

ORIOR AG

COMPENSATION REPORT 2019

Compensation Report

ORIOR makes every endeavour to attract, retain and develop talented, qualified and motivated executives and specialists. These endeavours are supported by a fair compensation system designed to match the levels of compensation offered by comparable corporations. With a view to facilitating sustainable corporate growth, due allowance is made for short-, medium- and long-term aspects.

This Compensation Report gives an overview of compensation paid to and, where applicable, loans granted to present and former members of the Board of Directors and the Executive Committee, and also of their holdings of shares in the Company. It also provides information on the compensation system and the basic principles of compensation, powers and duties, and the procedures for setting and approving compensation levels. This combination of quantitative and qualitative elements is designed to efficiently inform shareholders. The auditors examine the quantitative data only.

This report is based on the guiding principles given in the Swiss Code of Best Practice for Corporate Governance (2016). The information on compensation paid to the Board of Directors and the Executive Committee is also in accordance with Swiss GAAP FER Accounting Standards, Swiss law, the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the SIX Directive Corporate Governance (DCG), and the Company's Articles of Association.

1. Underlying compensation principles

The principles of the Company's compensation policy, the various elements of compensation and the approval process for determining compensation awards for the members of the Board of Directors and the Executive Committee are set out in the Articles of Association. The Articles of Association can be downloaded from ORIOR AG's website: <https://orior.ch/en/articles-of-association-of-orior-ag>.

Compensation system

The compensation paid by the ORIOR Group consists of three principal elements – basic or fixed compensation, variable compensation and employee stock ownership plans.

The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and wage standards and on the experience and ability of each individual employee. All persons whose employment contract with ORIOR is of unlimited duration receive fixed compensation equivalent to at least 50% of their total compensation. The fixed compensation is paid in cash. Part of the fixed compensation awarded to members of the Board of Directors can, however, be paid in shares.

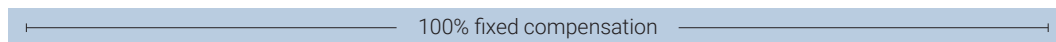
The level of variable compensation is linked to achievement of quantitative and qualitative targets. The quantitative targets are based on Company results. The qualitative compensation is based primarily on predetermined aspects of individual performance and the extent to which they meet the given expectations. At least one-fifth of the variable compensation is based on qualitative targets. Part of the variable compensation awarded to members of the Executive Committee can be paid in shares.

In addition to the Executive Committee, members of the Company's Extended Executive Committee, other executives and key employees are entitled to receive variable compensation.

The third compensation element is a stock ownership plan. Stock ownership plans are designed as performance incentives for employees possessing specialist and personal capabilities that are of importance to ORIOR with the aim of creating a stronger bond between these employees and the Company. The Board of Directors reviews which employees are to be included in these programmes on an annual basis; participants may include members of top management, executives and other key employees.

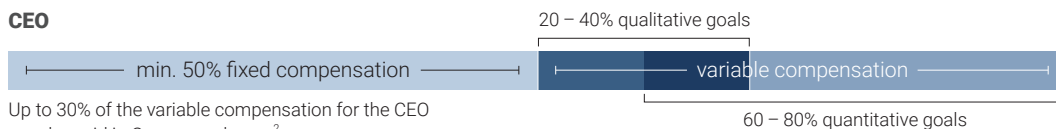
The following rules provide a guide to the split between fixed and variable compensation. According to the Company's Articles of Association, variable compensation paid to the CEO and members of the Executive Committee must not exceed 50% of the total compensation paid to the person in question.

Board of Directors



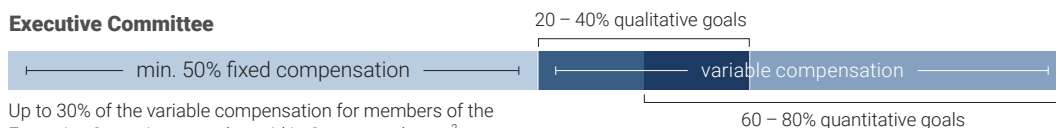
Up to 10% of the fixed compensation for members of the Board of Directors may be paid in Company shares.¹

CEO



Up to 30% of the variable compensation for the CEO may be paid in Company shares.²

Executive Committee



Up to 30% of the variable compensation for members of the Executive Committee may be paid in Company shares.²

Extended Executive Committee³



Middle management and key employees³



¹ According to the agreement on the allocation and purchase of ORIOR AG shares (p. 40).

² According to the agreement on the allocation and purchase of ORIOR AG shares (p. 44).

³ Guidelines; individual figures may be different.

In addition to the above arrangements, employees at all levels are offered a wide range of training and development opportunities.

