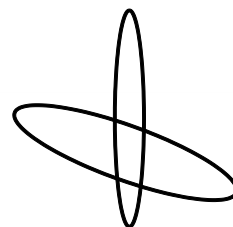




DDM HOLDING AG

2022

COMPENSATION  
REPORT



ddm

SPECIALIZED MULTINATIONAL INVESTOR  
IN SITUATIONS ARISING OUT OF THE  
GENERAL STRATEGIC CHALLENGES IN  
THE EUROPEAN BANKING MARKET

## COMPENSATION REPORT

# Compensation Report

## 1. Introduction

The Compensation Report outlines the principles behind, and the elements of, the remuneration paid to the Board of Directors (“Board”) and the Executive Management Committee (“EMC”) of DDM Holding AG (“DDM”). It details the remuneration paid to the Board and EMC in accordance with applicable laws, rules and regulations, including Articles 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies (VegüV/Orab). This Compensation Report will be submitted to the annual general meeting of DDM to be held on 29 June 2023 (“AGM”) for a consultative vote.

## 2. Guiding principles on remuneration

The Board has overall responsibility for defining the remuneration principles of DDM and the proposed remuneration of the Board and EMC. The Board has delegated the preparatory work involved to the Remuneration Committee, which submits its proposal to the Board for review and approval.

The purpose and aim of the Remuneration Committee is to ensure that DDM has access to the competence required at an appropriate cost, and that the existing remuneration scheme has the intended effects for DDM’s operations.

DDM is committed to offer and maintain competitive remuneration which is designed to attract, retain, and motivate talented individuals, along the following principles:

### *Fair and transparent*

Remuneration is clearly structured, transparent and based on the respective responsibilities and competencies.

### *Competitive and market-aligned*

Remuneration levels are competitive and in line with relevant market practice.

### *Pay for performance*

A proportion of the remuneration is directly linked to the achievement of DDM and individual performance goals.

As a general rule, members of the Board receive a fixed remuneration in cash whereas the remuneration for all members of the EMC consists of fixed remuneration and a success-dependent variable remuneration (both in cash).

All members of the Board as well as the members of the EMC have a notice period of up to 12 months. In addition, the employment contracts do not include any severance payments and there are no change-of-control clauses in place.

## 3. Organization and competencies

### Remuneration Committee

In general, the Board is responsible for determining the remuneration for the members of the Board and the EMC, based on the recommendations from the Remuneration Committee. As per the Articles of Association in place, the Remuneration Committee consists of at least two members of the Board to be individually elected by the AGM for a term of office until completion of the next annual general shareholder’s meeting. The determination of such remuneration is subject to final shareholder approval at the AGM.

Within the scope of the Board’s duties, the Remuneration Committee assists the Board by preparing proposals on remuneration, monitoring and evaluating on a regular basis the structures and levels of remuneration for the Board, the CEO and other members of the EMC. The main tasks of the Remuneration Committee, based on a charter issued by the Board, are:

- Prepare the Board’s decisions on issues concerning principles for remuneration and other terms of employment for the Board and the EMC;
- Monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the EMC;

## COMPENSATION REPORT

- Prepare the Board's proposals to the shareholders' meetings with regard to remuneration of the Board and the EMC;
- Monitor and evaluate the application of guidelines for remuneration, as well as the current remuneration structures and levels in DDM.

**Information process between the Board and the Remuneration Committee**

The Remuneration Committee holds at least one meeting during the period between two consecutive AGM's. The Remuneration Committee held two meetings during 2022.

Furthermore, the Remuneration Committee gives oral reports to the Board in relation to its work, and makes proposals on matters that require the Board's approval.

**Competencies regarding the determination of the remuneration**

	<b>Remuneration Committee</b>	<b>Board</b>	<b>Shareholders (AGM)</b>
Chairman remuneration	<i>Proposal</i>	<i>Decision</i>	<i>Approval</i>
Board remuneration	<i>Proposal</i>	<i>Decision</i>	<i>Approval</i>
CEO remuneration (incl. performance goals for the short term incentive)	<i>Proposal</i>	<i>Decision</i>	<i>Approval</i>
Other Executives remuneration (incl. performance goals for the short term incentive)	<i>Proposal</i>	<i>Decision</i>	<i>Approval</i>

**Say on pay vote at the AGM**

At the AGM, the Board submits to the shareholders the maximum aggregate amount of remuneration of the Board and the EMC for binding approval. The voting mechanism set forth by the Articles of Association provides for approval of the following items by the AGM:

- the maximum aggregate amount of the fixed compensation of the Board for the following term of office;
- the maximum aggregate amount of fixed compensation of the EMC for the financial year following the AGM;
- the aggregate amount of variable compensation of the EMC for the current financial year

The following agenda items will be submitted to the shareholders for approval at the 2023 AGM:

- the maximum aggregate amount of fixed compensation for the Board for the period from the end of the AGM until the end of the 2024 annual general meeting
- the maximum aggregate amount of fixed compensation for the EMC for the financial year 2024
- the maximum aggregate amount of variable compensation for the EMC for the financial year 2023

**4. Remuneration elements****Board of Directors**

All members of the Board receive cash remuneration for their services as members of the Board.

Furthermore, the Board may grant special remuneration to any member of the Board who performs any special or extra services to or at the request of DDM. Special remuneration may be made payable to a member of the Board who has performed any special or extra services in addition to his ordinary remuneration.

