Remuneration Report

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 2022 and 2021.

This remuneration report meets the requirements of the "Swiss Ordinance against Excessive Compensation in Listed Stock Companies" (VegüV), the standards relating to information on corporate governance issued by SIX Swiss Exchange and the principles of the economiesuisse "Swiss Code of Best Practice for Corporate Governance".

The Company's Articles of Association contain the following provisions on remuneration as required by VegüV:

- Provisions on the approval of the maximum total amounts of remuneration of the Board of Directors and Group Management in paragraph 32 bis;
- Provisions on the remuneration system of the Board of Directors (paragraph 32 quater) and on the remuneration system of the Group Management (paragraph 32 quinquies);
- Provisions on the additional amount for individuals that became member of the Group Management after the remuneration has been approved by the General Meeting (paragraph 32 ter).

2 Remuneration System

2.1 Remuneration of the Board of Directors

The remuneration of the Board of Directors consists of an annual board retainer fee paid in cash and Restricted Share Units (RSUs), and additional committee fees paid in cash only, based on the below table:

in CHF 1 000	Cash	RSUs
Board chair retainer fee	130	60
Board member retainer fee	50	20
Committee chair fee	15	–
Committee member fee	5	–

An RSU is a personal award to receive one common registered share of Cicor per RSU. The number of granted RSUs is determined by dividing the relevant gross compensation amount by the average closing price of the Cicor share of the last 10 trading days immediately prior to the AGM that marks the beginning of the term of office. The shares are usually transferred to the beneficiaries on the first trading day after the Annual General Meeting (AGM) that marks the end of the term of office and are then subject to a three-year blocking period, during which they may not be sold or otherwise disposed of. The blocking period is lifted immediately on the date of a Board member's demise.

2.2 Remuneration of the Group Management

The remuneration of the Group Management consists of a basic remuneration, a variable, performance-related bonus according to the short-term incentive plan (STI) and the participation in the long-term incentive plans.

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

2.2.2 Short-term incentive plan

The STI-Plan is a simple and clear plan aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives. It promotes initiative and coordinated efforts and rewards the performance of individuals and the company. The STI-Plan for the Group Management consists of financial and individual objectives. Financial objectives include sales growth (30%), EBITDA (30%) and operating free cash flow (25%) and account for a total of 85%, and individual objectives for a total of 15% of the target amount. The Board of Directors approves the financial and the individual objectives of members of the Group Management and of all STI-Plan participants at their meeting at year-end for the following year. Financial targets are based on the annual budget and the payout is based on the actual financial results. A financial result on target entitles to a payout of 100% of the target amount, at the lower threshold the payout is 50%, while below the lower threshold there is no payout. When the financial or individual objectives are overachieved, the maximum payout is capped at 150% of the target amount. The Remuneration Committee (RC) confirms the overall STI-Plan payout based on the true performance taking into account the actual business and commercial environment. It makes a recommendation to the Board of Directors for a final decision in February. At this meeting, the RC also recommends to the Board of Directors the aggregate maximum amount for variable performance-related compensation for the Group Management that is submitted to the Annual General Meeting of Shareholders for approval.

2.2.3 Long-term incentive plans

For the Cicor Group, recruitment, motivation and long-term retention of top talent are key to achieving its goals. Cicor maintains two long-term incentive plans (LTI-Plans) which are designed to retain and motivate senior executives, highly skilled and other important employees by creating long-term performance incentives. These plans reward beneficiaries for their contribution to the company's long-term success and creation of shareholder value. The LTI-Plans thus link part of the annual performance-based remuneration of Cicor's management to the long-term development of the company. Cicor currently maintains a Performance Stock Option Plan and Performance Share Plan.

Performance Stock Option Plan (PSOP)

Members of the executive committee (EC) may be invited to participate in the Performance Stock Option Plan (PSOP), upon individual nomination by the Board of Directors. Participants receive a grant of non-tradable performance stock options of Cicor at the beginning of a year which is determined by the Board of Directors. The performance stock options vest after a three-year vesting period if the participant is still in active employment with Cicor, but depending on the achievement of the performance condition. The performance condition is relative TSR, which compares the share price evolution and dividend payments of Cicor with a predefined peer group[1] of eleven listed companies in the EMS industry that are comparable to Cicor. If Cicor outperforms at least half of the peer companies, 50% of the performance stock options will vest. The vesting percentage can go up to 100% for being the best performing company, and down to 0% if more than 75% of the peer companies performed better than Cicor. Once vested, the stock options may be exercised for a period of four years. The gain realized by the participants corresponds to the difference between the share price of the Cicor share at the time of exercise and the exercise price of the stock option.

[1] The peer group includes the following entities: Incap Corporatation (Finland), Plexus Corporation (USA), Benchmark Electronics Inc. (USA), Kitron Group (Norway), Fabrinet (Thailand), Kimball International Inc. (USA), Inission AB (Sweden), Hanza AB (Sweden), Scanfil Oyj (Finland), Note AB (Sweden), Katek Group (Germany).