Responsibility and procedure for setting compensation levels

The Nomination and Compensation Committee is responsible for the design and the regular review and evaluation of the Company's compensation system. External experts are only used to help determine the compensation system in the event of a fundamental reorganisation. In the context of new appointments or promotions to Executive Committee level, function-specific benchmarks are used depending on the situation, with companies from the convenience food sector (to which the ORIOR Group belongs) forming the reference market.

Responsibilities for the various levels of the hierarchy are as follows:

Recipient of compensation	Compensation recommendation	Compensation decision	Approval required from General Meeting
Member of the Board of Directors	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Board of Directors
CEO	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Executive Committee and total amount of variable compensation to be paid to the Executive Committee.
Members of the Executive Committee (excl. CEO)	Nomination and Compensation Committee as proposed by CEO	Board of Directors as recommended by the Nomination and Compensation Committee	
Extended Executive Committee, Management Committees and key employees reporting directly to CEO	CEO	Nomination and Compensation Committee as recommended by CEO	No
All other employees	Line manager	Line manager in consultation with their supervisor	No

At the request of the Nomination and Compensation Committee, the Board of Directors annually approves the compensation payable to each member of the Board of Directors and the compensation payable to individual members of the Executive Committee. Its proposals for salaries payable to the Executive Committee (excl. CEO) are prepared in advance by the CEO and submitted to the Nomination and Compensation Committee. Individual members of the Board of Directors abstain from voting on the resolution approving payment of their personal compensation.

The Board of Directors decides on the amounts of compensation paid to its members and members of the Executive Committee and then proposes this to the General Meeting for binding approval pursuant to Art. 18 OAEC and Art. 26 and Art. 29 of the Company's Articles of Association.

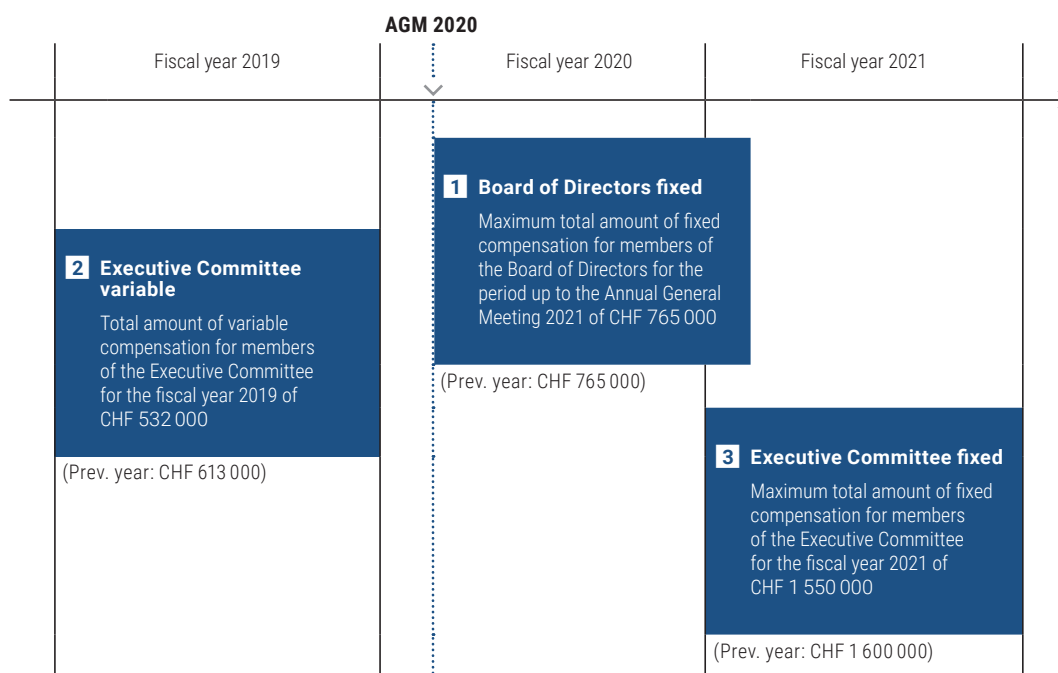
The extent to which the targets of relevance for the calculation of variable compensation have been attained is determined, in the case of the CEO, by the Board of Directors based on a proposal submitted by the Nomination and Compensation Committee and, in the case of the other Executive Committee members, by the Nomination and Compensation Committee based on a proposal submitted by the CEO. The full Board of Directors will determine the total amount of variable compensation for the members of the Executive Committee for the last fiscal year and submit a corresponding resolution to the General Meeting for approval in a binding vote.

Approval mechanism for compensation paid to the Board of Directors and the Executive Committee

Shareholders vote on the following elements of compensation at the Annual General Meeting of Shareholders:

- 1 Binding vote on the maximum total amount of fixed compensation to be paid to members of the Board of Directors for the period up to the next Annual General Meeting.
- 2 Binding vote on the total amount of variable compensation to be paid to members of the Executive Committee for the last fiscal year.
- 3 Binding vote on the maximum total amount of fixed compensation to be paid to members of the Executive Committee for the next fiscal year.

