



**INFORMATION**  
FOR SHAREHOLDERS

**REFINEMENT OF COMPENSATION POLICY  
AND STOCK OWNERSHIP GUIDELINES**

**Including detailed explanatory information on the compensation proposals and the new long-term compensation components (LTIP)**

## Dear Shareholders

A holistic approach to corporate governance is critical for the future success and viability of our business. Besides our financial performance, sustainable and long-term progress on non-financial matters, such as sustainability, is also crucial. With this in mind, the Board of Directors took action to refine various elements of ORIOR's compensation policy and stock ownership guidelines. We intend to introduce a Long Term Incentive Plan (LTIP) to align interests and ensure that our long-term goals and progress towards these goals are reflected in the compensation paid to the Company's top management. At the same time, we have decided to introduce minimum stock ownership requirements for the members of the Board of Directors and the Executive Committee, and we also revised our employee stock ownership plan and the applicable share purchase and share grant arrangements with the members of the Board of Directors and the Executive Committee.

This brochure provides an overview of the most important changes as well as detailed information on the new Long Term Incentive Plan (LTIP), on which you will vote at the upcoming Annual General Meeting.

**With these changes we are refining our compensation principles and policies and introducing a new element of compensation oriented towards ORIOR Group's long-term corporate development and, by introducing minimum stock ownership requirements for the Board of Directors and the Executive Committee, we are strengthening their commitment and loyalty to ORIOR. This will allow for greater correlation of the compensation paid with our operational and financial performance, our progress on sustainability, and the performance of the Company's stock. We thank you for the trust you have placed in us.**

Zurich, 30 March 2021

On behalf of the Board of Directors



**Rolf U. Sutter**

Chairman of the Board of Directors

## Introduction of minimum stock ownership requirements

In order to reinforce commitment and loyalty, the Board of Directors has decided to introduce minimum stock ownership requirements for the members of the Board of Directors and the Executive Committee as of 1 January 2021. Details on the minimum stock ownership requirements are given below:

Parameter	Policy / Information
Minimum stock ownership	Chairman of the Board of Directors at least 1.5x fixed compensation Members of the Board of Directors at least 1.0x fixed compensation CEO of ORIOR Group at least 1.5x fixed compensation Members of the Executive Committee at least 1.0x fixed compensation
Acquisition of shares	Stock awards (partial payment of compensation in the form of shares), stock purchase offers (e.g. through stock ownership plan) or purchases in the open market.
Acquisition period	3 years. At least half of the minimum ownership threshold must be reached by the end of the second year.
Sales restriction	Sales of shares that can be freely disposed of by members of the Board of Directors and the Executive Committee via the open market must be effected in a manner that does not have a detriment impact on the share price. This restriction also applies after termination.

## Revision of employee stock ownership plan

The employee stock ownership plan was thoroughly revised. The basic framework is summarised below. The new employee stock ownership plan will be phased in with the ORIOR 2025 Strategy currently under way.

Parameter	Policy
Lock-up period	3 years The lock-up period of 3 years has not been changed.
Discount	16% The discount rate was lowered from 25% to 16%, which now accords with the valuation principles recognised by tax authorities for equity-based compensation subject to a lock-up period of 3 years. The new discount rate of 16% also applies to stock purchase offers and stock grants.
Termination policy	Good leavers and bad leavers In accordance with market practice, there are different provisions for good leavers and bad leavers with regard to company shares purchased under employee stock ownership plans. For example, it is in principle not possible to shorten the lock-up period.

## **Additional information regarding compensation proposals**

### **Proposal 2 Consultative vote on the 2020 Compensation Report**

The Board of Directors proposes the approval of the 2020 Compensation Report (consultative vote).



*Under agenda item 7.4, the Board of Directors recommends approval of the variable compensation in a prospective vote; consequently, it also submits the Compensation Report for approval in a consultative vote.*

### **Proposal 6 Amendment to the Articles of Association to create the basis for an element of compensation oriented towards the long-term corporate development of ORIOR Group**

The Board of Directors proposes the revision to Articles 28 and 29 of the Articles of Association in order to introduce a Long Term Incentive Plan oriented towards ORIOR Group's long-term corporate development.



