

Compensation Report

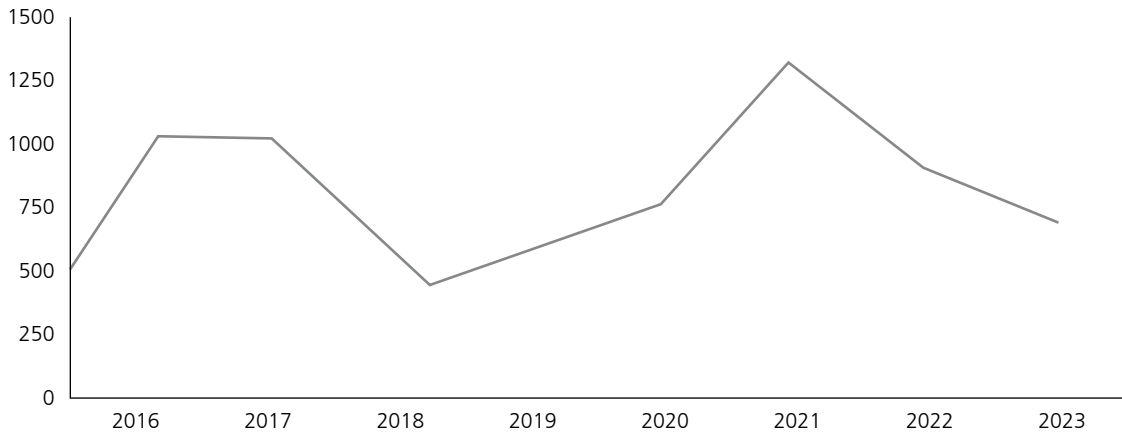
This Compensation Report presents the compensation governance, the principles of the compensation system, as well as the structure of the compensation of the Board of Directors and Group Management of Arbonia AG (in the following "Arbonia"). In addition, this report contains information 1.) on the compensation of the Board of Directors and Group Management in the 2023 financial year, 2.) on the roles that the members of the Board of Directors and Group Management exercise at other companies with economic purpose, and 3.) on the shareholding rights held by the members of the Board of Directors and Group Management.

The Compensation Report has been compiled in accordance with the regulations on compensation at companies whose shares are listed at a stock exchange in the Swiss law that supplements the Swiss Civil Code (Part Five: Code of Obligations) in the fourth section on corporate law (in the following "Code of Obligations") and the Directive on Information relating to Corporate Governance (DCG) of 29 June 2022 of the SIX Exchange Regulation. The information relates to the reporting year 2023 unless otherwise indicated.

The statutory auditor has audited the 2023 Compensation Report for compliance with legal provisions and the Articles of Association. The audit report is found on pages 142 – 143.

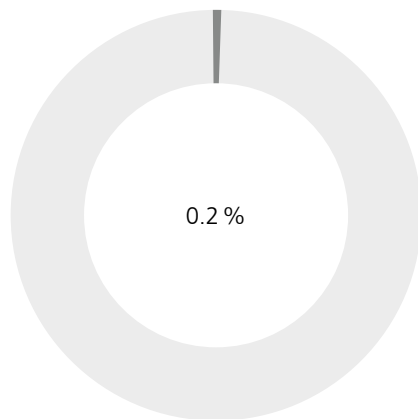
Stock market capitalisation

In CHF million as of 31 December

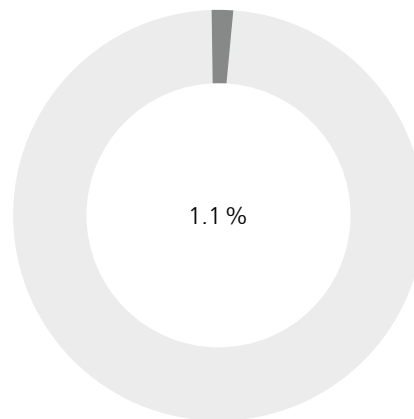


Total compensation for the financial year 2023¹

Share of the total costs
of the Group²



Share of personnel expenses
of the Group



¹ Members of the Board of Directors and of Group Management
In relation to the costs from continuing and discontinued operations

² Personnel costs, material costs, other expenses

Motions to the 2024 General Meeting

in 1000 CHF

**Total compensation
year of office 2023/2024**
Board of Directors
2368

**Total compensation
financial year 2023**
Group Management
1822

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1. Governance

1.1. Composition of the Nomination and Compensation Committee

According to Article 19 of the Articles of Association of Arbonia (www.arbonia.com/en/corporate-governance; in the following "Articles of Association") and the by-laws (www.arbonia.com/en/company), the Nomination and Compensation Committee is comprised of two or more members.

The members of the Nomination and Compensation Committee are elected by the General Meeting for one year of office.

The Chairperson of the Nomination and Compensation Committee is appointed by the Board of Directors at the request of the committee members.

At the ordinary General Meeting of 21 April 2023, Peter Barandun, Alexander von Witzleben and Heinz Haller were re-elected as members of the Nomination and Compensation Committee. At the constituent meeting of the Board of Directors on the same day, Peter Barandun was again appointed Chairman of the Nomination and Compensation Committee.

In the year of office 2023/2024, the Nomination and Compensation Committee was composed as follows:

Members	Roles
Peter Barandun	<ul style="list-style-type: none"> – Chairman of the Nomination and Compensation Committee – Vice Chairman of the Board of Directors
Alexander von Witzleben	<ul style="list-style-type: none"> – Member of the Nomination and Compensation Committee – Member of the Audit Committee – Executive Chairman of the Board of Directors
Heinz Haller	<ul style="list-style-type: none"> – Member of the Nomination and Compensation Committee – Member of the Board of Directors

The Chairperson as well as a further member of the Nomination and Compensation Committee are independent and non-executive members of the Board of Directors. Alexander von Witzleben was the delegate of the Board of Directors and interim CEO until 22 April 2022 and has been Executive Chairman of the Board of Directors since 22 April 2022.