The following chart shows which components of compensation and for which periods the shareholders will be voting on at the Annual General Meeting of 31 March 2020.



Owing to the rules set out in the Articles of Association, there is no need for the General Meeting to approve additional compensation for new Executive Committee members pursuant to Art. 19 OAEC. For more information about the additional amount, please see "Additional amount for new Executive Committee members" on page 43 of this Compensation Report.

2. Nomination and Compensation Committee

The Nomination and Compensation Committee is a standing committee that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. In terms of its organisation and duties, the committee meets all the requirements of a compensation committee as defined in Art. 7 OAEC and Art. 23 of the Company's Articles of Association.

The Nomination and Compensation Committee consists of at least three members of the Board of Directors. The members are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. The majority of members are independent and non-executive. The Board of Directors appoints the Chairman of the committee from among its members. On 31 December 2019 Monika Walser (Chairwoman), Walter Lüthi and Rolf U. Sutter sat on the Nomination and Compensation Committee.

The Nomination and Compensation Committee has the following responsibilities and duties according to Art. 23 of the Company's Articles of Association and according to the Nomination and Compensation Committee Charter:

- To ensure long-term planning of appropriate appointments to positions on the Board of Directors and the Executive Committee; and general management development and succession planning to ensure the Company has the best possible leadership and management talent;
- To nominate candidates to fill vacancies on the Board of Directors or the position of CEO;
- To appoint candidates for the Executive Committee in response to proposals by the CEO;
- To make recommendations to the Board of Directors on the composition of the Board of Directors and to identify appropriate candidates;
- To make determinations regarding the independence of members of the Board of Directors;
- To recommend to the Board of Directors whether to reappoint a director at the end of their term of office;
- To recommend to the Board of Directors the terms of employment of the CEO and members of the Executive Committee;
- To submit proposals to the Board of Directors on the definition of principles for compensating the members of the Board of Directors and Executive Committee within the parameters of the law and the Articles of Association;
- Regularly to check the Company's compensation system for compliance with the compensation principles pursuant to the law, Articles of Association, Regulations and the remuneration-related resolutions of the General Meeting;
- To review matters related to the general compensation rules for employees as well as the Company's human resource practices;
- To submit proposals to the Board of Directors about the amounts of fixed compensation to be paid to members of the Board of Directors;
- To submit proposals to the Board of Directors on the assessment criteria for qualitative and quantitative targets for calculating variable compensation paid to members of the Executive Committee;
- To submit proposals to the Board of Directors about the amounts of fixed and variable compensation to be paid to the CEO;
- To recommend to the Board of Directors in response to a proposal by the CEO the amounts of fixed and variable compensation paid to members of the Executive Committee, all senior employees and key people who report directly to the CEO;
- To submit the Compensation Report to the Board of Directors for approval;
- To make recommendations to the Board of Directors about granting options or other securities, including employee share schemes, to employees of all levels;
- To consider any other matters as may be requested by the Board of Directors;
- To take all other action required of it by law, the Articles of Association or the Regulations;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The Nomination and Compensation Committee meets at least two times a year at regular meetings called by the committee chairperson. The CEO, members of the Executive Committee or other guests may be invited, but hold no voting rights. During the period from 1 January 2019 to 31 December 2019 the Nomination and Compensation Committee held five meetings. All members attended all meetings held during their term of office.

3. Compensation awarded to the Board of Directors

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Board of Directors are set out in the Company's Articles of Association.

Components of compensation

Members of the Board of Directors receive fixed compensation for their role. Additional payments may be made for membership in committees or for taking on special responsibilities or tasks. The members of the Board of Directors are compensated in cash. Part of their compensation may be paid in shares of the Company (allocation). For activities in legal entities directly or indirectly controlled by the Company, and for mandates performed as part of the member's position on the Board of Directors, the legal entity concerned may make payments to the member of the Board of Directors provided these payments are within the amount approved by the General Meeting.

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). Members of the Board of Directors also have their expenses reimbursed. Reimbursement of expenses does not count as compensation. In addition and to the extent permitted by law, the Company may indemnify members of the Board of Directors for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

ORIOR is required by law to finance contributions to pension schemes for the members of the Board of Directors. Reported compensation includes only compulsory pension scheme contributions as required by applicable law in the respective country. These contributions are part of the total compensation paid to each director. The directors do not receive any additional components of compensation, such as pension entitlements or meeting attendance fees.

