

DATACOLOR AG

COMPENSATION REPORT 2022/23

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COMPENSATION REPORT

The Compensation Report contains information on the remuneration of the Board of Directors and the Executive Committee of Datacolor AG. The information provided in this Compensation Report relates to the financial year 2022/23, unless otherwise noted. The remuneration report is prepared in accordance with the following regulatory provisions: Swiss Code of Obligation, Ordinance against Excessive Compensation in Listed Corporations (the «Ordinance»), Directive on Information Relating to Corporate Governance by SIX Swiss Exchange, the «Swiss Code of Best Practice for Corporate Governance» of *economiesuisse*.

According to the Ordinance, the General Assembly must vote on the remuneration. The statutes of Datacolor AG includes the tasks and responsibilities of the HR and Compensation Committee, the performance-based remuneration and the allocation of equities, to members of the Board of Directors and Executive Committee.

The complete statutory regulations regarding the approval of remuneration of Directors and the Executive Committee by the General Meeting (Art. 21), applicable additional amount for the remuneration of additional members of the Executive Committee (Art. 22), regulation of the principles of the remuneration (Art. 20), rules for loans and credits (Art. 23) and HR and Compensation Committee (Art. 27) can be found on:

<https://ir.datacolor.com/en/corporate-governance/>

The remuneration paid is disclosed in accordance with the accrual basis accounting principle, independent of cash flow), i.e. all remuneration is reported in the financial year in which it is recorded in the annual financial statements.

1. General principles

The success of Datacolor depends to a large extent on the qualification and commitment of its employees. The key objectives of the remuneration policy are to attract, retain and motivate qualified employees. The performance orientated variable compensation and the share-based component aim to promote entrepreneurial thinking and action. The key principles are:

- Compensation is performance-based and market-driven.
- Employees participate in the economic success.
- Compensation is fair and transparent.
- Short- and long-term compensation components are incorporated.

2. Principles of the compensation system

Remuneration of the members of the Board of Directors consists of two components :

- fixed basic compensation.
- performance-related bonus in cash (short-term).

Remuneration of the members of the Executive Committee consists of three components:

- fixed basic compensation.
- performance-related bonus in cash (short-term).
- performance-related compensation in shares (non-current).

2.1 Compensation of the Board of Directors

The Compensation Policy for the Board of Directors was issued on December 7, 2017. The regulations were revised on September 13th, 2021 for the last time. The members of the Board of Directors (all are non-executive) are remunerated with a fixed cash compensation. Fixed basic compensation includes an annual remuneration, lump sum, other allowances and other payments based on individual agreements (employment agreement of the Chairman of the Board with Datacolor AG Europe) including respective social security deductions. The amount of the fixed compensation is at the discretion of the Board of Directors. Reimbursement of expenses is not deemed as remuneration.

Variable compensation paid in cash, is determined by the Board of Directors after the end of the financial year. The Board of Directors bases its decision on business performance considering organic sales growth (excluding acquisitions and divestitures) and operating profit EBIT.

The Board of Directors complies with the provisions of the corresponding resolution of the Annual General Meeting in determining remuneration.

The Board of Directors has not based its decisions on the compensation for the members of the Board of Directors on benchmarks.

In contrary to the previous financial year, for current 2022/23 period the members of the Board of Directors are not entitled to acquire from their own funds a number of Datacolor AG registered shares determined by the Board of Directors at its own discretion. This is due to the public tender offer for all publicly held shares of Datacolor AG successfully completed by the Chairman of the Board of Directors on 16 October 2023 (hereinafter “public tender offer”).

2.2 Compensation of the Executive Committee

The compensation of the Executive Committee consists of (i) a fixed base salary in cash, (ii) variable performance-based bonus in cash, (iii) a long-term variable compensation based on an equity security component as (iv) contributions to pension funds and social insurances. Reimbursement of expenses is not deemed to be remuneration.

The fixed base salary is mainly determined by the respective organizational function, the accountability level, the qualification and experience and employment market conditions.

For the fiscal 2022/2023, the entire variable compensation of the Executive Board will also be paid in cash. Since fiscal 2015/16 until the 2021/22, 50% of the total variable compensation of the CEO and CFO and 60% of the total variable compensation of the other members of the Executive Board was paid in cash. The remaining part of the variable compensation, 50% for the CEO and CFO and 40% for the other members of the Executive Committee, was paid in registered shares of Datacolor AG. The reason for this change is the public tender offer.