Performance Share Plan (PSP)

Members of the executive committee and leadership team, as well as other selected key managers, may be invited to participate in the Performance Share Plan (PSP), upon individual nomination by the CEO and approval by the Board of Directors. Participants receive a grant of performance share units (PSU). A PSU is a conditional right to receive Cicor shares after a vesting period of three years if the Group meets certain performance targets over the vesting period and if participants are in active employment with Cicor at the end of the three-year vesting period. The performance conditions are reaching specific levels of revenue growth and EBITDA margin for Cicor Group. Depending on the achievement of these performance conditions, each PSU may be converted into up to two Cicor shares, which is the upper cap if the performance conditions are overfulfilled, or the PSU may lapse if the lower cap of the performance conditions are not reached.

Management Incentive Plan (MIP)

On 12 November 2021, the Company announced that a share-based special management incentive plan (MIP) was introduced for key managers of the Cicor Group. The program is fully sponsored by One Equity Partners (OEP), the anchor shareholder of Cicor, and is administered solely by the Board of Directors of the Cicor Group. This guarantees strict compliance with the common governance and transparency guidelines. The special management incentive plan does not give rise to any obligations to OEP by Cicor or by the employees concerned and creates no additional costs or liabilities for the Company or all other shareholders. The goal of the plan is to create stronger alignment between Company shareholders and management.

Under the MIP, the key managers have the possibility to purchase share appreciation rights (SAR). One SAR needs to be purchased at CHF 1.00. Upon the full exit of OEP, one SAR pays the difference between the average weighted exit price OEP receives per share in Cicor minus the reference share price, which is set at CHF 60.00 per share, minus costs incurred by OEP. The costs incurred by OEP also include the costs incurred by the Cicor Group because OEP has to reimburse these costs. The current size of the MIP is 40 000 SARs, whereby some are reserved for future key managers that join the Cicor Group. The Plan provides for customary vesting and forfeiture rules. The MIP was approved in a consultative vote by the 2022 Annual General Meeting.

Former LTI

The former LTI has been discontinued in financial year 2021 and was replaced by the Performance Stock Option Plan and the Performance Share Plan in financial year 2022. No shares were awarded by the Group Management in financial year 2022 based on the former LTI. Information on the former LTI is disclosed in the 2021 remuneration report.

2.3 Employment contracts and special benefits

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

2.4 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 is established by the Remuneration Committee in consultation with the CEO and submitted to the Board of Directors for approval. The remuneration system for the Board of Directors and for the Group Management was revised in 2022. Cicor engaged the company Agnès Blust for the revision. The company Agnès Blust had no further mandates with Cicor. The processes and responsibilities within Cicor are organized as follows:

3.1 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;
- new targets to be determined for the current financial year for the Group Management and senior management.

3.2 Remuneration Committee

The Remuneration Committee comprises one or more Board members. It currently consists of:

- Daniel Frutig, Chairman (as from 15 April 2021)
- Konstantin Ryzhkov (as from 16 July 2021)

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, EVP Operations and other members of the senior 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.

3.3 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, EVP operations and other members of the senior management;
- total remuneration for members of the Group Management and the 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.

3.4 Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders 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 must hold a consultative vote on the full remuneration report. If, after the remuneration has been prospectively approved by the Annual General Meeting of Shareholders, the Group Management is expanded or a member of the Group Management is promoted or replaced, there is, pursuant to the Articles of Incorporation, an additional amount available. Such additional amount may not exceed 30% of the previously approved total remuneration amounts per remuneration period and per member promoted or replaced.

4 Disclosure of the remuneration of the Board of Directors

At the 2022 Annual General Meeting a maximum total remuneration to the Board of Directors of TCHF 500 was approved for the four members of the Board of Directors for the term of office from the Annual General Meeting 2022 to the Annual General Meeting 2023.

The total remuneration paid to the current members of the Board of Directors for the term of office from the Annual General Meeting 2022 to the Annual General Meeting 2023 amounted to TCHF 295. No remuneration was paid to former members of the Board of the Directors.

No loans, credit facilities or additional fees or remuneration was paid to members of the Board of Directors or parties related to them. The remuneration paid to the members of the Board of Directors was as follows:

Remuneration Board of Directors in financial year 2022

in CHF 1 000	Cash	Shares [1]	Other [2]	Total
Daniel Frutig, Chairman	154	43	–	196
Norma Corio[3]	–	–	–	–
Andreas Dill[4]	23	–	1	24
Erich Haefeli[4]	20	–	–	20
Denise Koopmans[5]	46	14	–	60
Konstantin Ryzhkov[3]	–	–	–	–
Total	**243**	**57**	**1**	**300**

Reconciliation to remuneration for the period from AGM 2022 to AGM 2023	
Remuneration for the financial year 2022	300
Less remuneration from January 2022 to AGM 2022	–91
Plus remuneration from January 2023 to AGM 2023	86
Remuneration for the period from AGM 2022 to AGM 2023	**295**

1) The number of shares granted is determined by dividing the relevant gross compensation amount by the average closing price of the Cicor share of the last 10 trading days immediately prior to the AGM that marks the beginning of the term of office (CHF 49.17).
2) Other remuneration includes the employer's portion of social insurance contributions.
3) Norma Corio and Konstantin Ryzhkov waived their remuneration for the 2021/2022 and 2022/2023 terms of office.
4) Member of the Board of Directors until 12 April 2022.
5) Member of the Board of Directors from 12 April 2022.

