Variable Compensation**
Includes all variable compensation elements based on a performance period of more than one year. If a plan is not granted annually, but upfront for a multi-year period, the granted value is distributed over this period and the pro-rated value is shown for each year.

**Committee Fee**
Includes all fees paid to Non-Executive Directors depending on the number of committee memberships held.

**Attendance Fee**
Includes all fees paid to Non-Executive Directors depending on the number of board and/or committee meetings attended.

**Total Compensation**
Includes the sum of fixed compensation, annual variable compensation, multi-year variable compensation, committee fees and attendance fees. Total compensation is split into total compensation in cash and total compensation in equity.

**Total Compensation in Cash**
Includes any compensation paid in cash.

**Total Compensation in Equity**
Includes any compensation paid in equity or equity-based instruments.

boardpay.com methodology SCDS, 06/2017

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