## COMPENSATION REPORT

**Executive Management Committee**

All members of the EMC receive a fixed remuneration for their services as an EMC member. In addition to the fixed remuneration, the EMC members are entitled to variable remuneration (i.e. bonus) which is defined in terms of a percentage of their fixed remuneration. The maximum bonus is determined taking into consideration the duties and responsibility of the recipients.

**5. Remuneration for financial year 2022**

This chapter is subject to audit according to Art. 14-16 of the Ordinance Against Excessive Compensation (Ordinance AEC) and art. 633c para. 3 of the Swiss Code of Obligations (to be replaced by art. 734a-734f of the Swiss Code of Obligations as of January 1, 2023).

**a. Remuneration to the members of the Board (audited)**

For the financial year 2022, the non-executive members of the Board received the following remuneration for their activities:

(in thousands of CHF)	<b>Jörgen Durban,</b> Chairman until 30 September 2022	<b>Erik Fällström,</b> board member	<b>Joachim Cato,</b> board member	<b>Andreas Tuczka,</b> board member and chairman since 1 October 2022	<b>Total</b>
Board fee	60	-	50	161	271
Other compensation	100	-	-	-	100
<b>Total</b>	<b>160</b>	<b>-</b>	<b>50</b>	<b>161</b>	<b>371</b>
Employer's social fees	6	-	-	-	6
Employer's pension contribution	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total</b>	<b>166</b>	<b>-</b>	<b>50</b>	<b>161</b>	<b>377</b>
Loans & credits (31-Dec-2022)	-	-	-	-	-

Note: All amounts exclude VAT, if applicable.

For the financial year 2021, the non-executive members of the Board received the following remuneration for their activities:

(in thousands of CHF)	<b>Jörgen Durban,</b> chairman	<b>Florian Nowotny,</b> board member until 31 July 2021	<b>Erik Fällström,</b> board member	<b>Joachim Cato,</b> board member	<b>Andreas Tuczka,</b> board member since 22 June 2021	<b>Total</b>
Board fee	80	32	65	50	27	254
Other compensation	-	-	-	-	-	0
<b>Total</b>	<b>80</b>	<b>32</b>	<b>65</b>	<b>50</b>	<b>27</b>	<b>254</b>
Employer's social fees	16	-	-	-	-	16
Employer's pension contribution	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16</b>
<b>Total</b>	<b>96</b>	<b>32</b>	<b>65</b>	<b>50</b>	<b>27</b>	<b>270</b>
Loans & credits (31-Dec-2021)	-	-	-	-	-	-

Note: All amounts exclude VAT, if applicable

As of 31 December 2022 no loans and credits (2021: CHF 0) were granted to current and former members of the Board or people who are closely linked to the Board.

During the financial year 2022, DDM paid no severance payments to members of the Board after leaving their function. The same applies to the financial year 2021.

## COMPENSATION REPORT

**b. Remuneration to the members of the EMC (audited)**

For the financial year 2022, the members of the EMC received the following remuneration for their activities:

(in thousands of CHF)	<b>Alessandro Pappalardo, CIO</b>	<b>EMC (other)</b>	<b>Total</b>
Fixed *	366	537	<b>903</b>
Variable	-	-	-
<b>Total</b>	<b>366</b>	<b>537</b>	<b>903</b>
Employer's social fees	32	63	<b>95</b>
Employer's pension contribution	50	30	<b>80</b>
<b>Total</b>	<b>82</b>	<b>93</b>	<b>175</b>
<b>Total</b>	<b>448</b>	<b>630</b>	<b>1,078</b>

\* Includes allowances

For the financial year 2021, the members of the EMC received the following remuneration for their activities:

(in thousands of CHF)	<b>Henrik Wennerholm, CEO until 31 July 2021</b>	<b>EMC (other)</b>	<b>Total</b>
Fixed *	177	620	<b>797</b>
Variable	380	-	<b>380</b>
<b>Total</b>	<b>557</b>	<b>620</b>	<b>1,177</b>
Employer's social fees	183	80	<b>263</b>
Employer's pension contribution	79	57	<b>136</b>
<b>Total</b>	<b>262</b>	<b>137</b>	<b>399</b>
<b>Total</b>	<b>819</b>	<b>757</b>	<b>1,576</b>

\* Includes allowances

As of 31 December 2022 no loans and credits (2021: CHF 0) were granted to current and former members of the EMC.

For the financial year 2022, DDM paid no severance payments to members of the EMC who gave up their function. The same applies for the financial year 2021.

# DDM Holding AG

Zug

Report of the statutory auditor  
to the General Meeting

on the compensation report 2022



# Report of the statutory auditor

## to the General Meeting of DDM Holding AG

Zug

### Report on the audit of the compensation report

#### Opinion

We have audited the compensation report of DDM Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 4 to 5 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (pages 4 to 5) complies with Swiss law and article 14 to 16 of the Ordinance.

#### Basis for opinion

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

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

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

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

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

#### Board of Directors' responsibilities for the compensation report

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

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### Auditor's responsibilities for the audit of the compensation report

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

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

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

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

PricewaterhouseCoopers AG

Valentin Studer  
Licensed audit expert  
Auditor in charge

Louise Packer  
Licensed audit expert

Luzern, 5 June 2023