

Corporate Governance

The following chapter describes the principles of corporate governance applied at the Board and Senior Management level at Gurit in accordance with the “Directive on Information Relating to Corporate Governance” published by SIX Swiss Exchange. Unless otherwise indicated, all information refers to the 2019 fiscal year ending on December 31, 2019. The key principles and rules on Corporate Governance for Gurit are defined in the Articles of Association and the Organizational Regulations; they are based on the recommendations set out in the “Swiss Code of Best Practice for Corporate Governance” published by *economiesuisse* — the federation of Swiss business. Significant changes that occurred between year-end and the copy deadline are duly disclosed. Gurit also publishes a Compensation Report, included as a separate chapter in this Annual Report.

1. Group Structure and Shareholders

1.1 Group Structure

1.1.1 Operational Group Structure

The Gurit Group is an international industrial group specializing in the development, production, supply, and marketing of advanced composite materials, as well as tooling, kitting and engineering. An organizational chart depicting the Group organization for the 2019 fiscal year can be found on page 16.

1.1.2 Legal Structure of Subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group’s holding company) is the only one listed on a stock exchange. Gurit Holding AG is domiciled in Wattwil, Switzerland. Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares of Gurit Holding AG are not listed.

Based on the bearer shares’ year-end closing price of CHF 1 494.00 and equally valuating the par-value-adjusted registered shares, the market capitalization on December 31, 2019 amounted to CHF 699.2 million.

1.1.3 Information about the non-listed Gurit group companies can be found in the overview on pp. 142 of the Financial Report.

1.2 Significant Shareholders

On December 31, 2019, the Company knew of the following shareholders holding more than 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, Switzerland, holds 220 000 registered shares. This equals 33.33% of all voting rights in Gurit Holding AG. The shares of Huwa Finanz- und Beteiligungs AG are held by the families of Ruedi Huber, Balgach/Switzerland, Helene Huber, Heerbrugg/

Switzerland, and Nick Huber, Balgach/Switzerland, and are governed by a shareholder agreement. Further details on the disclosure of shareholdings are available on the SIX Swiss Exchange website mentioned at the end of this section.

Martin Bisang, 8700 Küsnacht, Switzerland, holds through Whale Holding AG / Whale Ventures AG, Baarerstrasse 2, 6300 Zug, 66 000 bearer shares equalling 10% of all voting rights in Gurit Holding AG.

Robert Heberlein, 8126 Zumikon, Switzerland, holds directly and indirectly via Burix Beteiligungen AG, c/o Fidura Immobilien AG, Gotthardstrasse 20, 6300 Zug, 4.75% of all voting rights in Gurit Holding AG. 2.96 percentage points thereof stem from the ownership of 19 545 registered shares and 1.79 percentage points from 11 790 bearer shares. The previous owner, Burix Holding AG, was merged with Burix Beteiligungen AG in 2018.

Credit Suisse Funds AG, Zurich holds 20 628 bearer shares and 3,13% of voting rights.

Disclosures related to significant shareholders and their shareholdings reported in 2019 as well as updated information on major shareholders are available on the SIX Swiss Exchange website at: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?company-id=GURIT>

1.3 Cross-Shareholding

Gurit Holding AG has no cross-shareholding arrangements with other companies.

2. Capital Structure

Information about the capital structure can be found in Gurit Holding AG's Articles of Association, in the Financial Report and the statements on Gurit Holding AG as well as in the Investor Relations section on page 17 of this report. The Articles of Association are available on the Company's website:

<http://www.gurit.com/About/Corporate-Governance>

2.1 Capital

Details on the capital are included in the Notes to Gurit Holding AG's Financial Statements on pp. 150.

2.2 Authorized or Contingent Capital in Particular

Gurit Holding AG has no authorized or contingent capital.

2.3 Changes in Equity of Gurit Holding AG

In the past three years the following changes in equity have occurred:

In CHF 1000	December 31, 2019	December 31, 2018	December 31, 2017
Share capital	23 400	23 400	23 400
Legal reserves			
Reserves from capital contributions	81	81	1 836
Other legal reserves	4 680	4 680	4 680
Retained earnings	147 969	115 929	127 539
Treasury shares	- 232	- 118	- 110
Total equity	175 898	143 972	157 345

2.4 Shares and Participation Certificates

The Company's share capital consists of 240 000 registered shares with a par value of CHF 10.00 each and 420 000 bearer shares with a par value of CHF 50.00 each. Bearer shares are traded in the domestic segment of the SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

2.5 Profit-Sharing Certificates

Gurit Holding AG has not issued any profit-sharing certificates.

2.6 Limitations on Transferability of Shares and Nominee Registrations

According to paragraph 4 of the Articles of Association, only individuals who are entered in the share register may be recognized as the owners or beneficiaries of non-traded registered shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he or she acquired the registered shares for his or her own account. Bearer shares listed on the stock market are freely transferable. There are no regulations to any other effect regarding nominee registrations. Changes in the statutory regulations restricting the transferability of registered shares require at least two-thirds of the votes represented at the Annual General Meeting and an absolute majority of the nominal value of the shares.

2.7 Convertible Bonds and Options

Gurit Holding AG has no outstanding convertible bonds nor stock options.

3. Board of Directors

On December 31, 2019, the Board of Directors of Gurit Holding AG consisted of six members.