1.2. Responsibilities

The Nomination and Compensation Committee is responsible for the Group's compensation policy, especially at the top corporate level. In addition, the committee assists the Board of Directors in identifying and selecting candidates for the Board of Directors and Group Management. The duties and competencies of the Nomination and Compensation Committee are set out in the Articles of Association (www.arbonia.com/en/corporate-governance), in the by-laws (www.arbonia.com/en/company) and in the regulation of powers. The committee submits motions for decision to the Board of Directors and makes proposals and recommendations.

The tasks of the Nomination and Compensation Committee include, i. a.:

- Periodic review of the salary policy and the compensation system
- Annual review of the compensation of the Board of Directors and Group Management
- Assessment of the performance of the members of Group Management
- Identification of candidates for the Board of Directors and Group Management
- Determining the principles for the management and development of the members of the Board of Directors and Group Management
- Determining measures to ensure compliance with legal gender quotas

The responsibilities for the most important compensation issues on the level of the General Meeting, the Board of Directors and the Nomination and Compensation Committee are shown in the following table:

Topic	General Meeting	Board of Directors	Nomination and Compensation Committee
Development and periodic review of the salary policy and the compensation system		Decision	Motion
Determination of a bonus and share-based payment programme		Decision	Motion
Determination of the compensation of the Board of Directors (Chairperson, Vice Chairperson, members of the Board of Directors, committee Chairpersons, committee members)		Decision	Motion
Individual determination of the compensation of the Executive Chairperson of the Board of Directors and the members of Group Management		Decision	Motion
Determination of the bonus targets for the current financial year		Decision	Motion
Individual assessment of the performance of the Executive Chairperson of the Board of Directors and the members of Group Management and determination of the variable compensation based on the degree of target achievement		Decision	Motion
Retrospective approval of the total compensation of the Board of Directors and Group Management	Approval	Motion to the General Meeting	Motion
Compensation Report	Consultative voting	Motion to the General Meeting	Motion

1.3. Meetings, information policy and abstention regulations

The Nomination and Compensation Committee convenes as often as necessary; however, at least twice a year. In the reporting year, the members of the Nomination and Compensation Committee met for two meetings. The meetings lasted for 50 minutes on average. The attendance rate was 100 % for both meetings.

In the reporting year, the Nomination and Compensation Committee, in addition to the annually recurring topics in connection with compensation, focused on subjects including the proportion of women in the Arbonia Group and potential measures intended to help achieve the legal gender quotas. This topic was added as a permanent item to the agenda of the Nomination and Compensation Committee in the previous year.

Members of the Board of Directors not on the committee are informed by the Chairperson of the Nomination and Compensation Committee about the current topics as well as important resolutions and measures at the subsequent meeting of all members of the Board of Directors. The minutes of the meetings of the Nomination and Compensation Committee can be viewed by the entire Board of Directors.

The Group CFO is normally invited to the meetings of the Nomination and Compensation Committee, where he or she takes on an advisory role. The Group CFO attended all meetings in the reporting year. The Chairperson of the Nomination and Compensation Committee can invite further managers to the meetings if necessary.

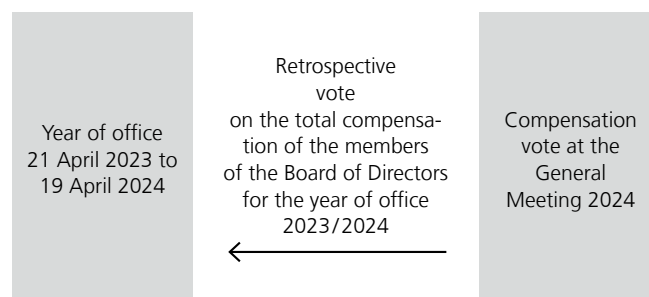
Alexander von Witzleben abstains and leaves the meeting room when his own performance or compensation in his role as Executive Chairman of the Board of Directors is discussed. The Group CFO and any other managers present also leave the meeting room when their performance or compensation is discussed.

1.4. Involvement of the shareholders

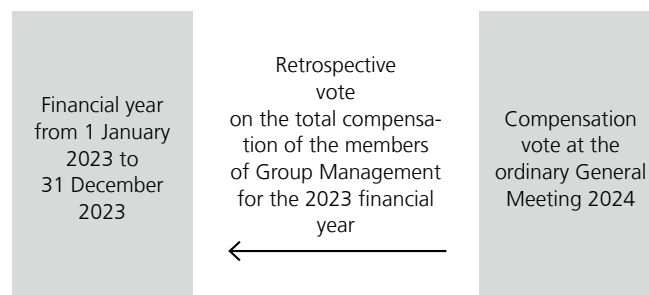
Arbonia transparently fulfils the legal disclosure requirements to the full extent and transparently discloses its governance in compensation issues, the compensation principles, the compensation system, as well as the specific implementation in the respective reporting year in the Compensation Report. Every year, the Board of Directors submits the Compensation Report to the shareholders in accordance with Article 23 para. 7 of the Articles of Association (www.arbonia.com/en/corporate-governance) at the ordinary General Meeting for consultative (non-binding) approval.

In addition to the Compensation Report, the Board of Directors submits the total compensation of the members of the Board of Directors and Group Management to the General Meeting for approval, as specified in Article 735 of the Code of Obligations and in Article 23 of the Articles of Association (www.arbonia.com/en/corporate-governance). The two compensation votes take place retrospectively; in other words, the shareholders approve on the one hand the total amount of compensation of the members of the Board of Directors for the year of office ending at the corresponding General Meeting and on the other hand the total amount of compensation of the members of Group Management for the year preceding the corresponding General Meeting.

Vote on the total compensation of the members of the Board of Directors



Vote on the total compensation of the members of Group Management



In the past, the shareholders have always approved the two compensation votes as well as the above-mentioned Compensation Report and thereby expressed their positive opinion of the compensation policy practised by Arbonia.

The ordinary General Meeting on 21 April 2023 approved the 2022 Compensation Report with 67.31 % of the votes, the total compensation of the members of the Board of Directors for the 2022/2023 year of office with 87.35 % of the votes, and the total compensation of the members of Group Management for the 2022 financial year with 70.54 % of the votes.