Overview of the compensation awarded to members of the Board of Directors

As of 31 December 2019 the Board of Directors consisted of six members. Edgar Fluri and Dominik Sauter did not stand for re-election at the Annual General Meeting on 11 April 2019. All other board members stood for re-election and were duly elected at the Annual General Meeting to serve another term of office as directors of ORIOR AG. Markus R. Neuhaus, Monika Schüpbach and Markus Voegeli were elected to the Board of Directors as new members. Further information on the Board of Directors, its powers, the delegation of its duties and responsibilities, its spheres of influence, and its composition can be found in the "Corporate Governance Report".

All compensation awarded to the Board of Directors is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Gross compensation	Additional compensation ¹	Total compensation 2019	Gross compensation	Additional compensation ¹	Total compensation 2018
Rolf U. Sutter Chairman of the Board of Directors	274 478	75 230	349 708	281 248	75 605	356 853
Walter Lüthi Member of the Board of Directors	66 549	3 481	70 030	63 269	3 412	66 681
Markus R. Neuhaus ² Member of the Board of Directors	56 875	4 609	61 484	0	0	0
Monika Schüpbach Member of the Board of Directors	31 992	2 593	34 585	0	0	0
Markus Voegeli Member of the Board of Directors	38 290	0	38 290	0	0	0
Monika Walser Member of the Board of Directors	83 535	0	83 535	78 173	348	78 521
Edgar Fluri ³ Member of the Board of Directors	29 764	1 952	31 716	95 706	5 374	101 080
Dominik Sauter ³ Member of the Board of Directors	17 774	0	17 774	53 320	0	53 320
Christoph Clavadetscher ⁴ Mitglied des Verwaltungsrats	0	0	0	26 660	0	26 660
Total Verwaltungsrat	599 257	87 865	687 122	598 376	84 739	683 115

¹ These sums consist exclusively of compulsory pension scheme contributions as required by applicable law in the respective country.

² Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

³ Resignation effective 11 April 2019.

⁴ Resignation effective 12 April 2018.

Note to the compensation of the members of the Board of Directors

The directors receive fixed compensation of CHF 45 000 for their service on the Board of Directors. The amount of compensation awarded to the Chairman and Vice Chairman is higher given their additional duties and responsibilities. Since his resignation as CEO of ORIOR AG in 2011 and concurrent election as Chairman of the Company's Board of Directors, Rolf U. Sutter has been actively engaged in strategic issues and projects. In addition to chairing the Board of Directors, he provides guidance on strategy, acquisition projects, the longer-term evolution of the Board

of Directors and the Executive Committee, and the screening of new talents. He also supports innovation processes, the continual improvement of the Company's business model, and other activities. The other board members receive additional compensation of CHF 10 000 for sitting on committees created by the Board of Directors, which at present are the Audit Committee and the Nomination and Compensation Committee. The persons chairing these two committees receive additional compensation of CHF 25 000 a year.

Approval of compensation awarded to the Board of Directors

The General Meeting holds a binding vote each year on the maximum total amount of fixed compensation for members of the Board of Directors for the period up to the next Annual General Meeting. This period from General Meeting to General Meeting is not the same as the fiscal year period shown above, so the overall amounts paid to the Board of Directors for the actual terms of office are shown below.

Term of office	AGM 2020 to AGM 2021	AGM 2019 to AGM 2020	AGM 2018 to AGM 2019	AGM 2017 to AGM 2018
Number of Board members anticipated ¹	6	6	6	6
Number of Board members actual ²	n/a	n/a	5.2	6
Maximum total amount of compensation to the Board of Directors in CHF	765 000	765 000	765 000	765 000
Total amount of fixed compensation actually awarded to the Board of Directors in CHF	n/a	n/a	669 900	687 680
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018	Approved by the AGM on 28 March 2017

¹ Number of directors expected to be in office during the corresponding term at the time the proposal is submitted.

² Number of directors who actually served during the corresponding term.

The difference between the total compensation of CHF 687 680 actually awarded to the Board of Directors for the term of office from the Annual General Meeting 2017 to the Annual General Meeting 2018 compared to CHF 669 900 for the subsequent term of office from the Annual General Meeting 2018 to the Annual General Meeting 2019 is due to the effective decline in the number of directors.

For the term of office from the Annual General Meeting 2020 to the Annual General Meeting 2021, the Board of Directors will ask shareholders at the Annual General Meeting of 31 March 2020 to approve the same maximum total amount of compensation of CHF 765 000 for the anticipated six members of the Board of Directors. Compared to the most recent total compensation that was actually paid, an amount of CHF 669 900 for the term of office from the 2018 Annual General Meeting to the 2019 Annual General Meeting, this proposed compensation represents a theoretical, potential increase of approximately 7% per year. Please note that during the term of office from the 2018 Annual General Meeting to the 2019 Annual General Meeting there were not six members on the Board of Directors as originally planned, and therefore the actual amount paid was lower than expected. The further amount can be utilised for additional compensation in accordance with the provisions regarding supplementary benefits specified in the Articles of Association (see also p. 38 ff. of the Compensation Report), or in connection with changes in the composition of the Board of Directors, or for share purchase offers under employee stock ownership plans.