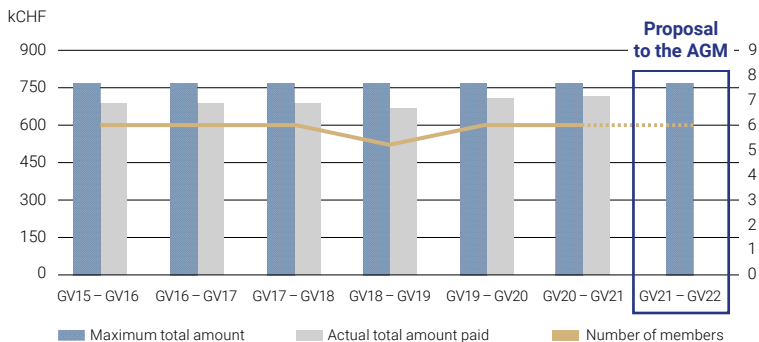
*The currently applicable Articles of Association provide for fixed and variable compensation of the Executive Committee. An element of compensation based on a multi-year performance period is not adequately reflected in these provisions. Therefore, they need to be amended accordingly. Shareholder approval of this proposed amendment is directly linked to proposal 7.4, as the latter can only be put to a vote if this amendment is approved.*

### **Proposal 7.1 Binding vote on the maximum total amount of compensation for members of the Board of Directors up to the 2022 Annual General Meeting**

The Board of Directors proposes that the maximum total amount of compensation to be paid to the members of the Board of Directors up to the 2022 Annual General Meeting be approved at CHF 765 000.



*The maximum total amount of CHF 765 000 has remained unchanged since 2014 (see blue bar). The grey bars show the proportion of the total amount that was actually paid out to the members of the Board of Directors. There are no plans to increase the amount of compensation paid to the directors. The difference may be utilised for additional compensation in accordance with the provisions regarding supplementary benefits specified in the Articles of Association or in connection with changes in the composition of the Board of Directors, or for share-based stock ownership plans.*

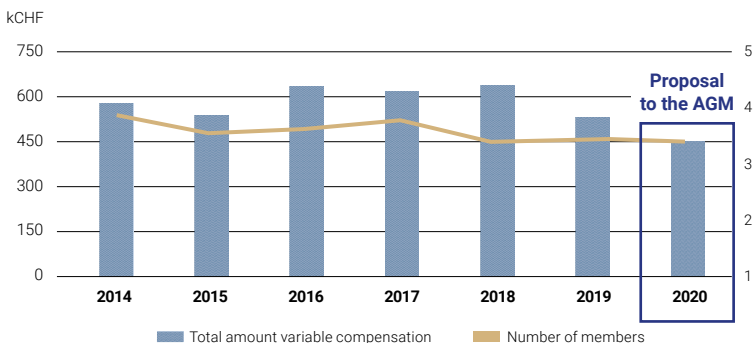


**Proposal 7.2 Binding vote on the total amount of variable compensation for members of the Executive Committee for the 2020 financial year**

The Board of Directors proposes that the total amount of variable compensation to be paid to the members of the Executive Committee for the 2020 financial year be approved at CHF 446 000.



The variable compensation is submitted for approval in a retrospective vote in accordance with the Articles of Association. Compared to the previous year, the proposed amount is an extraordinary 16.2% lower. The variable compensation is based on quantitative (60–80%) and qualitative targets (20–40%). The quantitative targets for 2020 were based on organic growth, EBITDA, the net debt ratio and other metrics. The qualitative targets pertained to the ORIOR 2025 Strategy, measures to strengthen Company’s resilience and organisational development. Due to the pandemic and the urgency with which it had to be addressed, safeguarding the health of employees, maintaining the Group’s supply capabilities and operating results, and increasing cost and process flexibility emerged as additional priority objectives.

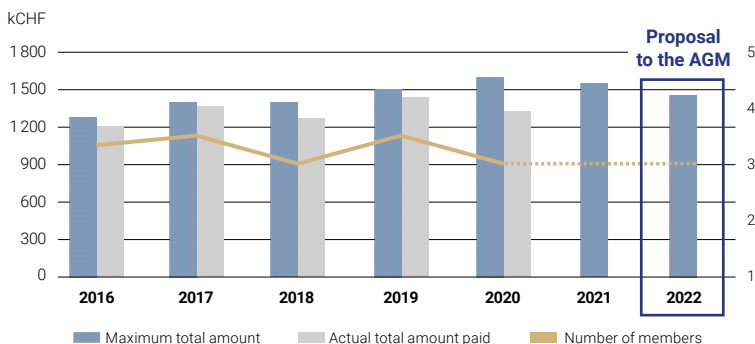


**Proposal 7.3 Binding vote on the maximum total amount of fixed compensation for members of the Executive Committee for the 2022 financial year**

The Board of Directors proposes that the maximum total amount of fixed compensation to be paid to the members of the Executive Committee for the 2022 financial year be approved at CHF 1 450 000.