3.1 and 3.2 Members of the Board of Directors

The personal details together with the other activities and vested interests of individual members of the Board of Directors are listed on the next pages:

Peter Leupp

Chairman of the Board of Directors
El.-Ing., ETH Zurich
Swiss citizen, 1951
Nonexecutive member



Professional Background (Main Stages)

1977 – 1988 Various functions at BBC (now ABB) in High Voltage Development
1988 – 1989 CEO, Technochemie AG, Switzerland
1989 – 1999 Various leading positions at High and Medium Voltage, ABB, Switzerland
1999 – 2000 Local Head of Power Transmissions and Distribution division at ABB, Switzerland
2001 – 2006 Country Manager in China; Chairman and President of ABB (China) Ltd
2005 – 2006 Region Manager North Asia, ABB Ltd, Switzerland
2007 – 2012 Head Power Systems division, Member of the Group Executive Committee of ABB Ltd, Switzerland
2012 – 2017 Executive Advisor to the Group Executive Committee of ABB Ltd, Switzerland

Stefan Breitenstein

Member of the Board of Directors
Attorney at Law, Dr. iur. University Zurich
LL.M. Harvard Law School
Diplôme des Hautes Etudes Européennes, College of Europe, Bruges
Swiss citizen, 1957
Nonexecutive member



Professional Background (Main Stages)

Since 1994 Partner at Lenz & Staehelin

Other Important Activities and Vested Interests

Vice-Chairman of the Board of Directors, Brink's International Holdings AG, Zug, Switzerland
Member of the Board of Directors, EPIC Swiss AG, Zurich, Switzerland
Member of the Board of Directors, MAN Truck & Bus AG, Otelfingen, Switzerland
Member of the Board of Directors, Kar-Tess Holding, Luxembourg
Member of the Board of Directors, The A.G. Leventis Foundation, Liechtenstein
Vice-Chairman of the Board of Directors L&S Trust Services S.A., Geneva, Switzerland

Bettina Gerharz-Kalte

Member of the Board of Directors
Ph.D. in Chemistry, Max-Planck Institute Polymer Science,
Johannes Gutenberg University Mainz, Germany
German Citizen, 1964

**Professional Background (Main Stages)**

1992 - 2002 Various Management positions in Germany and Switzerland at HOECHST AG and Clariant AG within the field of specialty chemicals
2003 – 2005 BL head Emulsion Powder at Celanese GmbH
2005 – 2012 Managing Director Elotex Frankfurt, Germany and Member of the Management Team in Switzerland responsible for Marketing globally, belonging to the group's National Starch and Chemicals, ICI and AkzoNobel
2012 – 2014 Purchasing Director AkzoNobel Functional Chemicals, Netherlands
Since 2014 Vice President New Growth Business Thermal Insulation at Evonik Resource Efficiency GmbH, Germany

Nick Huber

Member of the Board of Directors
Businessman
Stanford Executive Program, Stanford University
Swiss citizen, 1964
Nonexecutive member

**Professional Background (Main Stages)**

1990 – 1995 Account Manager, IBM (Schweiz) AG, Switzerland
1995 – 2016 Different management positions within the SFS Group, Heerbrugg, Switzerland

Other Important Activities and Vested Interests

Chairman of the Board of Directors, COLTENE Holding AG, Altstätten, Switzerland
Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland
Member of the Board of Directors, Huwa Finanz- und Beteiligungs AG, Heerbrugg, Switzerland

Urs Kaufmann

Member of the Board of Directors
Dipl. Ing. ETH Zurich
Senior Executive Program IMD
Swiss citizen, 1962
Nonexecutive member

**Professional Background (Main Stages)**

1987 – 1993 Production and Sales Manager, Zellweger Uster AG, Uster, Switzerland and USA
1994 – 1997 Managing Director of Henry Berchtold AG, Zell, Switzerland, (subsidiary of Huber+Suhner AG, Switzerland)
1997 – 2000 Division Manager and Member of the Executive Management Team, Huber+Suhner AG, Pfäffikon, Switzerland
2001 – 2002 Member of Group Management, Huber+Suhner AG, Pfäffikon, Switzerland
2002 – 2017 CEO, Huber+Suhner AG, Pfäffikon, Switzerland
2014 – 2017 Delegate of the Board, Huber+Suhner AG, Pfäffikon, Switzerland

Other Important Activities and Vested Interests

Member of the Board of Directors, Müller Martini Holding AG, Hergiswil, Switzerland
Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland
Chairman of the Board of Directors, Schaffner Holding AG, Luterbach, Switzerland
Member of the Board of Directors, Vetropack AG, Bülach, Switzerland
Chairman of the Board of Directors, Huber+Suhner AG, Pfäffikon, Switzerland
Member of the Executive Committee SWISSMEM
Member of the Executive Committee, Swiss Employers' Association

Philippe Royer

Member of the Board of Directors
Business Administration degree, ICG Paris, 1993
Engineer, Ecole Centrale de Lyon, 1984
French Citizen, 1961

**Professional Background (Main Stages)**

1985 – 1987 IT Manager, Lee Cooper, France
1988 – 1990 Supply chain and IT Manager, Devanlay, France
1991 – 1999 Various leading positions, then Managing Director, Eurofoil, Luxembourg
2000 – 2001 Senior Vice President, VAW Business Unit Foil, Germany
2002 – 2006 Business Unit President, Alcoa, Switzerland
2007 – 2013 Chairman & CEO, Manoir Industries, France
2014 – 2018 CEO, Metalor, Switzerland

3.3 Statutory Number of Permitted Activities

According to paragraph 27 of the Articles of Association, a member of the Board of Directors may hold

- a maximum of five mandates as member of a top governing or administrative body of other listed companies outside the Gurit Group
- additionally a maximum of 20 mandates as member of a top governing or administrative body of non-listed legal entities outside the Gurit Group
- additionally a maximum of five mandates in non-profit associations and foundations as well as pension funds outside the Gurit Group

3.4 Elections and Terms of Office

Name	Born	Position in BoD	First election to BoD
Peter Leupp	1951	Chairman	23.04.2010
Stefan Breitenstein	1957	Member	10.04.2014
Bettina Gerharz-Kalte	1964	Member	09.04.2019
Nick Huber	1964	Member	15.06.1995
Urs Kaufmann	1962	Member	12.04.2006
Philippe Royer	1961	Member	09.04.2019

All members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the Annual General Meeting of Shareholders (AGM) for a term of office of one year (i.e., until the following Annual General Meeting). Members may be re-elected. There is no statutory limit to the maximum period of office for members of the Board of Directors. But the period of office is limited to the AGM following the completion of the age of 72 years.

3.5 Internal Organization

3.5.1 Allocation of Tasks Within the Board of Directors

The Board of Directors acts as a joint body. Decisions are taken on the basis of the majority of the votes submitted.

The Chairman of the Board organizes and leads the work of the Board of Directors. In cooperation with the CEO, he makes sure that the other members of the Board receive the necessary information for their decision-making as well as the supervisory functions. He is the formal representative of the Group to the outside world. He may be assisted by one or two additional members defined by the Board.