2. Principles of the compensation system

2.1. Principles and statutory anchoring

The compensation system and the structure of the occupational pension scheme (see 4.6) are based on the conviction that a company's success considerably depends on the quality of work and the dedication of its personnel. Arbonia aims to use its compensation system and the total compensation paid on this

basis to attract and retain people with the necessary skills and qualities and to motivate them to provide a consistently high level of performance. The compensation system is designed to ensure that the interests of top managers are consistent with the interests of the Group and the interests of the shareholders.

According to the requirements of the Code of Obligations, the Articles of Association (www.arbonia.com/en/corporate-governance) contain important principles of the compensation system in regard to the compensation of the Board of Directors as well as of Group Management:

Articles of Association	Principle
Article 22 para. 1	<p>Compensation of the Board of Directors Members of the Board of Directors receive fixed compensation. If members of the Board of Directors take on management tasks corresponding to a member of Group Management – for example, if the Chairperson does so when taking charge of management – they normally receive additional variable compensation. The fixed compensation and variable compensation can include a cash portion and a portion in temporarily blocked shares pursuant to the share-based payment programme.</p>
Article 22 para. 2	<p>Compensation of Group Management Members of Group Management normally receive fixed as well as variable compensation. The fixed and variable compensation can include a cash portion and a portion in temporarily blocked shares in accordance with the share-based payment programme.</p>
Article 24 para. 1	<p>Variable compensation The variable compensation depends on the company results. The success criteria comprise business-related and/or personal targets.</p> <p>Section 1: At the beginning of each financial year the Board of Directors determines the corporate and/or personal goals. The target achievement is evaluated by the Compensation Committee after the financial year has ended and is determined by the Board of Directors upon request.</p> <p>Section 2: A bonus amount is determined in individual agreements. If the targets are achieved in full, 100 % of the bonus amount agreed in individual contracts is paid out. If the targets are exceeded, the variable compensation may exceed the bonus amount agreed in individual contracts up to a maximum amount. If the target achievement is below a particular threshold, no variable compensation is paid.</p> <p>Section 3: The variable compensation is a maximum of 150 % of the fixed compensation.</p>
Article 23 and Article 24 para. 2	<p>According to Article 23 and Article 24 para. 2 of the Articles of Association, the Board of Directors is authorised to award additional compensation in special situations.</p>

(www.arbonia.com/en/corporate-governance)

2.2. Benchmarking and external consultants

Arbonia regularly reviews the compensation of its managers, including that of the members of Group Management.

At the end of 2020, Arbonia commissioned HCM International AG with two analyses. One analysis concerned the compensation of the members of Group Management, with the exception of the compensation of the CEO and the other analysis concerned the compensation of the CEO. The two analyses were respectively carried out on the basis of a comparison group with industrial companies domiciled in Switzerland with a similar stock market capitalisation and a comparison group with industrial companies domiciled in Switzerland with a similar revenue. The comparison group with a similar stock market capitalisation included the following industrial companies: Interroll, Schweiter, Kardex, Bobst, Komax, Burckhardt, Implenia, Rieter, Phoenix, Burkhalter, Zehnder, Von Roll and Feintool. The comparison group with a similar revenue included the following industrial companies: Stadler Rail, Bucher, Geberit, Dormakaba, OC Oerlikon, SFS Group, Bobst, Conzetta, Schweiter, Daetwyler, Rieter, Phoenix, Zehnder, Belimo and Feintool. Together with other publicly available data, these analyses served as the basis for determining compensation, with the respective employee's individual role, qualification for and experience in this role, and contribution to corporate success also taken into account. Arbonia constantly endeavours to determine compensation in the range of the market median. With the exception of these two mandates, HCM International AG did not receive any other mandate from Arbonia.

In 2018, Arbonia commissioned Korn Ferry to carry out a role evaluation for management and key Group functions using the Hay role evaluation system. Based on the job grades, the included roles were compared on a country-specific basis with comparable roles at international companies in the Hay databases. With the exception of this mandate, Korn Ferry did not receive any other mandate from Arbonia.

3. Compensation structure of the Board of Directors

3.1. Fee of the Board of Directors

3.1.1. Fixed compensation and lump-sum allowances

The members of the Board of Directors receive a fee in the form of fixed compensation for their work for the Board of Directors. The members of the Nomination and Compensation Committee and the Audit Committee receive an additional fee for their committee work, which is also paid in the form of fixed compensation.

The fee – for the members of the Board of Directors as well as for the members of the committees – comprises a cash portion and a portion in the form of shares blocked for four years (in the following "blocked shares"). The share portion is at least 50 % of the fee. Members of the Board of Directors and members of the committees who have their tax residence in Switzerland can receive the remaining 50 % of the fee either entirely in cash or up to 30 % in shares and the rest in cash.

Specified fee payment

Min. 50 % of the fee in blocked shares

Max. 50 % of the fee in cash

Optional increase in the share portion up to a maximum of 80 %

Max. 80 % of the fee in blocked shares

Min. 20 % of the fee in cash

For members of the Board of Directors who have their tax residence outside of Switzerland – but within the European Union or the European Economic Area (EEA) – the share portion is also at least 50 % of the fee. With respect to the remaining 50 % of the fee, the percentage that can be paid out in shares instead of in cash is limited to a maximum of 15 %. Therefore, at most 65 % of the fee can be received in the form of shares; in this case, 35 % of the fee is paid out in cash.

Members of the Board of Directors who have their tax residence outside of Switzerland, the European Union, or the European Economic Area (EEA) are paid the entire fee in cash. In the reporting year, one member of the Board of Directors was paid the entire fee in cash for this reason.

The legal contributions to social security are deducted from the cash portion of the fee.

Alexander von Witzleben waives a fee for his work as a member of the Nomination and Compensation Committee and the Audit Committee.

