

Compensation report

The compensation report for the financial year 2017/2018 contains information about the compensation system, procedures for determining compensation, and the compensation paid to members of the Board of Directors and the Delegate of the Board of Directors of Private Equity Holding AG (“PEH” or the “Company”).

The content and scope of the information provided is based on the Articles of Incorporation of PEH, the transparency requirements set out in Articles 13-16 of the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV) and Article 663b^{bis} of the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

1. Governance

On February 7, 2014, the Board of Directors of PEH established a Compensation Committee consisting of Dr. Hans Christoph Tanner (Chairperson), Bernhard Schürmann and Martin Eberhard. The members of the Compensation Committee were individually re-elected at the 2017 Annual General Meeting. The members of the Committee elected Dr. Hans Christoph Tanner as Chairperson of the Committee.

The Compensation Committee supports the Board of Directors in the determination and implementation of the guidelines and rules for the compensation of the members of the Board of Directors and the Delegate of the Board and prepares all board matters referring to Compensation. In particular, the Committee approves the compensation of the individual members of the Board (including the Chairman) and the Delegate of the Board.

The Committee meets upon invitation of the Chairperson of the Compensation Committee or at the request of another member of the Compensation Committee, as frequently as necessary.

Dr. Hans Baumgartner is Chairman of the Board of Directors and also Delegate of the Board of Directors with overall responsibility for the day-to-day management of the Company. See also section 3.5.1 of the Corporate Governance report.

2. Procedures for determining compensation

The 2017 Annual General Meeting approved a maximum total compensation in the amount of CHF 275,000 p.a. for the members of the Board of Directors and a maximum total compensation in the amount of CHF 100,000 p.a. for the Delegate of the Board of Directors (in addition to Chairman’s/Member’s compensation). The compensation awarded to the members of the Board of Directors and to the Delegate of the Board of Directors is determined within this range in accordance with the scope of activities and the responsibility and functions of the individual members and based on sector and market comparisons.

3. Compensation policy

The compensation of the Board of Directors of the Company is effected in accordance with the provisions of the Articles of Association, in particular Art. 26. Compensation is fixed and does not contain any variable components dependent on the financial performance of the Company; further, the Company does not grant credits or loans to the Directors. While the Board of Directors is compensated in cash for all its duties, it may elect to be fully or partially paid in shares of the Company. In this case, shares are allotted at market price replacing the respective cash compensation. The Board of Directors decides on the timing of allotment, and may set lock-up periods for such shares.

In accordance with the maximum amounts approved by the 2017 Annual General Meeting, the Compensation Committee determined that the members of the Board of Directors and the Delegate be compensated annually as follows (pro-rata when a mandate is not executed for a full year):

Compensation	CHF
Chairman	75,000
Member	50,000
Delegate (in addition to Chairman’s/Member’s compensation)	75,000

The compensation is paid annually. The employer’s share of the AHV/ALV contribution is borne by the Company.

Travel and other reasonable out-of-pocket expenses related to the attendance of Board meetings are covered by the Company. Directors may furthermore be paid all other expenses properly incurred by them in connection with the business of the Company.

3.1 Compensation for the financial years 2017/2018 and 2016/2017 (Article 14 VegüV)

The following tables show the remuneration for the members of the Board of Directors in the financial years 2017/2018 and 2016/2017. In addition, the Company paid a Directors & Officers liability insurance fee of CHF 31,414 (2016/2017: CHF 39,267). Travel and other out-of-pocket expenses amounted to CHF 3,100 (2016/2017: CHF 2,528).

The Board of Directors compensation is defined and paid out in CHF:

Compensation for the financial year 2017/2018

As of 31 March 2018	Base Compensation (Cash) CHF	Base Compensation (Shares) CHF	Social security payments CHF	Total compensation CHF
Dr. Hans Baumgartner, Chairman & Delegate of the Board of Directors	75,000	75,000	9,326	159,326
Dr. Hans Christoph Tanner, Chairman of the Compensation Committee	25,000	25,000	1,701	51,701
Martin Eberhard, Member of the Compensation Committee	25,000	25,000	3,112	53,112
Bernhard Schürmann, Member of the Compensation Committee	25,000	25,000	1,701	51,701
Total	150,000	150,000	15,840	315,840

Compensation for the financial year 2016/2017

As of 31 March 2017	Base Compensation (Cash) CHF	Base Compensation (Shares) CHF	Social security payments CHF	Total compensation CHF
Dr. Hans Baumgartner, Chairman & Delegate of the Board of Directors	75,000	75,000	9,326	159,326
Dr. Hans Christoph Tanner, Chairman of the Compensation Committee	25,000	25,000	2,407	52,407
Martin Eberhard, Member of the Compensation Committee	25,000	25,000	3,112	53,112
Bernhard Schürmann, Member of the Compensation Committee	25,000	25,000	1,701	51,701
Total	150,000	150,000	16,546	316,546

3.2 Loans and credits to Board Members and Management (Article 15 VegüV)

For the financial year 2017/2018, no loans or credits by the Company or its subsidiaries have been granted to members of the Board of Directors (2016/2017: None).

3.3 Compensation, loans and credits to related parties (Article 16 VegüV)

For the financial year 2017/2018, no further compensation, loans or credits by the Company or its subsidiaries have been granted to related parties (2016/2017: None).

3.4 Compensation to former Members of the Board of Directors or Management

For the financial year 2017/2018, no compensation was paid to former members of governing bodies (2016/2017: None).

Report of the Statutory Auditor on the Compensation Report



Report of the Statutory Auditor

To the General Meeting of Private Equity Holding AG, Zug

We have audited the accompanying compensation report of Private Equity Holding AG for the year ended 31 March 2018 which are presented on pages 60 to 61.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (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 accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report for the year ended 31 March 2018 of Private Equity Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Dorst
Licensed Audit Expert
Auditor in Charge

Patricia Bielmann
Licensed Audit Expert

Zurich, 14 June 2018