The criteria for determining the total variable compensation (short-term and long-term components) are defined in a set of rules issued by the Board of Directors. The regulations were revised on January 24st, 2023. The resulting adjustments were applied initially in financial year 2022/23. Variable remuneration is determined as follows in accordance with the current regulations:

The pool available for the payment of performance-related bonuses is determined on the basis of two financial value drivers, namely organic sales growth compared to the previous year and budget (60% weighting share) and operating EBIT compared to budget (40% weighting share) The Board of Directors sets respective annual targets for the financial value drivers during the budgeting process. The pool for performance related bonus payments is a maximum of 200% of the budgeted target value of short-term component of variable compensation.

If the EBIT achieved falls below the target set by the Board of Directors by more than 50% (minimum threshold), no credit is recorded in the variable compensation pool and there is no entitlement to variable performance-related bonuses. A proposal from the CEO and approval by the HR and Compensation Committee is required for exceptions.

From the pool of performance related bonuses, the Executive Committee members and other employees eligible for bonus payments receive individual performance-related bonuses based on the achievement of their respective individual performance goals. Measurable individual goals are agreed during the management-by-objectives process at the beginning of each fiscal year between the Chairman of the Board and the CEO as well as between the CEO and the members of the Executive Committee.

The individual performance-related bonus depends on the accomplishment of individual performance objectives and the financial success of the company (organic sales growth, operating EBIT). The performance-related bonus may be a maximum of 150% of the annual target salary. The target salary is defined by the total of both fixed base compensation plus the performance-related variable short-term and long-term compensation.

The achievement of the individual targets is weighted at 100% when determining the performance-related bonus.

The Board of Directors has decided that all registered shares of Datacolor AG granted to the members of the Executive Committee under the share plan in fiscal years 2020/21 and 2021/22 will vest in fiscal year 2022/23 due

to the public purchase offer. As in previous years, there will be no transfer of registered shares of Datacolor AG to the members of the Executive Committee. Instead, the equivalent value (CHF 760.00 per registered share of Datacolor AG, corresponding to the takeover price in the context of the public purchase offer) will be paid out to them in November.

Pension and social insurance expenses include employer contributions to social security as well as mandatory and non-mandatory occupational benefits. The expense regulations for the members of the Executive Committee are basically the same as those applicable for all other employees of the respective group company. Additional rules apply for lump-sum compensation of representatives and petty expenses for the members of the Executive Committee residing in Switzerland that have been approved by the relevant cantonal tax authorities. A company car is made available to one member of the Executive Committee. It's not provided in the employment agreements of the other Executive team members.

The compensation of the Executive Board must be determined in accordance with the provisions of the corresponding resolution of the General Meeting of Shareholders.

Neither benchmarks nor salary comparisons have been applied in determining the compensation of the Executive Board.

Employment agreements have notice periods of a maximum of six months. The employment agreements with the Executive Committee members do not provide for termination pay.

Executive Committee members do not hold permanent executive or consulting functions in any important interest group and do not hold any official or political administrative positions. No management agreement exists.

3. Competences and determination procedures

The overall compensation structure and equity security participation plans are submitted by Corporate Human Resources for review by the CEO and the HR and Compensation Committee. The Board of Directors approves compensation and equity participation plans. In fiscal year 2022/23, no external consultants were utilized.

The HR and Compensation Committee consists of two members of the Board of Directors: Dr. Jvo Grundler (Chairman) and Hanno Elbraechter (Member).

The Board of Directors approves the conditions of employment and mandate contracts, target remuneration for the Board of Directors (including the Chairman), the CEO and the other members of the Executive Committee and determines the annual variable remuneration for the Board and the other members of the Board of Directors. The Board of Directors determines the compensation system including the elements of fixed and variable compensation.

The HR and Compensation Committee (i) proposes the terms of employment and mandate contract and the

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annual fix and variable compensation for the Chairman of the Board, (ii) proposes at the request of the Chairman, the conditions of the employment and mandate contracts and the target remuneration for the remaining members of the Board and the CEO, and (iii) proposes upon the CEO's request amendments to contract terms, the target remuneration and the annual variable compensation for the other members of the Executive Committee. The HR and Compensation Committee is responsible for reviewing and, if necessary, revising the compensation system. Board of Director approval is required for all HR and Compensation Committee proposals.