In addition to the fixed compensation (fee), the members of the Board of Directors receive lump-sum allowances. These allowances cover minor expenses and travel costs within Switzerland and are included in the reported "Other compensation" in the table under 5.2. Costs of travel abroad and overnight stays are borne by the company.



In the 2023 financial year, the structure and amount of the fee of the Board of Directors as well as the amount of the lump-sum

allowances (both without the office of Executive Chairman of the Board of Directors, cf. 3.2) were as follows:

Role	Compensation in CHF	Payment form
Chairperson ¹	240 000	In cash and blocked shares
Vice Chairperson	80 000	In cash and blocked shares
Member of the Board of Directors	60 000	In cash and blocked shares
Chairperson of the NCC ² /AC ³	20 000	In cash and blocked shares
Member of the NCC/AC	10 000	In cash and blocked shares
Lump-sum allowances of Chairperson	15 000	In cash
Lump-sum allowances of members resident in Switzerland	6 000	In cash
Lump-sum allowances of members resident outside of Switzerland	12 000	In cash

¹The office of Executive Chairman of the Board of Directors is compensated in addition to the office of Chairperson (cf. 3.2).

²NCC = Nomination and Compensation Committee

³AC = Audit Committee

The members of the Board of Directors do not receive any attendance fees. No additional compensation is paid for the preparation and attendance of the ordinary and extraordinary meetings of the Board of Directors, the Nomination and Compensation Committee and the Audit Committee. No signing bonuses or termination benefits are paid to the members of the Board of Directors.

The members of the Board of Directors – with the exception of Alexander von Witzleben in his role as Executive Chairman of the Board of Directors (cf. 4.6) – are not insured in the benefit plan of Arbonia.

3.1.2. Variable compensation

The members of the Board of Directors, including the members of the Nomination and Compensation Committee and the Audit Committee, do not receive any variable compensation.

For the variable compensation that Alexander von Witzleben receives in his role as Executive Chairman of the Board of Directors, see the explanations in 3.2.3.

3.1.3. Services and in-kind benefits as well as privileges

The members of the Board of Directors do not receive any services or in-kind benefits. Like employees, however, they can benefit from discounts when purchasing Arbonia products.

3.1.4. Board Member Share Plan

Making the Board of Directors partly take their fees in the form of restricted shares is designed to ensure that the incentive system is consistent with the long-term prosperity of the company, encourage a management philosophy which takes due account of risk and reflect shareholder interests.

The Board of Directors determines the details of the assignment of shares to the members of the Board of Directors in a share-based payment programme in accordance with Article 25 of the Articles of Association (www.arbonia.com/en/corporate-governance).

According to the Board Member Share Plan approved by the Board of Directors, the number of shares is determined based on their fair market value. The calculation of the fair market value starts two trading days after the publication of the annual results achieved by Arbonia in the reporting year. The VWAP is calculated daily for 20 trading days based on the volume-weighted average share price. The fair market value results from the average of the VWAPs of these 20 trading days. The gross amount of the ordinary dividend is then deducted from the fair market value, provided that this is approved by the General Meeting, and a discount of 20 % is deducted for the four-year restriction period of the shares.

The assignment of the shares takes place after the record date for the dividend payment but must take place by 20 days after the General Meeting at the latest. The shares assigned in this way carry all associated rights. However, they are subject to a restriction period of four years, during which they may not be sold.

In the event that a member departs the Board of Directors, the restriction period remains in effect, although it is at the discretion of the Board of Directors to lift the restriction period. In the event that a member departs the Board of Directors due to invalidity or death, the restriction period is automatically lifted.

In the event of a change in control, it is at the discretion of the Board of Directors to decide whether to maintain the restriction period or lift it.

There is no option programme for members of the Board of Directors.

3.2. Compensation of the Executive Chairman of the Board of Directors

3.2.1. Office of Executive Chairman of the Board of Directors

At the General Meeting of 22 April 2022, Arbonia introduced the office of Executive Chairman of the Board of Directors, which has been held by Alexander von Witzleben since then. As Executive Chairman of the Board of Directors, Alexander von Witzleben is responsible for heading Group Management, although he is not a member of this body himself. In addition to the fee for Directors described in 3.1, Alexander von Witzleben has received additional fixed and variable compensation for his office as the Executive Chairman of the Board of Directors according to the compensation structure valid for Group Management (cf. Section 4).

3.2.2. Fixed compensation

The annual fixed compensation of Alexander von Witzleben is CHF 600 000 and is paid in cash.

3.2.3. Variable compensation

The contractually agreed nominal bonus received by Alexander von Witzleben is CHF 400 000 (assuming 100 % target achievement). The variable compensation is based on Article 24 para. 1 of the Articles of Association and is subject to the regulations applicable to Group Management (cf. 4.3). Accordingly, 50 % of the variable compensation is a cash portion and 50 % is a portion in shares blocked for four years.

3.2.4. Lump-sum allowances

In his role as Executive Chairman of the Board of Directors, Alexander von Witzleben receives lump-sum allowances in the amount of CHF 550 per month in accordance with the current allowance rules.

3.2.5. Terms and conditions of employment

The employment contract of Alexander von Witzleben has been concluded for an indefinite term and with a notice period of six months.

3.3. Compensation for restraint of competition

No member of the Board of Directors received compensation for restraint of competition in lieu of a competition prohibition in the reporting year.

4. Compensation structure of Group Management

4.1. Overview

Compensation paid to members of Group Management consists of the following components:

Articles of Association	Form of compensation
Article 22 para. 2	Fixed compensation
Article 24 para. 1	Variable compensation based on the nominal bonus agreed in individual contracts
Where appropriate, compensation according to Article 23 and Article 24 para. 2 of the Articles of Association	In special situations

(www.arbonia.com/en/corporate-governance)

4.2. Fixed compensation

The members of Group Management receive fixed compensation.

The fixed compensation of the members of Group Management is paid exclusively in cash.

4.3. Variable compensation

The members of Group Management receive variable compensation based on the nominal bonus agreed in individual contracts. 50 % of this is a cash portion and 50 % is a portion in shares blocked for four years.