3.5.2 Membership of the Board's Committees, their Duties and Responsibilities

The Board has formed two permanent committees:

Audit and Corporate Governance Committee

Chairman: Stefan Breitenstein
Members: Peter Leupp, Philippe Royer

The Audit and Corporate Governance Committee consists of nonexecutive members of the Board of Directors. It assists the Board of Directors in its supervisory financial duties and checks the effectiveness, performance, and compensation of the external auditors. The Audit and Corporate Governance Committee also oversees the financial reporting processes within the Group.

The Chairman of the Audit and Corporate Governance Committee furthermore acts as an independent contact for any concerns or advice on the Gurit Code of Conduct.

Nomination and Compensation Committee

Chairman: Urs Kaufmann
Members: Peter Leupp, Nick Huber

The Nomination and Compensation Committee prepares all relevant decisions of the Board of Directors with respect to the compensation of members of the Board of Directors and the Group management and submits the respective proposals and recommendations to the Board of Directors. It defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the Group Management made by the CEO; the compensation system for the Group, in particular with respect to employee share option plans and performance-based remuneration plans; and the general principles of the Group's human resource policy.

To consult and execute specific and short-term projects or issues, special ad hoc committees can be nominated.

3.5.3 Working Methods of the Board of Directors and its Committees

The Board of Directors meets annually for at least four ordinary meetings, generally one in each quarter.

In 2019, the Board of Directors met eight times in person and held six extraordinary calls. The attendance and durations are detailed in the tables on page 28.

The Composition of the Audit and Corporate Governance Committee has changed in 2019. Philippe Royer who was elected as new board member on April 9 replaced Peter Pauli who exited the board the same day. There was no change in the Nomination and Compensation Committee. Only committee members attend the committee meetings rather than the entire Board of Directors.

The Audit and Corporate Governance Committee met three times in person in 2019. Further details are outlined in the table on page 28.

The Nomination and Compensation Committee met three times in person in 2019. Further details are outlined in the table on page 28.

Board meetings are summoned in writing by the Chairman. An invitation, along with a detailed agenda and documentation, is sent to all participants at least five days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer attends meetings of the Board of Directors and the Committees. The Chief Financial Officer attends meetings of the Board of Directors and the Audit and Corporate Governance Committee meetings. In order to ensure that the Board has sufficient information to make decisions, other members of staff or third parties may also be invited to attend.

The Board meets quorum if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone or other suitable electronic media if all participants are in agreement. The Board's decisions are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals are sent to all members, and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question within an agreed period of time.

Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting.

Overview of duration and attendance of meetings

Board of Directors meetings in person

Date	Duration in hours	Participants
25.02.2019	5	5
09.04.2019	3	6
19.06.2019	7	6
20.06.2019	5	6
20.06.2019	4	6
08.08.2019	4	6
15.10.2019	6	6
18.12.2019	9	6

Total **43**

Board of Directors extraordinary calls

Date	Duration in hours	Participants
28.01.2019	2	5
10.05.2019	1	6
15.08.2019	2	6
18.09.2019	1	6
30.09.2019	1	6
19.11.2019	1	6

Total **8**

Audit and Corporate Governance Committee meetings in person

Date	Duration in hours	Participants
25.02.2019	2	3
07.08.2019	3	3
17.12.2019	3	3

Total **8**

Nomination and Compensation Committee meetings in person

Date	Duration in hours	Participants
15.02.2019	3	3
17.10.2019	2	3
17.12.2019	4	3

Total **9**

3.6 Definition of Areas of Responsibility

The Board of Directors' main duties are the following:

- To formulate the general Group policy and the industrial concept behind the Group as a whole; to decide on any acquisition, sale, foundation, or liquidation of subsidiaries; and to approve investment decisions exceeding CHF 500 000
- To define the Group's organizational structure and its organizing regulations
- To define the Group's financing strategy; decide on collective means of financing; to determine accounting, financial control and financial planning; and to approve the financial statements
- To appoint and dismiss Group Management and people entrusted with representation functions.

Apart from this, management is generally delegated to the CEO.

3.7 Information and Control Instruments vis-à-vis Executive Committee

As a rule, Group Management updates the Board of Directors and especially the Audit and Corporate Governance Committee on operations and the Group's financial position every month. In addition, the CEO and CFO report back on business and all matters of relevance to the Group at each Board meeting. Risk management forms an integral part of the Group's conduct of business. A formal risk management review and subsequently an update of the risk profiles are performed by the Business Units and the Executive Committee. The Executive Committee ensures that appropriate measures are taken to mitigate risks. The Board of Directors is informed in the Board of Directors' meetings of the Group's risk profile and mitigating action plans. If the Group is exposed to major new risks, the Chief Executive Officer or his deputy will inform the chairman of the Board of Directors immediately after he became aware of the risk. Further detail regarding Gurit's Risk Management is provided in the Group Business and Financial Review on page 13-14 of this Annual Report.

Every member of the Board of Directors also has the right to ask any member of Group Management for information about matters within his remit, even outside meetings.

The Chairman of the Board of Directors is also informed by the Chief Executive Officer about all business and issues of a fundamental nature or of special importance.

4. Executive Committee

On December 31, 2019, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as six other members of the Executive Committee. The personal details together with the other activities and vested interests of the individual members of the Executive Committee are listed below:

4.1 Members of the Executive Committee

Rudolf Hadorn

Chief Executive Officer
lic. oec. HSG
Swiss citizen, 1963



Professional Background (Main Stages)

1989 – 2000	Management and Executive positions with GM in Europe
2000 – 2002	CEO, Krone GmbH, Berlin, Germany CFO, Krone Group
2002 – 2004	CFO, Ascom Group, Berne, Switzerland
2004 – 2007	CEO, Ascom Group, Berne, Switzerland
Since November 1, 2007	CEO, Gurit

Other Important Activities and Vested Interests

Chairman, Telematix AG, Berne, Switzerland
Chairman, Ticos Engineering AG, Feuerthalen, Switzerland

Philippe Wirth

Chief Financial Officer
lic. oec. publ.
Swiss Citizen, 1972



Professional Background (Main Stages)