The Chairman proposes the conditions of employment and mandate contracts and the target remuneration for the members of the Board of Directors (excluding the Chairman) and the CEO for the review by the HR and Compensation Committee and approval by the Board of Directors. The Chairman determines the annual variable remuneration of the CEO.

The CEO proposes the conditions of employment contracts, the target remuneration and the annual variable remuneration for the other Executive Committee members for review by the Compensation Commission and approval by the Board of Directors.

The General Meeting elects the members of the Re-

muneration Committee individually for a term of one year until the end of the next ordinary General Meeting. Re-election is permitted. The Remuneration Committee consists of at least two members. Only the members of the Board of Directors may be elected.

The HR and Compensation Committee meets as often as business requires, a minimum of four times a year. In the year under review, the members of the HR and Compensation Committee met on November 8th 2022, January 24th, 2023, on May 08th 2023 and on September 12th, 2023 for one to two hours. All members of the Committee attended all meetings.

4. Compensation for the fiscal year and previous year

4.1 Board of Directors

The total compensation of the members of the Board of Directors, which are all non-Executive, amounted in the reporting period to TCHF 922 (previous year: TCHF 924). In the year under review, the Board's variable compensation amounted to 12% (previous year: 12%) of the fixed compensation. The details of the compensation in the reporting period and previous year respectively are disclosed in the tables below.

in TCHF	Remuneration fix		Remuneration variabel		Social Costs	Pension costs	Total
	cash based	cash based	share based	option based			
Compensation for Board of Directors 2022 /23							
Werner Dubach, Chairman	560	34			30		624
Dr. Jvo Grundler, Deputy Chairman	80	21			6		107
Prof. em. Dr. Hans Peter Wehrli, member	49	13			2		64
Thomas Studhalter, member	49	13					62
Hanno Elbraechter, member	49	13			4		66
Total	787	94			42		922

in TCHF	Remuneration fix		Remuneration variabel		Social Costs	Pension costs	Total
	cash based	cash based	share based	option based			
Compensation for Board of Directors 2021 /22							
Werner Dubach, Chairman	560	34			31		625
Dr. Jvo Grundler, Deputy Chairman	80	21			6		107
Prof. em. Dr. Hans Peter Wehrli, member	49	13			2		64
Thomas Studhalter, member	49	13					62
Hanno Elbraechter, member	49	13			4		66
Total	787	94			43		924

4.2 Geschäftsleitung

Im Berichtsjahr beträgt der leistungsbezogene Bonus der Mitglieder der Geschäftsleitung zwischen 50% und 105% des fixen Grundsalärs (Vorjahr zwischen 78% und 200%).

in TCHF	Remuneration fix cash based	Remuneration variabel cash based	Remuneration variabel share based	Social Costs	Pension Costs	Total
Compensation for fiscal 2022/23						
To five members of the Executive Committee	1 251	886	-	186	69	2 392
Thereof highest compensation: Albert Busch	363	383	-	5	9	760

in TCHF	Remuneration fix cash based	Remuneration variabel cash based	Remuneration variabel share based	Social Costs	Pension Costs	Total
Compensation for fiscal 2021/22						
To five members of the Executive Committee	1 251	817	708	171	87	3 034
Thereof highest compensation: Albert Busch	385	385	385	9	27	1 191

5. Proposals to the Annual General Meeting 2023

According to Art. 21 of bylaws the shareholders will vote on the remuneration of the Board of Directors and Executive Committee separately at the General Meeting 2023 on December 7th, 2023.

5.1 Approval of the remuneration of the Board of Directors

Approval of the total fixed remuneration of the members of the Board by the Annual General Meeting 2023 to the Annual General Meeting 2024: The Board of Directors proposes that the shareholders approve the maximum total amount of the fixed remuneration of the Board members for the period from the Annual General Meeting 2023 to the Annual General Meeting 2024 of TCHF 1 000 (exclusive statutory employer contributions to AHV / IV / ALV).