The nominal bonus agreed in individual contracts that is paid upon 100 % target achievement is a maximum of 70 % of the fixed compensation.

The amount of the variable compensation depends on the achievement of financial targets and a sustainability target.



In the reporting year, the targets at the Group level and the division level were based on the following key performance indicators (KPIs) with the following weighting as a percentage of the nominal bonus:

Targets		Weighting in percentages of the nominal bonus	
		CEOs of divisions ¹	Executive Chairman of the Board of Directors / Group CFO ²
Group level	EBITDA margin	10 %	25 %
	Free cash flow (without divestments)	10 %	20 %
	Group result	–	15 %
	Costs Holding/Corporate Services	–	15 %
	Return on capital employed (ROCE)	–	15 %
	ESG (sustainability target) ³	10 %	10 %
Division level	EBITDA margin	25 %	–
	Operating cash flow (without investments/divestments)	15 %	–
	Organic growth (NU/net revenue)	15 %	–
	Return on capital employed (ROCE)	15 %	–

¹The CEO of the Doors Division and the CEO of the Climate Division receive targets on the Group level as well as on the division level. The target values defined on the division level are based on the budget of the respective division and are consequently defined separately for the CEOs of the two divisions.

²The Executive Chairman of the Board of Directors (cf. 3.2.3) and the Group CFO only receive targets on the Group level.

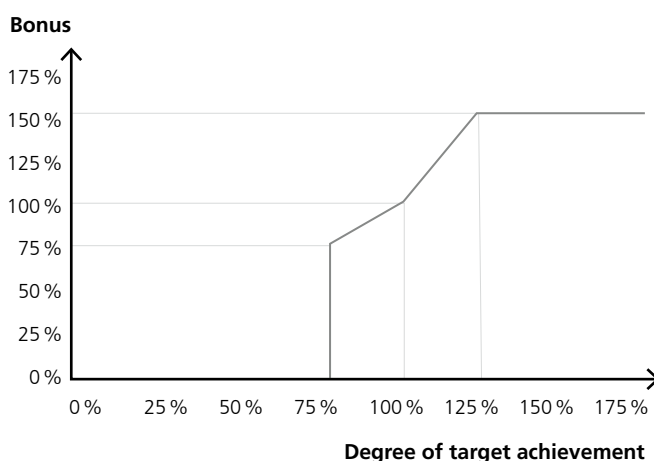
³The sustainability target includes a specified target for the reduction of greenhouse gas emissions in kgCO_{2e} relative to net revenue in CHF.



Each financial target and sustainability target is assigned a particular percentage of the nominal bonus (100%). The weighting of the individual targets as a percentage of the nominal bonus varies and is given in the above table.

At the request of the Nomination and Compensation Committee, the Board of Directors determines an expected target value for each financial target and for the sustainability target at the beginning of each financial year. With respect to the financial targets, the value is based on the budget approved by the Board of Directors for the corresponding financial year.

Upon conclusion of the financial year or upon presentation of the reviewed annual results, the financial targets are assessed according to their effective degree of target achievement. The degree to which the sustainability target has been achieved is also determined. When 100% of all targets have been achieved, a member of Group Management receives the nominal bonus agreed in the individual contract. In the best case, 125% of the expected target value of a target can be achieved. In the case of a 125% target achievement, 150% of the nominal bonus is paid out pro rata for the corresponding target value – in accordance with its percentage share of the nominal bonus and its weighting. As a general rule, failure to meet at least 75% of a target will mean that the degree of target achievement of the corresponding target is weighted with 0%.



100% corresponds to the nominal bonus agreed in individual contracts

The highest variable compensation that is achieved in the reporting year is in ratio of 44.38% to the fixed compensation of the corresponding member of Group Management.

4.4. Special compensation

According to Article 23 and Article 24 para. 2 of the Articles of Association (www.arbonia.com/en/corporate-governance), the Board of Directors is authorised to award additional compensation to a member of Group Management in special situations.

This can be paid out in cash and/or in the form of shares blocked for four years. In the reporting year, no compensation was paid on this basis.

4.5. Lump-sum allowances, services and in-kind benefits, as well as privileges

Several members of Group Management receive lump-sum allowances amounting to CHF 21 600 a year.

In his role as Executive Chairman of the Board of Directors, Alexander von Witzleben receives lump-sum allowances in the amount of CHF 550 per month in accordance with the current allowance rules.

The members of Group Management are provided with a company car and a mobile phone. The private use of the company car is offset for members of Group Management according to the tax regulations applicable in the respective country. The above also holds true for Alexander von Witzleben in his role as Executive Chairman of the Board of Directors.

Like all other employees, the members of Group Management can benefit from various employee privileges, e.g. REKA cheques with a discount of 20% up to CHF 600 (only members with Swiss employment contracts) or discounts on Arbonia products. The above also holds true for Alexander von Witzleben in his role as Executive Chairman of the Board of Directors.

4.6. Pension

Group Management members with Swiss employment contracts are insured under the basic scheme and the senior management scheme within Arbonia's pension provision. The Arbonia senior management pension scheme covers the fixed salary not covered under the basic scheme and 80% of the contractual nominal bonus against old age, death and invalidity risks. According to the Swiss Occupational Pensions Act (OPA), the maximum salary including bonus to be considered is limited to CHF 882 000 (as of 1 January 2023, corresponds to ten times the upper limit amount specified by the OPA) and the insured salary including bonus element is limited to CHF 665 600 (as of 1 January 2023). The employer contribution is the same for all three available schemes and amounts to 25% of the insured salary (according to the regulations, in force since 1 January 2023). Alexander von Witzleben is also insured in the Arbonia senior management pension scheme in his role as Executive Chairman of the Board of Directors. The member of Group Management with a German employment contract has a pension solution with a German insurance company.

4.7. Arbonia Group Share Plan

The Board of Directors determines the details of the assignment of shares to the members of Group Management in a



share-based payment programme in accordance with Article 25 of the Articles of Association (www.arbonia.com/en/corporate-governance).