2000 – 2017	Senior Finance Positions and Director of Global Business Transformation Program at Mettler Toledo
2017 – 2019	Chief Financial Officer at Crealogix, Zurich
Since October 21, 2019	Chief Financial Officer, Gurit

Emiliano Frulloni

Chief Technology Officer
PhD in Materials Science and Technology, University of Perugia
MBA Manchester Business School
Italian and British citizen, 1974



Professional Background (Main Stages)

2005	Development Engineer, Cytec Engineered Materials
2009	R&D Group Leader, Cytec Engineered Materials
2013	Global R&D Director Composite Product Development, Cytec
2015	Global R&D Director Composite Product Development, Solvay
Since November 1, 2018	Chief Technology Officer, Gurit

Hannes Haueis

Head of Group Human Resources
Degree in Electrical Engineering
Austrian citizen, 1962



Professional Background (Main Stages)

1997 – 2004	Head of Global Training & Development, Unaxis AG, Switzerland
2004 – 2009	VP Human Resources / Corporate People Development, OC Oerlikon, Switzerland
2009 – 2012	VP Human Resources / Learning & Development, SR Technics AG, Switzerland
2012 – 2014	VP Human Resources, Kaba Holding AG / Division ADS EMEA / AP, Switzerland
Since October 1, 2014	Head of Group Human Resources, Gurit

Stefan Gautschi

General Manager Gurit Composite Materials
MBA University of Little Rock at Arkansas
BA Business Administration HWV, Zurich
Swiss citizen, 1968



Professional Background (Main Stages)

1995 – 2000	Functions in Finance and Marketing, Georg Fischer Piping Systems, Schaffhausen, Switzerland
1997 – 1998	CFO/Controller, Georg Fischer Sloane Inc., Little Rock, AR, USA
2001 – 2003	General Manager, Georg Fischer Piping Systems Shanghai Ltd, Shanghai, China
2004 – 2009	CFO/CIO, Georg Fischer Piping Systems, Schaffhausen, Switzerland
2009 – 2011	VP Operations, Georg Fischer Piping Systems, Schaffhausen, Switzerland
2011 – 2012	VP Global Business Unit Utility, Georg Fischer Piping Systems, Schaffhausen, Switzerland
Since February 1, 2013	General Manager Gurit Composite Materials

Other Important Activities and Vested Interests

Member of the Board of Swiss Plastics Association

Michael Muser

General Manager Gurit Aero
Dipl.-Ing (aer), Technical University Stuttgart
German & US Citizen, 1973

**Professional Background (Main Stages)**

2001 – 2008	Management positions with EADS in Germany
2009 – 2017	Head of Business Unit, Ingersoll Machine Tools, USA
2018	Head of Production Organisation, Dornier Seawings, Germany
Since January 1, 2019	General Manager Aero, Gurit

Frank V. Nielsen

General Manager Gurit Kitting
Aalborg University
Industrial Engineer, Composite Materials
Danish Citizen, 1965

**Professional Background (Main Stages)**

1985 – 1989	Industrial Engineer Composite Materials. Aalborg University.
1990 – 1995	Research Engineer. Vestas Windsystems A/S. Denmark.
1999 – 2000	COO Blades. Vestas Windsystems A/S. Denmark
2001 – 2008	VP Engineering. LM Windpower A/S. Denmark
2008 – 2014	CTO LM Windpower A/S. Holland
2014 – 2018	CEO JSB A/S Denmark
Since October 1, 2018	General Manager Gurit Kitting

Other Important Activities and Vested Interests

Member of the Board of Directors Rope Robotics A/S
Member of the Board of Directors Fraunhofer IWES – Windenergie und Energiesystemtechnik

Binjiang Chen

General Manager Gurit Tooling
Ph.D. in Ceramic Science and Engineering, Alfred University, Alfred, NY, USA
M.S. in Materials Science, Changchun Inst. of Optics and Fine Mechanics, Changchun, China
US Citizen, 1961

**Professional Background (Main Stages)**

1998 – 2004	Various Management positions in USA and China at Philips Electronics
2004 – 2009	General Manager Metaldyne, Automotive Components Co. Ltd. Suzhou, China
2009 – 2011	General Manager and VP of Asia Pacific, VSG China, Dover Corp.
Since July 1, 2011	General Manager Gurit Tooling

4.2 Statutory Number of Permitted Activities

According to paragraph 27 of the Articles of Association, a member of the Executive Committee may hold

- a maximum of three mandates in listed legal entities outside the Gurit Group
- and a maximum of 10 mandates in non-listed legal entities outside the Gurit Group

provided that the timely availability of the respective member permits such mandate and the Board of Directors has granted its prior consent thereto.

4.3 Management Contracts

No agreements pertaining to the provision of managerial services exist between Gurit Holding AG and other companies or natural persons outside the Gurit Group.

5. Compensation, Shareholdings, and Loans**5.1 Content and Method of Determining Compensation and Shareholdings**

The information on compensation, shareholdings and loans regarding members of the Board of Directors and Group Management are presented in the Compensation Report as a separate chapter of this Annual Report on pages 38 to 51.

5.2 Statutory Provisions on Compensation, Shareholdings and Loans

The statutory provisions on compensation, shareholding and loans are outlined in the paragraphs 21, 22, 23, 25 and 28 of the Articles of Association, available on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

5.3 Statutory Provisions on Compensation Vote by the General Meeting of Shareholders

The statutory provisions on the vote on pay at the general meeting of shareholders is outlined in paragraph 24 of the Articles of Association, available on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

6. Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Association of Gurit Holding AG on the Gurit website at:

<http://www.gurit.com/About/Corporate-Governance>

6.1 Voting Right Restrictions and Representation

The Articles of Association contain no restrictions on voting rights. Every registered or bearer share represented at the General Meeting is entitled to one vote. A shareholder may be represented at the General Meeting only by the independent proxy holder or by another shareholder attending the General Meeting.

6.2 Statutory Quorum

Unless otherwise determined by law or the Articles of Association, a General Meeting convened in accordance with the Articles of Association meets quorum regardless of the number of shareholders attending or the number of votes represented. To be valid, resolutions require an absolute majority of the votes submitted. In the event of a tie, the Chairman, who is always entitled to vote, makes the casting vote.