Approval of the variable compensation of the members of the Board of Directors for the current fiscal year 2023/24: The Board of Directors proposes that the shareholders approve the maximum total amount of the variable remuneration of the Board members for the current financial year 2023/24 of TCHF 600 (exclusive statutory employer contributions to AHV / IV / ALV).

5.2 Approval of the remuneration of the Executive Committee

Approval of the total fixed remuneration of the members of the Executive Committee of the Annual General Meeting 2023 to the Annual General Meeting 2024: The Board of Directors proposes that the shareholders approve the maximum total amount of the fixed remuneration of the members of the Executive Committee for the period from the Annual General Meeting 2023 to the Annual General

Meeting 2024 of TCHF 1 700 (exclusive statutory employer contributions such as AHV / IV / ALV).

Approval of the variable compensation of the members of the Executive Committee for the current fiscal year 2023/24: The Board proposes that the shareholders approve the maximum total amount of the variable remuneration of the members of the Executive Committee for the current fiscal year 2023/24 of TCHF 2 000 (exclusive statutory employer contributions such as AHV / IV / ALV), approve.

According to article 22 of the bylaws of Datacolor, members of the Executive Committee who are appointed after approval of the annual total compensation an additional amount within Art. 19 Ordinance per new member is available to the extent of a maximum of 30% of the most recently approved total for the fixed remuneration of the Executive Committee per financial year, provided that the total amount approved for the corresponding fiscal year is not sufficient.

6. Compensation of former members of the Board Directors and Executive Committee

No compensation was paid to former members of the Executive Committee and Board of Directors in the 2022/23 fiscal year (previous year: TCHF 0).

7. Loans and credits

As of September 30th, 2023 no loans or credits have been granted or are outstanding to the Executive Committee (previous year: TCHF 0). No loans or credits have been granted or are outstanding to members of the

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Board of Directors or related parties of current or former members of the Board or Executive Committee.

Loans and credits to Board members or the Executive Committee have to be provided at-arms-length terms. The total maximum amount of outstanding loans and credits is limited to CHF 2 million.

8. Shareholdings and options

The total number of shares held by the Board of Directors and the Executive Committee amounted to 158 113 (previous year: 109 969).

The Board of Directors determines, within the limitation of the amounts approved by the shareholders meeting and with the involvement of the HR and Compensation Committee, the number, granting, exercise and buy back conditions such as the minimum blocking period, employment status and buy back terms in case of the termination of the respective employment or a change of control.

No receivables from and payables to related parties were outstanding at the end of the reporting period and previous year with the exception of the independent pension fund.

	30.09.2023 Number of shares	30.09.2022 Number of shares
Board of Directors and Executive Committee		
Werner Dubach, Chairman	158 113	107 611
Dr. Jvo Grundler, Deputy Chairman	-	262
Prof. em. Dr. Hans Peter Wehrli, Member	-	1 573
Hanno Elbraechter, Member	-	100
Thomas Studhalter, Member	-	150
Executive Committee	-	-
Total	158 113	109 696



Statutory Auditor's Report to the General Meeting of Datacolor AG, Risch

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the Remuneration Report of Datacolor AG (the Company) for the year ended 30 September 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections 4 and 6 to 8 on pages 16 to 18 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Remuneration 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 Remuneration 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 Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration 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 Remuneration 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.

Auditor's Responsibilities for the Audit of the Remuneration 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 Remuneration 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 Remuneration 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.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

Annina Gmür
Licensed Audit Expert

Lucerne, November 13, 2023

ADDRESSES

Headquarter Holding

Datacolor AG
Grundstrasse 12
6343 Rotkreuz
Switzerland
Phone +41 44 488 40 19
www.datacolor.com

Datacolor

USA

Datacolor Inc.
5 Princess Road
08648 Lawrenceville NJ, USA
Phone +1 609 924 21 89
Fax +1 609 895 74 72
www.datacolor.com

Europe

Datacolor AG Europe
Grundstrasse 12
6343 Rotkreuz
Switzerland
Tel. +41 44 835 38 00
www.datacolor.com

Asia

Datacolor Asia Pacific (HK) Limited
Unit E, 15 / F Billion Plaza 2
10 Cheung Yue Street
Cheung Sha Wan, Kowloon
Hong Kong
Phone +852 2 420 82 83
Fax +852 2 420 83 20
www.datacolor.com