According to the Arbonia Group Share Plan approved by the Board of Directors, the number of shares is determined based on their fair market value. The calculation of the fair market value starts two trading days after the publication of the annual results achieved by Arbonia the reporting year. The VWAP is calculated daily for 20 trading days based on the volume-weighted average share price. The fair market value results from the average of the VWAPs of these 20 trading days. The gross amount of the ordinary dividend is then deducted from the fair market value, provided that this is approved by the General Meeting, and a discount of 20 % is deducted for the four-year restriction period of the shares.

The assignment of the shares takes place after the record date for the dividend payment but must take place by 20 days after the General Meeting at the latest. The shares assigned in this way carry all associated rights. However, they are subject to a restriction period of four years, during which they may not be sold.

In the event that the employment contract is terminated, the restriction period remains in effect; it is at the discretion of the Board of Directors to lift the restriction period where appropriate. If the employment relationship ends due to the attainment of retirement age, the restriction period is automatically cancelled. The restriction period is also automatically cancelled in the event that the employment relationship is terminated due to invalidity or death.

In the event of a change in control, it is at the discretion of the Board of Directors to decide whether to maintain the restriction period or lift it.

There is no option programme for members of Group Management.

4.8. Terms and conditions of employment

The employment contracts of the members of Group Management have been concluded for an unlimited term and with a notice period of six months. All employment contracts contain a claw-back clause according to which the members of Group Management have to pay back compensation that has been paid to them in whole or in part but has not been approved by the General Meeting. No member of Group Management is entitled to a signing bonus, termination benefit, or compensation due to a change in control ("golden parachute").

4.9. Compensation for restraint of competition

No member of Group Management received compensation for restraint of competition in lieu of a competition prohibition in the reporting year.



5. Compensation of the Board of Directors for the year 2023 (audited)

5.1. Changes in the Board of Directors

The personnel composition of the Board of Directors, which consists of eight members, did not change compared to the previous year. Alexander von Witzleben also continues to hold the office of Executive Chairman of the Board of Directors in addition to the office of Chairman. Peter Barandun continues to be the Vice Chairman of the Board of Directors.

The total compensation of the Board of Directors has increased compared to the previous year. This increase is due to the fact that Alexander von Witzleben's compensation for his function as Executive Chairman of the Board of Directors is included in the total compensation of the Board of Directors for the full year for the first time in the 2023 reporting year. By contrast, in the 2022 reporting year, Alexander von Witzleben's compensation in this regard was only included in the total compensation of the Board of Directors from the time he took office as Executive Chairman of the Board of Directors or from 1 May 2022.

5.2. Table

in 1 000 CHF									2023
Roles exercised in 2023	Fee – in cash	Fee – in shares	Annual salary – in cash	Variable compensation – in cash ¹	Variable compensation – in shares ¹	Pension expenses ²	Other compensation ³	Total	
Alexander von Witzleben ⁴ Exec. CBD ⁵ Member of AC ⁶ Member of NCC ⁷	120	150	600	138	173	248	31	1 459	
Peter Barandun ⁸ Vice Chairman Chairman of NCC	20	100				0	6	126	
Peter E. Bodmer ⁹ Member Member of AC	14	70				0	6	90	
Markus Oppliger Member Chairman of AC	40	50				6	6	102	
Heinz Haller Member Chairman of NCC	14	70				3	6	93	
Michael Pieper Member	12	60				3	6	81	
Thomas Lozser Member	60	0				5	12	77	
Carsten Voigtländer Member	21	49				0	12	82	
Total compensation to members of the Board of Directors	301	549	600	138	173	265	85	2 110	

¹ The amount of the variable compensation – in respect of both the cash portion and the share portion – depends on the degree of achievement of the financial targets set for the 2023 financial year.

² Employer contributions to social insurance policies

³ Comprises lump-sum allowances, private use of the company car/car allowance, and other services and in-kind benefits

⁴ The compensation paid to Alexander von Witzleben in 2023 as Executive Chairman of the Board of Directors is included in this table.

⁵ Exec. CBD = Executive Chairman of the Board of Directors

⁶ AC = Audit Committee

⁷ NCC = Nomination and Compensation Committee

⁸ The compensation paid to Peter Barandun for the term of office 2023/2024 is paid to Peter Barandun AG, which is responsible for the deduction and payment of social contributions.

⁹ The compensation paid to Peter E. Bodmer for the term of office 2023/2024 is paid to Beka-Küsnacht AG, which is responsible for the deduction and payment of social contributions.



in 1 000 CHF									2022
Roles exercised in 2022	Fee – in cash	Fee – in shares	Annual salary – in cash	Variable compensation – in cash ¹	Variable compensation – in shares ¹	Pension expenses ²	Other compensation ³	Total	
Alexander von Witzleben ⁴	Chairman until 30 April 2022 Interim CEO until 30 April 2022 Exec. CBD ⁵ from 1 May 2022 Member of AC ⁶ Member of NCC ⁷	120	150	400	58	72	168	25	993
Peter Barandun ⁸	Vice Chairman Chairman of NCC	20	100			0	6		126
Peter E. Bodmer ⁹	Member Member of AC	14	70			0	6		90
Markus Oppliger	Member Chairman of AC	40	50			6	6		102
Heinz Haller	Member Chairman of NCC	14	70			3	6		93
Michael Pieper	Member	12	60			2	6		80
Thomas Lozser	Member	60	0			5	12		77
Carsten Voigtländer	Member	21	49			0	12		82
Total compensation to members of the Board of Directors		301	549	400	58	72	184	79	1643

¹The amount of the variable compensation – in respect of both the cash portion and the share portion – depends on the degree of achievement of the financial targets set for the 2022 financial year.

²Employer contributions to social insurance policies

³Lump-sum allowances

⁴The compensation paid to Alexander von Witzleben in 2022 as Executive Chairman of the Board of Directors is included in this table.

The compensation for his services as interim CEO totalling CHF 1 477 835 is included in the compensation paid to Group Management in chapter 6.2.