Important decisions of the General Meeting, as defined in article 704 paragraph 1 of the Swiss Code of Obligations, require at least two-thirds of the votes present and the absolute majority of the shares represented to pass.

6.3 Convocation of the General Meeting

The ordinary General Meeting takes place annually within six months of the end of the Company's fiscal year. Extraordinary General Meetings can be called by decision of the General Meeting, by the Board of Directors, at the request of the auditors or in the case that shareholders representing at least a tenth of the Company capital submit a request in writing, stating their purpose, to the Board of Directors.

The convocation is announced at least 20 days before the date of the meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Registered shareholders are also informed in writing.

6.4 Agenda

The Articles of Association contain no regulations relating to agendas that differ from those set forth by the law. Accordingly, shareholders representing shares of a par value of CHF 1 million may request items to be included in the agenda.

6.5 Entries in the Share Register

The names and addresses of owners and beneficiaries of registered shares are entered in the share register. Shareholders and/or beneficiaries of registered shares are entitled to vote if they are already entered in the share register at the time when invitations are sent out to the General Meeting.

7. Changes of Control and Defense Measures

7.1 Public Purchase Offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock pursuant to the applicable provisions of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA, Art. 135 para.1) is set to 49% of the total votes.

7.2 Clauses on Changes of Control

Gurit Holding AG has no agreements containing clauses of this type.

8. Auditors

8.1 Duration of Mandate and Lead Auditor's Term of Office

If its predecessors are included, PricewaterhouseCoopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994.

Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation. Patrick Balkanyi has been the lead auditor since 2014.

8.2 Auditing Fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 509 961 (2018: CHF 552 792). Additional audit fees charged during the year by other audit firms amounted to CHF 67 305 (2018: CHF 41 915).

8.3 Additional Fees

Fees for additional services supplied by PricewaterhouseCoopers during the year under review amounted to CHF 23 706 (2018: zero). The additional fees represent 5% (2018: zero) of the auditing fees.

Fees in CHF	2019	2018
PwC Audit fees	509 961	552 792
PwC Other services fees	23 706	–
Total	533 667	552 792

8.4 Information Instruments Pertaining to the External Auditors

The supervision and verification of the external audit is exercised by the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee, together with Group Management, evaluates the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Meeting of Shareholders. Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation.

The Audit and Corporate Governance Committee approves the audit plans and meets at least once a year with the auditors. The auditors prepare a report for the Audit and Corporate Governance Committee regarding the findings of the audit, the financial statement and the internal control. In collaboration with Group Management, the independence of the auditors is evaluated annually. In particular and for this purpose, the worldwide fees of the audit are presented; discrepancies with the estimated costs are analysed and explained. In the year under review, the auditors participated in all of the three meetings of the Audit and Corporate Governance Committee.

9. Information Policy

Gurit Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties.

Gurit Holding AG provides its shareholders with information in the form of the Annual Report and a Half-Year Report. These documents are available on the Company website at:

<http://www.gurit.com/Investors/Reports>

Important events are published immediately through press releases and/or letters to shareholders (push). To register for the latest financial information from Gurit Holding AG distributed by email, signup is available at:

<http://www.gurit.com/Investors/News-Subscription>

Shareholders and other interested parties can also obtain information about the Group on the Internet (pull) at

<http://www.gurit.com/Investors/Ad-hoc-Releases>

Compensation Report

This report describes the philosophy, policy and practices as well as the governance and architectural framework of the compensation system for all employees and the members of the Board of Directors of Gurit. The report discloses information regarding variable, performance-based compensation as well as fixed, performance-independent compensation, including the share participation schemes of the members of the Executive Committee and the members of the Board of Directors.

1. Compensation Philosophy

Gurit's compensation system is designed to align the interests of the Board of Directors, the Executive Committee, additional key managers and all other employees across the whole Group with the long-term goals of the Company and the interests of the shareholders. Gurit is a globally active industrial group operating in a competitive marketplace. The compensation system is therefore intended to enhance Gurit's ability to recruit and retain a talented and performing workforce. The system also seeks to motivate Gurit employees at all levels to adopt an entrepreneurial stance; to strive for above-market-average performance, accountability and value creation; and to reward individuals according to pre-defined targets and objectives.

Gurit maintains a compensation system in accordance with the employment practices relevant in the various countries in which the Company operates. In the context of Gurit's compensation system, the total compensation for an individual employee generally reflects the required qualifications, the scope and complexity of a person's role, national legal requirements and employment conditions in the relevant countries, the overall business performance, and the person's individual performance.

Gurit is convinced that a well-balanced compensation system, which includes a sound mix of fixed elements as well as performance-related compensation, supports a sustainable business, employee loyalty and entrepreneurship.

2. Compensation Reporting Standards

Unless otherwise indicated, all information disclosed in this report refers to the fiscal year ending on December 31, 2019. This report follows article 13 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the Swiss Code of Best Practice for Corporate Governance published by economiesu-

isse. It also complies with chapter 5 of the Annex to SIX Swiss Exchange's Directive on Information relating to Corporate Governance and the Swiss Code of Obligations. In addition, the compensation system is coherent with Gurit's Code of Conduct, which establishes comprehensive guidance of business principles applicable throughout the Group.

3. Compensation Governance

Responsibilities of the Annual General Meeting of Shareholders

The Annual General Meeting approves all compensation paid to the members of the Board of Directors as a group prospectively for the period from the date of the ordinary Annual General Meeting until the next ordinary Annual General Meeting.

It furthermore approves the maximum fixed compensation paid to the members of the Executive Committee for the period from July 1 following the date of the ordinary Annual General Meeting to June 30 the year after, as well as the maximum variable compensation paid to the same employees for the period from January 1 to December 31 of the year in which the Annual General Meeting takes place (see graphic "Compensation Vote at the AGM").

Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the compensation system and the formulation of the proposals to the Annual General Meeting regarding compensation.

Responsibilities of the Nomination and Compensation Committee (NCC)

The Nomination and Compensation Committee is responsible for the design and maintenance of the compensation systems for members of the Board of Directors, the Executive Committee and all other Gurit employees.