Shares allocated to the Board of Directors

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Board of Directors may receive 10% of their fixed compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of allocation. No shares were allocated to members of the Board of Directors between 1 January 2019 and 31 December 2019. Compensation was paid entirely in cash.

Share purchase agreement for members of the Board of Directors

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). No shares were allocated to members of the Board of Directors within the framework of the stock ownership plan between 1 January 2019 and 31 December 2019.

Options

The Company has no stock option plans.

Other compensation and remuneration

No other compensation or remuneration was paid to members of the Board of Directors in 2019.

Loans and credit facilities

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Board of Directors only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Board of Directors will be on market terms. ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Board of Directors or parties closely related to them in 2018 and 2019.

Compensation paid to former members of the Board of Directors

In 2019 no compensation, fees or other additional remuneration were paid to former members of the Board of Directors. No loans, credit, cash advances or collateral were provided to former members of the Board of Directors in 2018 and 2019 and there are no such arrangements outstanding from previous periods.

4. Compensation awarded to the Executive Committee

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Executive Committee are set out in the Company's Articles of Association.

Components of compensation

Members of the Executive Committee receive fixed and variable compensation for their work.

The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and standards, and experience and ability. Fixed compensation is paid in cash and, as stipulated by the Company's Articles of Association, must correspond to at least 50% of the total compensation awarded to each member.

The variable compensation for members of the Executive Committee is based on qualitative and quantitative goals, may account for no more than 50% of overall compensation, and can be paid partly in Company shares (allocation). The percentage of this share-based compensation is set by the Board of Directors every year. The portion of this variable amount linked to achievement of the quantitative targets constitutes approximately 60% to 80% of the total variable amount and is calculated against Company parameters: e.g. revenues, EBITDA, capital expenditure, net working capital and cash flow. In addition to clearly defined and measurable targets, so-called focus factors are defined at the beginning of each year, progress against which will be tracked and weighted more heavily in the calculation of variable compensation for the current year. For the fiscal year 2019, organic growth, the gross margin, EBITDA and the level of debt within the context of the second stage of the acquisition of Casualfood were defined as focus factors. The qualitative performance component (approximately 20% to 40% of the variable amount) is payable for achievement of predefined individual targets (e.g. strategy, leadership qualities, innovation, value-enhancing initiatives). Focus factors in regard to the qualitative goals for the members of the Executive Committee were the continued strengthening of the Group's resilience through an optimal positioning, which includes the integration of Casualfood, the further optimisation of cost structures at the competence centres, the ongoing development of the new business areas, Biotta in particular, and the effectiveness of the Extended Executive Committee. Part of the variable compensation may be paid in Company shares (allocation). The total amount of variable compensation for the members of the Executive Committee for the past fiscal year will be submitted to the General Meeting for approval in a binding vote.

The legal entities concerned may make compensation payments to members of the Executive Committee for their activities in legal entities directly or indirectly controlled by the Company, and for mandates performed within the scope of their duties as an Executive Committee member provided these payments are within the amounts approved by the General Meeting.

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Executive Committee may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). In addition the members of the Executive Committee also have their business-related expenses reimbursed. Reimbursement of business-related expenses does not count as compensation.

To the extent permitted by law, the Company may indemnify members of the Executive Committee for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

Overview of compensation awarded to the Executive Committee

The Executive Committee had three members on 31 December 2019, Daniel Lutz, CEO of ORIOR Group, Andreas Lindner, CFO of ORIOR Group, and Filip De Spiegeleire, Head of ORIOR Europe and Head of Culinor Food Group. Bernhard Pfulg acted as interim Group CFO until 28 October 2019 and in this role, he held a seat on the Extended Executive Committee. In view of his functional responsibilities, Bernhard Pfulg is included in the compensation sums given below for the duration of his service as interim CFO of ORIOR Group, even though he was not a formal member of the Executive Committee. Andreas Lindner has been with ORIOR since 1 October 2019; he assumed the role of CFO of ORIOR Group on 28 October 2019.

The fixed compensation awarded to new members of the Executive Committee can exceed the supplementary amount of compensation stipulated in the Articles of the Association (see Art. 29, para. 4) if the maximum total compensation approved by the General Meeting is not sufficient; it is not subject to renewed approval by the General Meeting. Further information on the supplementary amount of compensation is given in the section "Additional amount for new Executive Committee members" on page 43 of this Compensation Report.