⁵Exec. CBD = Executive Chairman of the Board of Directors

⁶AC = Audit Committee

⁷NCC = Nomination and Compensation Committee

⁸The compensation paid to Peter Barandun for the term of office 2022/2023 is paid to Peter Barandun AG, which is responsible for the deduction and payment of social contributions.

⁹The compensation paid to Peter E. Bodmer for the term of office 2022/2023 is paid to Beka-Küsnacht AG, which is responsible for the deduction and payment of social contributions.

Compensation paid to former members of the Board of Directors

In 2023 as well as in 2022, no direct or indirect compensation was paid to former members of the Board of Directors in connection with their previous governing body activity.

Compensation paid to persons close to members of the Board of Directors

In 2023 as well as in 2022, no direct or indirect compensation was paid to persons close to current or previous members of the Board of Directors.

6. Compensation of Group Management for the year 2023 (audited)

6.1. Changes in Group Management

The personnel composition of Group Management did not change compared to the previous year. Group Management continues to consist of Daniel Wüest, Group CFO; Claudius Moor, CEO of the Doors Division; and Alexander Kaiss, CEO of the Climate Division.

The total compensation of the Group Management decreased compared to the previous year. This reduction is due to the fact that Alexander von Witzleben was no longer a member of Group Management in the 2023 reporting year and therefore the total compensation of Group Management for 2023 does not include any related compensation for Alexander von Witzleben. By contrast, Alexander von Witzleben was still a member of Group Management in the 2022 reporting year until the Annual General Meeting on 22 April 2022 and his compensation in this regard was included in the total compensation of Group Management until 30 April 2022.

6.2. Table

in 1000 CHF	2023		2022	
	Group Management ¹	of this paid to Daniel Wüest, Group CFO	Group Management ¹	of this paid to Alexander von Witzleben, interim CEO
Annual salary (cash)	1 040	400	1 145	93
Annual salary (shares)			1 270	1 270
Variable compensation (cash portion)	172	69	109	
Variable compensation (shares)	215	86	136	
Pension expenses ²	314	156	410	109
Other compensation ³	81	31	76	5
Total	1 822	742	3 147	1 478
Number of members	3		4 ⁴	

¹ The compensation of Alexander Kaiss is paid in euros. The exchange rate used is 0.97 for 2023 and 1.01 for 2022.

² Employer contributions to social insurance policies, occupational pension schemes, and accident and health insurance policies

³ Comprises lump-sum allowances, private use of the company car/car allowance, and other services and in-kind benefits

⁴ Contains the former interim CEO until 30 April 2022.

Compensation paid to former members of Group Management

In 2023 as well as in 2022, no direct or indirect compensation was paid to former members of Group Management in connection with their previous governing body activity.

Compensation paid to persons close to members of Group Management

In 2023 as well as in 2022, no direct or indirect compensation was paid to persons close to current or former members of Group Management.



7. Loans and credit (audited)

According to Article 26 of the Articles of Association (www.arbonia.com/en/corporate-governance), no loans, credit, or pension benefits outside the occupational pension scheme or collateral are granted to the members of the Board of Directors and Group Management. Exempt from this are advances of social security and tax charges for persons subject to withholding tax. No member of the Board of Directors or Group Executive Management made use of this exception in the reporting year.

As of 31 December 2023 and as of 31 December 2022, there were no loans or credit to current or former members of the Board of Directors and Group Management or to persons close to current or former members of the Board of Directors and Group Management.

8. Roles of the members of the Board of Directors at other companies with economic purpose (audited)

According to Article 29 of the Articles of Association (www.arbonia.com/en/corporate-governance), members of the Board of Directors may have a maximum of 16 mandates outside the Group, of which no more than five may be with listed companies and no more than eight with companies subject to regular auditing (including the five listed companies). When calculating the maximum number of mandates, the mandate as Chairperson of the Board of Directors at a company subject to regular auditing counts as two mandates.¹ Mandates at different companies belonging to the same corporate group count as one mandate.

As of 31 December 2023, the members of the Board of Directors exercised the following roles at other companies with economic purpose:

Alexander von Witzleben

Member of the Board of Directors of KAEFER SE & Co. KG; Chairman of the supervisory board of PVA TePla AG; Chairman of the supervisory board of VERBIO SE; member of the supervisory board of Siegwerk Druckfarben AG & Co. KGaA; member of the Board of Directors of Artemis Holding AG; Chairman of the Board of Directors, member of the compensation committee and member of the Audit Committee of Feintool International Holding AG, in which Artemis Holding AG holds a shareholding of 50.1%; member of the advisory board of C. Illies & Co. GmbH & Co. KG; member of the Board of Directors of Innoviz Technologies Ltd.

Peter Barandun

Chairman of the Board of Directors of the subsidiary Electrolux AG of Electrolux Holding AG, at which he is also Chairman of the Board of Directors²; Vice Chairman of the Swiss Association of the Domestic and Industrial Electrical Appliances (FEA); member of the Board of Directors of Fundamenta Group Holding AG; member of the Board of Directors of Peter Barandun AG; Managing Director of Sulegl Immobiglias Scrl.

¹ However, the mandate as Chairperson of the supervisory board only counts as one mandate.

² Count as one mandate (same corporate group) according to Article 29 para. 5 of the Articles of Association.