The Nomination and Compensation Committee proposes the fixed compensation (in cash, benefits and shares) for members of the Board of Directors, the CEO and the other members of the Executive Committee to the Board of Directors and the ordinary Annual General Meeting of Shareholders.

The Nomination and Compensation Committee reviews the allocation of shares to Gurit employees under the Share Participation Plan for Management.

The Nomination and Compensation Committee furthermore reviews the Executive Committee's proposals regarding Group- or Business-Unit-related performance objectives for the Group-wide bonus plan. It also reviews the resulting bonus payments within the limits approved by the ordinary Annual General Meeting of Shareholders, based on target achievement ratios calculated by the CFO.

The Committee reserves the right to propose amendments to the Group or Business Unit performance targets and the required achievement levels to take major changes in the economic environment into consideration.

Compensation Vote at the AGM



Furthermore, the Articles of Association define the additional responsibilities of the Nomination and Compensation Committee.

Responsibilities of the CEO

The CEO proposes the compensation for the members of the Executive Committee to the Nomination and Compensation Committee.

Responsibilities of the Executive Compensation Committee

The Business Unit managers and the CEO approve the objectives of the Performance Incentive Schemes for production and sales employees and the evaluation of the achievement of these objectives.

Furthermore, the Executive Compensation Committee (ECC = CEO, CFO and Head of Group HR) proposes the Group or Business Unit performance-related objectives for the Performance Incentive Scheme for other employees to the Nomination and Compensation Committee.

To ensure market competitive compensation, Gurit benchmarks the Board of Directors and the Executive Management compensation with 12 comparable Swiss-based industry companies from the SPI (Swiss Performance Index).

Some of the companies involved are: Rieter Holding AG, Burckhardt Compression AG; Feintool Holding AG, Interroll Holding AG, Huber & Suhner Group, Belimo Holding AG, Bossard Holding AG, CPH Chemie + Papier AG, Kardex Group AG, Komax Holding AG, Phoenix Mecano AG, Schweiter Technologies AG.

In addition, Gurit collaborates with an international consultancy firm which supports Gurit in benchmarking the compensation system and salary levels in comparison to industry standards relative to the respective countries, regions and skill levels. This collaboration aims to increase transparency, to ensure appropriateness of senior management compensation and to further improve the Company's career development paths.

The compensation governance can be summarized as shown in the table "Overview Compensation Governance".

Overview Compensation Governance

Recipient	Compensation system design	Bonus plan objectives	Compensation proposal
Production employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr and CEO
Sales employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr ECC
Share Plan Participants	NCC BoD	NCC BoD	NCC and BoD AGM for EC
Senior Management and other employees	NCC BoD	NCC BoD	Line Mgr BU Mgr ECC
Members of the Executive Committee	NCC BoD	CEO NCC BoD	CEO NCC and BoD AGM
CEO	NCC BoD	NCC BoD	NCC BoD AGM
BoD members	NCC BoD	n.a.	NCC BoD AGM

Body which recommends

Body which decides (reviews EC relevant governance elements)

Body which approves

NCC = Nomination and Compensation Committee; BoD = Board of Directors; AGM = Annual General Meeting; EC = Executive Committee;

ECC = Executive Compensation Committee (CEO, CFO and Group HR); Mgr = Managers

4. Compensation Policy and Key Elements

The total compensation for the majority of Gurit employees consists of a fixed salary component and a variable, performance-related bonus element. These two elements together form the target market salary for a given position.

4.1 Fixed Salary Components

The fixed compensation elements at Gurit consist of the following elements:

- Fixed cash compensation (base salary)
- Pension plans and social security cost according to the applicable jurisdiction
- Fringe benefits such as company car and parking allowances for certain employees
- A share-based compensation for the members of the Board of Directors. These shares are subject to a blocking period of three years from the date of the grant. During the blocking period the members of the Board of Directors cannot sell the shares. The shares are considered at the value of the date they are granted.

The fixed cash compensation is reviewed annually, taking into account inflation and the situation of the employment markets in the countries where the respective employees are employed, as well as individual performance and changes in responsibilities.

4.2 Performance-Related Variable Salary Components

The performance-related variable compensation elements of Gurit's compensation system consist of the following:

- Performance-related cash payments as defined by Gurit's Performance Incentive Scheme
- Gurit's Share Participation Plan for Management (SPPM)
- In exceptional cases: limited individual bonuses for special achievements (not for the CEO or members of the Executive Committee)

	Board of Directors	Executive Committee	Senior Managers	Other employees	Sales	Production employees
Variable performance related salary components		Gurit Share Participation Plan (6)				
		Gurit Performance Incentive Scheme (5.3)			Gurit Sales Incentive Scheme (5.2)	Shop Floor Bonus (5.1)
Fixed salary components	Fixed granted shares					
	Fixed cash	Fixed cash (base salary)				

5. Cash-Based Performance Incentive Schemes

Gurit's cash-based Performance Incentive Scheme defines performance-related payments and covers all Gurit employees. It is essentially made up of the following three distinct elements:

5.1 Performance Incentive Scheme for Production Employees

As defined by the Performance Incentive Scheme, for those sites participating on the Gurit Shop Floor program for production employees (Shop Floor Bonus), the cash bonus of production staff can range from 0% to 5% of a person's fixed annual salary at target goal achievement. If the target is outperformed, it can reach a maximum of 8%. The objectives for this bonus are defined at site level by the site management and approved by the respective Business Unit manager and the CEO. The key performance indicators (KPI's) include objectives for health and safety, quality, productivity and individual attendance. The achievement of these objectives is assessed with all operations employees four times per year, or in certain cases monthly, and the bonus is generally paid on a quarterly basis, reflecting the need for operational flexibility. The bonus payments are calculated by the local site management and approved by the respective Business Unit manager and the CEO.

5.2 Performance Incentive Scheme for Sales Employees

As defined by the Performance Incentive Scheme for sales employees (Sales Incentive Scheme), the cash bonus of sales employees can range up to 50 % of a person's fixed salary of which three-quarters are linked to the achievement of the sales budget and one-quarter to the achievement of individual qualitative objectives. The sales targets are defined in the context of the Group's budgeting process and are approved in their entirety as part of the Group's budget by the Executive Committee and the Board of Directors. The individual targets are set and evaluated by the line manager of the respective sales employee and approved by the Business Unit Head.