Compensation paid to current and former members of the Executive Committee is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Executive Committee excl. CEO	Daniel Lutz (CEO)	Total compensation 2019	Executive Committee excl. CEO	Daniel Lutz (CEO)	Total compensation 2018
Average number of current members ¹	2.1	1.0	3.1	2.0	1.0	3.0
Gross fixed compensation	642 830	407 083	1 049 913	619 872	430 302	1 050 174
Post-employment benefits	61 471	125 214	186 685	37 108	123 938	161 046
Other social contributions	26 428	34 649	61 077	21 605	35 916	57 521
Total amount of fixed compensation actually awarded to current members	730 729	566 946	1 297 675	678 585	590 156	1 268 741
Average number of former members	0.4	0	0.4	0	0	0
Compensation to former members	141 257	0	141 257	0	0	0
Total fixed compensation actually paid to current and former members	871 986	566 946	1 438 932	678 585	590 156	1 268 741
Number of members at time of proposal ²	2.0	1.0	3.0	2.0	1.0	3.0
Total amount of fixed compensation approved			1 500 000			1 400 000
Available amount of additional compensation for new members			147 539 ³			0
Amount of additional compensation for new members actually expended			0			0
Gross variable compensation	189 860	310 000	499 860	215 480	360 000	575 480
Other social contributions	7 049	24 972	32 021	8 056	29 000	37 056
Total variable compensation	196 909	334 972	531 881⁴	223 536	389 000	612 536
Total compensation actually paid to current and former members	1 068 895⁵	901 918	1 970 813⁵	902 121	979 156	1 881 277

¹ As mentioned above, the sum for 2019 includes compensation paid to Bernhard Pfulg as interim CFO.

² Number of current members at the time the proposal is submitted, taking into consideration changes that we are already aware of and that have been announced.

³ Andreas Lindner was appointed to the Executive Committee after shareholders had approved the maximum total fixed compensation for the Executive Committee for fiscal year 2019. Accordingly, an additional amount of compensation as foreseen in the Articles of Association was available for his fixed compensation.

⁴ Subject to the approval of the total amount of variable compensation for the members of the Executive Committee by the Annual General Meeting on 31 March 2020.

⁵ Includes the compensation paid in euros to Filip De Spiegeleire. The sum was calculated into Swiss francs using the average exchange rate for the year of CHF 1.1126 (2018: 1.1548).

The maximum total amount of fixed compensation for the members of the Executive Committee approved for 2019 is CHF 1.5 million. The total amount of fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019 is CHF 1 438 932. No shares were offered to members of the Executive Committee within the scope of an employee stock ownership plan. The increase in fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019 compared to fiscal year 2018 of CHF 170 191 is due to mandatory payments to a former member of the Executive Committee under Swiss law and to the change in the composition of the Executive Committee.

The total amount of variable compensation for the fiscal year 2019 amounted to CHF 531 881. The difference from the previous fiscal year reflects the extent to which the given targets and focus factors were achieved, which was influenced, among other developments, by the challenging situation in regard to raw materials and the general market, and by the change in the composition of the Executive Committee. These two effects together resulted in slightly lower total variable compensation for the members of the Executive Committee.

There is an executive pension plan for the members of the Executive Committee and other executives. The members of the Executive Committee and other executives also have a Company car at their disposal, including for personal use subject to certain rules. No other benefits in kind are granted.

Additional amount for new Executive Committee members

If new members of the Executive Committee are appointed after approval has been given by the General Meeting, the additional amount of compensation per new member, according to Art. 29 Para. 4 of the Articles of Association, is 120% pro rata of the highest fixed compensation paid to a member of the Executive Committee in the fiscal year preceded by the last Annual General Meeting. According to the Articles of Association, the General Meeting is not required to approve this additional compensation.

Andreas Lindner was appointed to the Executive Committee after shareholders had approved the maximum total fixed compensation for the Executive Committee for fiscal year 2019 (approved at the Annual General Meeting on 12 April 2018). Consequently, in accordance with the provisions of the Articles of Association, supplementary compensation in the amount of CHF 147 539 is available for his fixed compensation in fiscal year 2019. The total amount of compensation for the members of the Executive Committee for fiscal year 2020, as proposed in the documents pertaining to the Annual General Meeting 2019, includes compensation for Andreas Lindner.

Approval of compensation awarded to the Executive Committee

The General Meeting votes on the total amount of variable compensation awarded to the members of the Executive Committee for the past fiscal year and the maximum total amount of fixed compensation to be awarded to the members of the Executive Committee for the coming fiscal year in a binding, annual vote at the ordinary General Meetings.

Variable compensation awarded to the Executive Committee:

	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Average number of Executive Committee members ¹	3.1	3.0	3.5
Total amount of variable compensation awarded to the Management Board in CHF	532 000	613 000	619 000
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018

¹ As mentioned earlier, the sum for 2019 includes compensation paid to Bernhard Pfulg as interim CFO.