The total remuneration of the Board of Directors has decreased compared to the prior year. The main reason for this is that Norma Corio and Konstantin Ryzhkov waived their remuneration for the 2021/2022 and 2022/2023 terms of office.

Remuneration Board of Directors in financial year 2021

in CHF 1 000	Cash	Shares	Other [1]	Total
Daniel Frutig, Chairman[2]	114	–	–	114
Norma Corio[3]	12	–	–	12
Robert Demuth[4]	39	–	10	49
Andreas Dill	90	–	6	96
Erich Haefeli	84	–	–	84
Rüdiger Merz[5]	13	–	–	13
Konstantin Ryzhkov[3]	15	–	–	15
Total	**367**	**–**	**16**	**383**

Reconciliation to remuneration for the period from AGM 2021 to AGM 2022	
Remuneration for the financial year 2021	367
Less remuneration from January 2021 to AGM 2021	–102
Plus remuneration from January 2022 to AGM 2022	106
Remuneration for the period from AGM 2021 to AGM 2022	**371**

1) Other remuneration includes the employer's portion of social insurance contributions.
2) Member of the Board of Directors from 15 April 2021.
3) Member of the Board of Directors from 16 July 2021.
4) Member of the Board of Directors until 15 April 2021.
5) Member of the Board of Director until 16 July 2021.

5 Disclosure of the Remuneration of the Group Management

At the 2021 Annual General Meeting a maximum basic remuneration of TCHF 1 000 and a maximum variable remuneration of TCHF 750 was awarded for the financial year 2022. Additional amounts of TCHF 700 for the basic remuneration and TCHF 450 for the variable remuneration were awarded at the Annual General Meeting 2022 for additional members of the Group Management. The total remuneration awarded by the Annual General Meeting for the financial year 2022 sums up to a maximum basic remuneration of TCHF 1 700 and a maximum variable remuneration of TCHF 1 200.

The total remuneration paid to the current members of the Group Management in the financial year 2022 amounted to TCHF 1 736. No remuneration was paid to former members of the Group Management.

No loans, credit facilities or additional fees or remuneration were paid to members of the Group Management or parties related to them.

The remuneration paid to the members of the Group Management was as follows:

Remuneration of Group Management in financial year 2022

in CHF 1 000	Basic	STI	PSOP [1]	PSP [2]	Other [3]	Total
All members	874	315	170	170	208	1 736
Thereof Alexander Hagemann, CEO [4]	500	180	100	100	124	1 004

1) 10 385 Performance stock options (PSOs) with an exercise price of CHF 52.80 and a market value of CHF 16.37 each were granted to members of the Group Management as of 1 January 2022. The PSOs vest subject to meeting the performance and service conditions on 1 January 2025 and may then be exercised until 31 December 2028.

2) 3 189 restricted share units (RSUs) with a market value of CHF 53.31 each were granted to members of the Group Management as of 1 January 2022. Each RSU converts into up to two Cicor shares subject to meeting the performance and service conditions on 1 January 2025, which will then be transferred to the beneficiaries.

3) Other includes the employer's portion of social security, contributions to pension funds and other fringe benefits.

4) Alexander Hagemann was the member with the highest individual remuneration in 2022.

The share of variable remuneration of the Group Management in financial year 2022 amounted to 39% of the total remuneration.

Members of the Group Management purchased 16 714 SARs (thereof 10 714 were purchased by Alexander Hagemann) for a consideration of CHF 1.00 per each SAR as part of the MIP in financial year 2022.

The total remuneration of the Group Management has increased in financial year 2022 compared to the prior year. The main reason for the increase is that Marco Kechele joined Cicor as of 1 October 2022 and the Group Management now consists of three individuals.

Remuneration of Group Management in financial year 2021

in CHF 1 000	Basic	STI	LTI [1]	Other [2]	Total
All members	820	423	200	184	1 627
Thereof Alexander Hagemann, CEO [3]	500	241	200	114	1 055

1) 3 746 performance share awards (PSA) with a market value of CHF 53.40 each were granted to members of the Group Management as of 1 May 2021. Each PSA converts into up to two Cicor shares subject to meeting the performance and service conditions on 1 May 2024, which will then be transferred to the beneficiaries.
2) Other includes the employer's portion of social security, contributions to pension funds and other fringe benefits.
3) Alexander Hagemann was the member with the highest individual remuneration in 2021.

The share of variable remuneration of the Group Management in financial year 2021 amounted to 40% of the total remuneration.

Report of the Statutory Auditor

To the General Meeting of Cicor Technologies Ltd., Boudry

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Cicor Technologies Ltd. (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14–16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in sections 4 and 5 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the attached Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Remuneration Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the sections 4 and 5 of the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14–16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 1 March 2023