5.3 Performance Incentive Scheme for Other Employees

As defined by the Performance Incentive Scheme for those employees participating on the Gurit Performance Incentive Scheme, the cash bonus for all other employees consists of a general performance element related to the relevant Business Unit, Sub-Unit or the total Group plus an individual performance element.

Summary Bonus Components

Recipient	Group performance component	Business Unit or Sub-Unit performance component	Total general performance bonus component	Individual bonus component	Total maximum bonus
CEO	80%	–	80%	20%	100%
Business Unit / Sub-Unit Manager	50%	30%	80%	20%	100%
CFO & Corporate Functions	60%	–	60%	40%	100%
Business Unit Functions	30%	30%	60%	40%	100%

The total bonus achievable for an employee under this scheme may vary between a maximum of 8 % and a maximum of 100 % of the respective fixed salary, depending on the employee's level of responsibility:

- CEO: up to 100 % of the annual base salary
- Executive Committee members: up to 50 % of the annual base salary
- Managers or senior staff members: up to 15 % or 30 % of the annual base salary, depending on the management level
- Other employees: up to 8 % of the base salary.

5.3.1 Business Unit, Sub-Unit, and Group

General Performance Bonus Component

The Business Unit, Sub-Unit, and Group general performance bonus component is calculated annually considering typically all of the following KPI's or the Operation Profit only: 1) Net sales, 2) Operating profit excluding one-off income and expenses, Group and sales bonus expenses and 3) Net working capital per Business Unit/Sub-Unit or Group.

The respective minimum objective levels, target levels and cap levels are proposed by the ECC, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors.

At the end of the fiscal year, the Business Unit, Sub-Unit, and Group general performance bonus achievements are calculated by the CFO and proposed by the Nomination and Compensation Committee for approval to the Board of Directors. Bonus payment starts with the achievement of the minimum objective level, increases linearly to a 66.7% payout of the maximum bonus at achievement of the target level and then rises again linearly to full maximum payout at achievement of the cap level. During the year under review, the minimum levels were in general between 10% and 20% below the target levels, and the cap levels exceeded the target levels in general by between 10% and 20%. No bonus is paid if the minimum objective level has not been achieved.

5.3.2 Individual Bonus Component

The fulfillment level of the individual and/or factory-related objectives are assessed on an annual basis by the line manager for each person, based on objectives and targets defined in the first quarter of each business year. The individual bonus element represents between 20 % to 40 % of the total maximum bonus as shown in the table "Summary Bonus Components".

Bonuses under the Performance Incentive Scheme are paid out, directly after publication of the annual results.

5.3.3 Limited Individual Bonus for Special Achievements

In exceptional cases some limited, individual bonuses for special achievements may be granted. Upon proposal by the respective superior, the ECC may approve the granting of such special bonuses. Such limited, individual bonuses may not be granted to the CEO and the other members of the Executive Committee.

6. Share-Based Compensation for Selected Categories of Management

The Group's Share Participation Plan for Management (SPPM) aims at providing to the Executive Committee and the next level of management a part of their performance-related compensation in form of Gurit bearer shares to build their long-term commitment to Gurit and to align their interests with the interests of Gurit shareholders. The share-based compensation amount of the various management levels is determined every year by the Nomination and Compensation Committee and approved by the Board of Directors. It does not form part of the employment contract. The shares granted under this plan are blocked for a period of three years, during which the employee cannot sell the shares.

Shares granted under this plan form part of the variable compensation, as the amount of shares granted is subject to the achievement of the following main performance criteria:

- a) Market environment, includes:
 - Market demand development
 - Competitive situation
 - Main cost factor impacts
 - Statutory environment
 - Currency swings
- b) Strategy deployment, includes:
 - Group strategy deployment and achievement
- c) Prospective cash development and financial results relative to competition:
 - Prospective cash development
 - Results in perspective to competition

The level to which these criteria are achieved is assessed early in the year following the year under review by the Nomination and Compensation Committee. Depending on the level of achievement, the number of shares granted varies between 50% and 150% of the target number of shares fixed for each level of management as follows:

Share-based compensation at 100% target achievement:

- CEO: 300 shares
- Executive Committee members: 50 shares
- Managers or senior staff members: between 15 and 50 shares, depending on the management level.

The shares are blocked for a period of three years and are transferred to the share plan participants some 5-10 days after the Annual General Meeting of Shareholders. Therefore, the closing price on the day on which the shares are actually transferred might vary from the closing price on the day (allocation day) on which the total number of shares was determined and allocated by the Nomination and Compensation Committee and approved by the Board of Directors. This might deviate from the maximum amount of share-based compensation if the share price has increased in the period between these dates.

Potential Deviation in Share Closing Prices:



7. Compensation for Members of the Executive Committee and the Board of Directors

7.1 CEO

The fixed compensation for the CEO (base salary) is based on what the Nomination and Compensation Committee assessed and benchmarked as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience as well as on collaboration with an international consultancy company which supports Gurit in benchmark compensation and salary levels (as indicated on page 41).

The CEO benefits from a pension scheme of which half of the premiums are financed by him. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The CEO is entitled to performance-related cash compensation according to the Performance Incentive Scheme described above. He is entitled to a performance-related cash bonus payment of a maximum of 100 % of his base salary. 20 % of the performance-related bonus depends on the achievement of individual targets set by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 80 % depends on the achievement of the general Group Performance Bonus component.

The CEO is entitled to receive shares as part of the Group's Share Participation Plan for Management (SPPM). The amount of shares granted will vary between 150 and 450 shares per annum. The total variable compensation (shares and cash bonus) is capped and must not exceed 100 % of the CEO's total fixed compensation.

7.2 Other Members of the Executive Committee

The fixed compensation for the other members of the Executive Committee (base salary) is based on the market and employment conditions in the relevant country as gathered from various sources; it also reflects the individual qualifications and requirements needed for the specific position.