*The proposed maximum total amount is 6.5% lower than the amount approved by shareholders for the 2021 fiscal year. The reason for this is the decision not to grant any significant increases in base salaries during the next two years. Furthermore, the plan to introduce a Long Term Incentive Plan as part of the refinement of the compensation and stock ownership policies and practices would represent an additional potential element of compensation oriented towards long-term targets.*



**Proposal 7.4 Binding vote on the maximum total long-term variable compensation for the members of the Executive Committee for the fiscal years 2021 to 2023**

Subject to approval of agenda item 6 by the General Meeting, the Board of Directors proposes that a maximum total amount of CHF 500 000 in long-term variable compensation in accordance with ORIOR’s Long Term Incentive Plan be approved for the members of the Executive Committee for the fiscal years 2021 to 2023.



*We plan to introduce a stock-based Long Term Incentive Plan (LTIP) for the members of the Executive Committee to enhance the Group’s long-term sustainable corporate development. The basis for this LTIP is subject to approval at the Annual General Meeting (see proposal 6, Amendment to the Articles of Association). Clearly defined measurable goals and parameters for the 2021 to 2023 fiscal years have been formulated in the proposed LTIP.*

*Detailed information is given below.*

<b>Basic framework</b>		<b>Policy/additional information</b>
Introduction	Effective 1 January 2021	Upon approval of all proposals to the Annual General Meeting, the LTIP will be introduced retroactively as per 1 January.
Plan members	Executive Committee	In addition to the Executive Committee, the Extended Executive Committee, the Management Committees, members of the executive boards of the competence centres and other key employees of ORIOR Group are covered by the LTIP. Its objective is to strengthen the top management's identification with and engagement toward ORIOR Group's long-term development. The basic provisions for this group of participants are the same as for the members of the Executive Committee. In accordance with the VegüV, only the LTIP for the Executive Committee is subject to a shareholder vote.
Type of compensation	Shares	ORIOR shares.
Plan period	3 years	The given time period or performance period for the proposed LTIP is 3 years.
Lock-up period	2 years	All shares received under the LTIP are subject to a 2-year lock-up period after taking receipt of the shares.
Sales restrictions	No undue impact on share price	Sales of shares that can be freely disposed of by members of the Board of Directors or the Executive Committee via the open market must be effected in a manner that does not have a detriment impact on the share price. This restriction also applies after termination.
Contribution	30 – 40% of short-term variable compensation	Subject to approval of the proposed introduction of the LTIP for the members of the Executive Committee, the target short term variable compensation of the members of the Executive Committee will be reduced by 30 – 40%. Compensation awarded in excess of this range represents the potential bonus if all goals are achieved or exceeded.
LTIP cap	Max. 50% of fixed compen- sation	The maximum compensation potential of a 3-year LTIP is equivalent to 50% of the most recently paid annual fixed compensation.
Long-term goals	4 goals	Each goal has an equal weight, i.e. accounts for 25% of the LTIP compensation potential over the performance period 2021 – 2023.  Goals in the 2021 – 2023 Plan: – Organic growth – Improvement ROCE – Progress towards ESG goals – Stock performance

Goals of the 2021 to 2023 LTIP		Calculation of achievement levels
Goal 1: Organic growth	Ø 2 – 4% p.a.	Basis: 2020 revenues ≥ Ø 3% organic growth = 100% 2.0 – 2.9% Ø organic growth = 50% < 1.9% Ø organic growth = 0
Goal 2: Improvement ROCE	Steady improvement	Basis: ROCE of 10.0% as of 31.12.2020 ROCE > 15.5% = 100% ROCE 14.5 – 15.5% = 50% ROCE < 14.5% = 0
Goal 3: Progress towards ESG goals	80% improvement index	Linear progress pro rata temporis towards the sustainability goals set out in the Company's sustainability strategy with regard to water consumption, greenhouse gas emissions (energy), food waste, work absence and work injury rates Progress ≥ Goals of 4 KPI (80%) = 100% Progress ≥ Goals of 3 KPI = 50% Progress ≥ Goals of less than 3 KPI = 0
Goal 4: Stock performance	Relative stock performance	Relative performance of stock price Benchmark index: SPI Extra Price Base/starting value: Opening price on 01.01.21 Target/final value: Closing price 31.12.23 ORON ≥ 5% vs. SPI Extra Price = 100% ORON 0 – 5% vs. SPI Extra Price = 50% ORON < SPI Extra Price = 0

### Illustration of proposed Long-Term Incentive Plan