At the Annual General Meeting on 31 March 2020, the Board of Directors will propose total variable compensation of CHF 532 000 for the members of the Executive Committee for fiscal year 2019. Details of the amount of the proposal can be found in the section "Overview of compensation to the Executive Committee" on page 42 ff. of this Compensation Report.

Fixed compensation paid to the Executive Committee:

	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018
Average number of Executive Committee members expected to be in office ¹	3.0	3.0	3.0	3.0
Average number of Executive Committee members actually in office ²	n/a	n/a	3.1	3.0
Maximum total amount of fixed compensation paid to the Executive Committee in CHF	1 550 000	1 600 000	1 500 000	1 400 000
Amount of additional compensation available for new members	n/a	n/a	147 539	0.0
Total amount of fixed compensation actually paid to the Executive Committee in CHF	n/a	n/a	1 438 932	1 268 741
Approval status	Proposal to the AGM on 31 March 2020	Approved by the AGM on 11 April 2019	Approved by the AGM on 12 April 2018	Approved by the AGM on 28 March 2017

¹ Average number of members of the Executive Committee expected to be in office at the time the proposal is submitted.

² Average number of members of the Executive Committee actually in office during the year.

The Board of Directors will propose at the General Meeting of 31 March 2020 a maximal total amount of CHF 1 550 000 in fixed compensation to be paid to the Executive Committee for the 2021 fiscal year. Compared to the approved maximum total amount of fixed compensation for the members of the Executive Committee for the 2020 fiscal year, this represents a reduction of CHF 50 000 or 3.1%. This reduction is ascribable to the decision to launch a broad-based employee stock ownership plan in 2020 in connection with the launch of the ORIOR 2025 strategy in which members of the Executive Committee will be able to participate. No such plan is currently envisaged for 2021. Compared to the total amount of fixed compensation actually paid to the members of the Executive Committee for fiscal year 2019, the proposed maximum total amount corresponds to a difference of CHF 111 068. The potential increase in total fixed compensation between 2019 and 2021 thus amounts to less than 4% per year. The changes in the composition of the Executive Committee must be taken into account when considering the compensation paid for fiscal year 2019.

Shares awarded to the Executive Committee

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Executive Committee may receive between 10% and 30% of their individual variable compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of grant. No shares were awarded to members of the Executive Committee between 1 January 2019 and 31 December 2019. Compensation was paid entirely in cash.

Share purchase agreement for members of the Executive Committee

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 46), members of the Executive Committee may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer). An offer to purchase shares at a discount was not made to the members of the Executive Committee during the period from 1 January 2019 to 31 December 2019.

Options

The Company has no stock option plans.

Other compensation and remuneration

No other compensation or remuneration was paid to members of the Executive Committee in 2019.

Loans and credit facilities

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Executive Committee only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Executive Committee will be on market terms.

ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Executive Committee or parties closely related to them in 2018 and 2019. The accounts receivable listed in Note 34 of the financial statements have arisen from operating activities with a related party at standard market conditions.

Contracts with Executive Committee members

In accordance with Art. 22 of the Company's Articles of Association, contracts with members of the Executive Committee may be fixed-term or permanent. The maximum duration of fixed-term contracts is one year. The notice period for an unlimited term contract may not exceed one year.

Compensation paid to former members of the Executive Committee

In 2019 compensation in the amount of CHF 141 257 was paid to a former member of the Executive Committee. No loans, credit, cash advances or collateral were provided to any former members during fiscal years 2018 and 2019 nor were there any such arrangements in effect from earlier periods.

5. Shares held by members of governing bodies

As of 31 December 2019, the members of the Board of Directors and the Executive Committee held the following shares:

Name and function	Freely disposable shares as of 31.12.2019	Restricted shares as of 31.12.2019 ¹	Total number of shares as of 31.12.2019	in %	Total number of shares as of 31.12.2018
Rolf U. Sutter, Chairman of the Board of Directors	107 633	350	107 983 ²	1.66%	200 150 ³
Walter Lüthi, Member of the Board of Directors	150	350	500	0.01%	500
Markus R. Neuhaus, Member of the Board of Directors ^{4,5}	580	0	580	0.01%	n/a
Monika Schüpbach, Member of the Board of Directors ⁴	0	0	0	0.00%	n/a
Markus Voegeli, Member of the Board of Directors ⁴	0	0	0	0.00%	n/a
Monika Walser, Member of the Board of Directors	700	350	1 050	0.02%	1 050
Edgar Fluri, former Vice Chairman of the Board of Directors ⁶	n/a	n/a	n/a	n/a	5 350
Dominik Sauter, former Member of the Board of Directors ⁶	n/a	n/a	n/a	n/a	550
Daniel Lutz, CEO ORIOR Group	2 000	1 200	3 200	0.05%	3 200
Andreas Lindner, CFO ORIOR Group ⁷	0	0	0	0.00%	n/a
Filip De Spiegeleire, Head ORIOR Europe	7 100	800	7 900	0.12%	7 900
Total	118 163	3 050	121 213	1.86%	218 700
Total ORIOR Shares			6 517 499	100.00%	6 517 499

¹ Shares held under the stock ownership plan (see "Employee stock ownership plan" p. 46).