A supplementary pension scheme exists for certain members of the Executive Committee according to the practices of the countries in which the person is employed. Half of the premiums are financed by the members themselves. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The other members of the Executive Committee are also entitled to shares granted according to the Group's Share Participation Plan for Management (SPPM). The granting of such shares is subject to certain performance criteria as described above under article 6 and is considered part of the variable compensation. The annual amount of shares granted varies between 25 and 75 shares per annum.

The other members of the Executive Committee are furthermore entitled to a performance-related cash compensation based on the Performance Incentive Scheme described above. As such, they are entitled to a performance-related cash bonus of a maximum of 50% of their base salary. 20 % to 40 % of their bonus depend on the achievement of individual targets set by the CEO, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 60 % to 80 % depend on the achievement of the Business Unit and Group bonus components. The total variable compensation for other members of the Executive Committee (shares and cash bonus) must not exceed 100 % of their base salaries.

7.3 Members of the Board of Directors

The fixed compensation for the members of the Board of Directors is based on what has been assessed by the Nomination and Compensation Committee as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience. It includes an element of fixed cash compensation and an element of fixed share-based compensation (as indicated on pp. 47).

A performance-based incentive scheme does not exist for the members of the Board of Directors.

The amount of the share-based compensation for 2019 was calculated based on a share price of CHF 1 595 per share. This corresponds to the average closing share price of the five days actual stock price trading before the date of the NCC meeting on February 17, 2020. Due to the share price fluctuation, the effective settlement value may be higher or lower on the settlement date in April 2020. In 2018, the share-based compensation was calculated based on a share price of CHF 958, based on the average closing share price of the five days actual stock price trading before the date of the NCC meeting on February 15, 2019.

In 2019, the performance-related compensation for the members of the Executive Committee varied from 15% to 100% (2018: 0% to 84%) of the individual fixed compensation.

8. Management Compensation 2019/2018

The following tables show the compensation for the Board of Directors and the Executive Committee in 2019 and 2018. Fixed other compensation includes pension contributions and social benefits relating to the fixed compensation. For one member who stepped down from the Executive Committee in 2019, Fixed other compensation includes his pro-rata compensation from the date he stepped down from the Executive Committee to December 31, 2019. Variable compensation contains the accrued variable compensation (including related accrued social benefits), which are paid out in the calendar year following the calendar year under review.

Gurit does not pay any exit bonuses or make any severance payments.

There was no compensation paid to former members of governing bodies during the year under review. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or parties closely linked to them) at conditions that were not at arm's length.

No loans, securities, advances, or credits were granted to members of the Board of Directors or the Executive Committee (or parties closely linked to them). There are no options issued on Gurit bearer shares on December 31, 2019, in the context of a participation program.

Management Compensation 2019/2018

In CHF 1000							2019
	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation	
Board of Directors							
Peter Leupp (Chairman)	250	80	–	–	–	330	
Stefan Breitenstein (member)	80	40	–	–	–	120	
Bettina Gerharz-Kalte (member)	80	40	14	–	–	134	
Nick Huber (member)	80	40	14	–	–	134	
Urs Kaufmann (member)	80	40	14	–	–	134	
Philippe Royer (member)	80	40	14	–	–	134	
Total Board of Directors	650	280	56	–	–	986	
	66%	28%	6%	0%	0%	100%	
Executive Committee							
Rudolf Hadorn (CEO)	630	–	140	507	263	1 540	
Other members*	1 791	–	521	710	530	3 552	
Total Executive Committee	2 421	–	661	1 217	793	5 092	
	47%	0%	13%	24%	16%	100%	
Total Management compensation	3 071	280	717	1 217	793	6 078	
	50%	5%	12%	20%	13%	100%	

* The annual average number of other Executive Committee Members in 2019 was 6.5

In CHF 1000							2018
	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation	
Board of Directors							
Peter Leupp (Chairman)	250	48	–	–	–	298	
Stefan Breitenstein (member)	80	24	–	–	–	104	
Nick Huber (member)	80	24	14	–	–	118	
Urs Kaufmann (member)	80	24	14	–	–	118	
Peter Pauli (member)	80	24	–	–	–	104	
Total Board of Directors	570	144	28	–	–	742	
	77%	19%	4%	0%	0%	100%	
Executive Committee							
Rudolf Hadorn (CEO)	630	–	141	344	308	1 423	
Other members*	1 249	–	257	384	208	2 098	
Total Executive Committee	1 879	–	398	728	516	3 521	
	53%	0%	11%	21%	15%	100%	
Total Management compensation	2 449	144	426	728	516	4 263	
	58%	3%	10%	17%	12%	100%	

* The annual average number of other Executive Committee Members in 2018 was 4.0

9. Management Compensation Compared to Amounts Approved by the Annual General Meeting

The below table provides a comparison of the actual compensation amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

	Fixed compensation Board of Directors April 10, 2019 - April 15, 2020		Fixed compensation Executive Committee July 1, 2018 - June 30, 2019		Variable compensation Executive Committee January 1, 2019 - December 31, 2019	
	Approved Maximum	Actual	Approved Maximum	Actual	Approved Maximum	Actual
Cash, in CHF 1000	650	650	1 958	2 164	1 640	1 117
Number of shares	175	175	–	–	975	454
Shares value at current price in CHF 1000	280	280	–	–	1 555	724
Social security and pension in CHF 1000	56	56	392	613	238	168
Addition for increase in EC members* in CHF 1000	–	–	940	–	–	–
Total	986	986	3 290	2 777	3 433	2 009

* Four additional Executive Committee members were appointed after the Annual General Meeting 2018. Emiliano Frulloni (November 1, 2018), Michael Muser (January 1, 2019), Bing Chen and Frank Nielsen (February 1, 2019). According to the Article 25 of Association of the Company the addition of the approved maximum fixed compensation amount for the Executive Committee of CHF 940 000 reflects the pro-rata increase over the originally approved total fixed compensation amount for the effective period of service.

Report of the Statutory Auditor to the General Meeting of Gurit Holding AG Wattwil

We have audited the accompanying compensation report (section 8) of Gurit Holding AG for the year ended December 31, 2019.

Board of Directors' responsibility

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 compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report (section 8). 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 compensation, 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 (section 8) of Gurit Holding AG for the year ended December 31, 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Alexandra Fronckowiak
Audit expert



Zurich, February 24, 2020