Peter E. Bodmer

Member of the Board of Directors, Chairman of the ARC, member of the IC and member of the NCC of Peach Property Group AG; member of the Board of Directors of Kuratle Group AG; member of the Board of Directors of Brüttsch/Rüegger Holding AG and member of the Board of Directors of the associated Novus Holding AG¹; Vice Chairman of Helvetica Property Investors AG and Chairman of the Board of Directors of the associated Helvetica Property Group AG²; member of the Board of Directors of INOVETICA Holding AG; Chairman of the foundation board of the Innovation Park Zurich; member of the Board of Directors of Klinik Schloss Mammern AG; member of the Board of Directors of Nüssli (Schweiz) AG; Chairman of the foundation board, member of the investment committee and Chairman of the management committee of Profond Pension Fund and Chairman of the foundation board and member of the real estate committee of the associated Profond Investment Foundation³; Managing Director of BB's Pure GmbH (dormant); Chairman of the Board of Directors and Managing Director of Beka-Küsnacht AG; vice president and member of the working committee of the Wilhelm Schulthess-Stiftung, Chairman of the steering committee of University Hospital Zurich; Vice President and Chairman of the audit and real estate committee of the Board of the University of Zurich.⁶

Markus Oppliger

Chairman of the Board of Directors of the subsidiaries Pizol Gastro und Sport AG and Berggasthaus Pardiell AG of Pizolbahnen AG, at which he is also Chairman of the Board of Directors⁴; member of the Board of Directors and Chairman of the finance and Audit Committee of St. Gallisch-Appenzellische Kraftwerke AG; owner of Oppliger Management Consulting.

Heinz Haller

Vice Chairman of the foundation board of the Innovation Park Zurich; Chairman of the Board of Directors of GETEC PARK. SWISS AG; member of the Board of Directors of the Hockey Club Ambri Piotta SA.

Michael Pieper

Chairman of the Board of Directors of the subsidiary Centinox B AG as well as CEO of the subsidiary Artemis Holding AG as well as member of the Boards of Directors of the subsidiaries Franke Holding AG, Artemis Real Estate Holding AG, Artemis Beteiligungen I AG, Artemis Beteiligungen III AG, Artemis Beteiligungen V AG and Franke Technology and Trademark Ltd. of Centinox Holding AG, at which he is also Chairman of the Board of Directors⁵; Vice Chairman of the Board of Directors and member of the compensation committee of Forbo Holding AG; member of the Board of Directors of Autoneum AG; member of the Board of Directors of BERGOS AG; member of the Board of Directors of Reppisch-Werke AG; member of the supervisory board of Duravit AG; Deputy Chairman of the supervisory board of Ettlin Aktiengesellschaft; member of the advisory board south of Deutsche Bank AG.⁶

Thomas Lozser

Member of the Board of Directors of Mopec Inc.; board observer of Helvetica Capital AG; member of the Board of Directors of Palatine Hill Wealth Management; member of the Board of Directors of Aventine Hill Risk Management; member of the Board of Directors of Ann Arbor Angels LLC; member of the investment committee of Michigan Angel Funds LLC; member of the valuation committee of Tappan Hill Ventures Fund 2.

Dr. Carsten Voigtländer

Member of the Board of Directors of Behr Bircher Cellpack BBC AG; member of the Board of Directors of Electrolux Professional AB; member of the foundation board of Friedhelm Loh Stiftung & Co. KG; member of the Board of Directors of Stulz Verwaltungsgesellschaft mbH; Chairman of the advisory board of Oikos International GmbH; member of the industrial advisory board of VR Equitypartner GmbH; member of the supervisory board of Testo Management SE; member of the Board of Directors of Modern Electron LLC; Managing Director of CaDo Invest GmbH; member of the advisory board of ecoworks GmbH.

¹⁻⁵ Count as one mandate each (same corporate group) according to Article 29 para. 5 of the Articles of Association.

⁶ The number of mandates pursuant to Article 29 of the Articles of Association is exceeded.

9. Roles of the members of Group Management at other companies with economic purpose (audited)

According to Article 29 of the Articles of Association (www.arbonia.com/en/corporate-governance), members of Group Management may have a maximum of five mandates outside the Group, of which no more than one may be with a listed company and no more than two with companies subject to regular auditing (including the listed company). When calculating the maximum number of mandates, the mandate as Chairperson of the Board of Directors at a company subject to regular auditing counts as two mandates. Mandates at different companies belonging to the same corporate group count as one mandate.

As of 31 December 2023, the members of the Group Management exercised the following roles at other companies with economic purpose:

Daniel Wüest

Member of the Board of Directors of SwissHoldings, the federation of Swiss-based multinational enterprises; member of the advisory board of KIWI.KI GmbH; Chairman of the foundation board of the Arbonia pension scheme.

Alexander Kaiss

Member of the Board of Directors of the Federation of German Heating Industry (BDH); Chairman of the Board of Directors of the Quality Association Steel Radiators.

Claudius Moor

Chairman of the advisory board of KIWI.KI GmbH; member of the advisory board of Griffwerk GmbH.

10. Shareholdings as of 31 December 2023 (audited)

The current members of the Board of Directors and Group Management (including persons close to them) held the following number of shares as of 31 December 2023:

	31 December 2023	31 December 2022
	Number of registered shares	Number of registered shares
Alexander von Witzleben (Executive CBD)	1 189 324	718 784
Peter Barandun (BD member)	79 418	70 169
Peter E. Bodmer (BD member)	46 145	39 671
Markus Oppliger (BD member)	42 451	37 826
Heinz Haller (BD member)	140 000	130 000
Michael Pieper (BD member)	15 673 795	15 350 370
Thomas Lozser (BD member)	526 074	366 074
Carsten Voigtländer (BD member)	20 633	16 124
Daniel Wüest (Group Management)	63 979	58 979
Claudius Moor (Group Management)	27 587	24 047
Alexander Kaiss (Group Management)	35 175	31 189
Total	17 844 581	16 843 233



Report of the statutory auditor

To the General Meeting of Arbonia AG, Arbon

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Arbonia AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections 5 to 10 on pages 136 to 141 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report complies with Swiss law and the Company's articles of incorporation.

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 sections 5 to 10 in the Compensation Report, the consolidated financial statements, the stand-alone 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 Compensation system and defining individual Compensation packages.



Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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 judgement and maintain professional skepticism 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 to 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.

Report on Other Legal and Regulatory Requirements

We draw attention to the fact that individual members of the Board of Directors have not complied as at balance sheet date with Art. 29 of the Company's articles of incorporation regarding the maximum number of mandates outside the Group. In this context, we refer to the disclosure in footnote 6 on page 140 of the Compensation Report.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 20 February 2024

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

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