² Further information on the change in the number of shares held by Rolf U. Sutter can be found on page 15 of the "Corporate Governance Report 2019".

³ Personal and group shareholdings (see page 12 of the "Corporate Governance Report 2018").

⁴ Elected to the Board of Directors for the first time on 11 April 2019.

⁵ Appointed Vice Chairman of the Board of Directors of ORIOR AG effective 25 February 2020.

⁶ Resigned effective 11 April 2019.

⁷ With ORIOR since 1 October 2019; role of CFO assumed as of 28 October 2019.

The former Vice Chairman of the Board of Directors holds 350 ORIOR shares that were purchased in 2018 within the framework of a stock ownership programme; these shares are restricted until 31 July 2021. Under the same programme the former CFO and member of the Executive Committee Ricarda Demarmels purchased 1 100 ORIOR shares, restricted until 31 July 2021.

The members of the Board of Directors and the Executive Committee are not offered any special terms for purchasing shares other than in the aforementioned stock purchase plan.

6. Employee stock ownership plan

The stock ownership plan approved by the Board of Directors of ORIOR AG for members of the executive boards of the competence centres and certain employees of ORIOR Group came into effect on 3 January 2012. Responsibility for the employee stock ownership plan and the definition thereof, and the setting of the offer periods, the share offers and the lock-in periods, rests with the Board of Directors. The Board of Directors can delegate the administration of the plan to a plan committee defined by the Board of Directors and consisting of two or more persons. Shares can be offered annually under special conditions to employees who are entitled to participate to be credited to or in addition to the payments owed under their employment contract. The Board of Directors specifies the two-month subscription period and the subscription rights of the individual participants annually within the framework of the present plan. The number of shares offered to each participant is at the discretion of the Board of Directors, which bases its decision on (alongside other considerations) how well the employee has achieved the quantitative and qualitative targets set out in the individual annual performance agreement.

The shares that are to be issued in the context of this plan can be acquired by ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The maximum number of shares to be issued in the context of this or any similar plan may not exceed 3% of the share capital of ORIOR. The Board of Directors is empowered to adjust the maximum number of shares to be issued in the context of the plan at its own discretion. The share purchase price corresponds to the volume-weighted average price paid for ORIOR shares on SIX during the preceding six months, prior to the start of the two-month offer period, minus a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance.

During the year under review, no shares were sold to employees within the framework of the employee stock ownership plan. Below is an overview of the total number of shares issued pursuant to the employee stock ownership plan since the plan was established, the date of issue, the discount granted, and the mandatory holding period:

Year	Number of employees	Number of shares sold	Issue date/Transfer	Discount granted	Blocking period ends
2012	9	4 150	3 January 2012	25%	2 January 2015
2013	44	12 480	2 April 2013	25%	1 April 2016
2014	–	–	–	–	–
2015	41	20 240	1 November 2015	25%	31 October 2018
2016	–	–	–	–	–
2017	–	–	–	–	–
2018	78	19 445	1 August 2018	25%	31 July 2021
2019	–	–	–	–	–

Share purchase agreement for members of the Board of Directors and the Executive Committee

In addition to the other forms of compensation, the members of the Board of Directors and the Executive Committee can, by means of the share purchase agreement, be given the opportunity to purchase ORIOR shares at a discount. The number of shares that can be purchased at a discount is specified by the Board of Directors. The purchase price of these shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25%. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. Under the share purchase agreement, a two-month purchase period will commence on the day the share purchase offer is made. The shares purchased will be subject to a holding period of three years beginning on the date of purchase. If a party to the share purchase agreement leaves the Company during the three-year holding period, the Board of Directors will decide whether to maintain or terminate the holding period. During the year under review, no shares were sold to members of the Board of Directors and members of the Executive Committee through the aforementioned stock ownership plan.

Transactions with members of the Board of Directors or the Executive Committee

Transactions with members of the Board of Directors or the Executive Committee (if any) are made on arm's length terms.

Transactions with closely related entities and persons

The members of the Board of Directors of ORIOR AG, the members of the Executive Committee of ORIOR AG, shareholders exercising significant influence, and the Group's pension plans are regarded as closely related entities or persons. All transactions with closely-related entities and persons are conducted on the same market terms as with independent third parties.



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To the General Meeting of
Orior Ltd, Zürich

Basle, 25 February 2020

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Orior 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) on pages 39 to 44 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 Orior Ltd complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Martin Gröli
Licensed audit expert
(Auditor in charge)

Hortense Pfammatter
Licensed audit expert

