

Invitation to the Annual General Meeting

- Agenda and motions
- Organizational
- Explanation concerning the approval of the compensation of the Board of Directors and Executive Committee

5 October 2023

Mövenpick Hotel
Zurich Regensdorf

Agenda and motions

1. Reporting on the financial year 2022/23

1.1 Approval of the Group Management Report and the Financial Statements of the Group and dormakaba Holding AG for the financial year 2022/23

Motion: The Board of Directors (BoD) proposes that the Group Management Report and the annual Consolidated Financial Statements of the Group and the annual Financial Statements of dormakaba Holding AG for the financial year 2022/23 be approved, after having taken note of the reports of the statutory auditors.

Explanation: In accordance with article 698 para. 2 items 3 and 4 of the Swiss Code of Obligations (CO) and § 15 lit. (c) and (d) of the Articles of Incorporation, the Annual General Meeting of Shareholders (AGM) is competent for approving the Group Management Report and the Consolidated Financial Statements of the Group and the Financial Statements of dormakaba Holding AG. The Group Management Report consists of the information on the business and financial performance, as well as of corporate information (previously Fundamental Information) on the Group, all included, together with the annual Consolidated Financial Statements and the annual Financial Statements, in the Annual Report 2022/23 which can be found at www.report.dormakaba.com. In its audit reports to the AGM, PricewaterhouseCoopers AG recommends, without qualifications, to approve the annual Consolidated Financial Statements and the annual Financial Statements.

1.2 Advisory vote on the Compensation Report 2022/23

Motion: The BoD proposes that the Compensation Report 2022/23 be ratified in a non-binding advisory vote.

Explanation: In accordance with article 735 para. 3 item 4 CO and § 22 para. 2 of the Articles of Incorporation, the BoD submits the Compensation Report 2022/23 to the AGM for ratification in a non-binding, advisory vote. The Compensation Report 2022/23 contains the principles for the compensation of the BoD and the Executive Committee (EC) as well as the information on the compensation paid in the reporting year. In its audit report to the AGM, PricewaterhouseCoopers AG expressed the opinion that the Compensation Report 2022/23 complies with Swiss law. The Compensation Report and the audit report can be found at www.report.dormakaba.com.

2. Appropriation of retained earnings of dormakaba Holding AG

Motion: The BoD proposes that the retained earnings at the disposal of the AGM, i.e.

	CHF million
Net profit for the period	49.3
Allocation from reserves for treasury shares	6.9
Statutory retained earnings carried forward from previous year	515.6
Unappropriated retained earnings at the end of the period	571.8
Allocation from reserves from capital contributions	20.0
Total at the AGM's disposal	591.8

be appropriated as follows:

	CHF million
Dividend distribution from unappropriated retained earnings*	20.0
Distribution from reserves from capital contributions*	20.0
Statutory retained earnings to be carried forward	551.8
Total at the AGM's disposal	591.8

* Calculated based on the number of shares as at 30 June 2023. The total amount of the distribution depends on the number of shares entitled to dividend payout as at 6 October 2023. Treasury shares are not entitled to dividend payout.

Explanation: In accordance with article 698 para. 2 items 4 and 6 CO and § 15 (d) and § 31 para. 3 of the Articles of Incorporation, the AGM resolves on the appropriation of the disposable profit, in particular the distribution of dividends and the repayment of reserves from capital contributions. If the BoD's proposal is approved, the total distribution amounts to CHF 9.50 per share, in the form of an equal distribution half from unappropriated retained earnings and half from reserves from capital contributions. As in the previous years, the distribution from the reserves from capital contributions is made without deduction of the Swiss withholding tax of 35%. Shares of dormakaba Holding AG purchased until 6 October 2023 will entitle the holder to receive the distribution. As of 9 October 2023, the shares will be traded ex-dividend. Subject to the approval of the motion by the AGM, the payment of the distribution will be settled as from 11 October 2023.

3. Discharge of the BoD and of the EC

Motion: The BoD proposes that discharge be granted to the members of the BoD and of the EC for the financial year 2022/23.

Explanation: In accordance with article 698 para. 2 item 7 CO and § 15 (e) of the Articles of Incorporation, it is within the power of the shareholders to discharge the members of the BoD and the EC. By granting discharge, the approving shareholders declare that they will no longer hold the members of the BoD and the EC accountable for matters that occurred during the financial year 2022/23 and that were disclosed to the shareholders. Discharge also binds the Company and the shareholders who acquired shares knowing that the AGM has approved the motion.

4. Elections to the BoD

Motion: The BoD proposes the new or re-election (by way of separate election) of the following members of the BoD for a term of one year each, ending at the next AGM. Resumes can be found at www.dk.world/BoD.

- 4.1 **Re-election of Svein Richard Brandtzæg** as a member and Chair of the BoD in the same vote
- 4.2 **Re-election of Thomas Aebischer** as a member
- 4.3 **Re-election of Jens Birgersson** as a member
- 4.4 **Re-election of Stephanie Brecht-Bergen** as a member
- 4.5 **Re-election of Hans Gummert** as a member
- 4.6 **Re-election of John Y. Liu** as a member
- 4.7 **Re-election of Kenneth Lochiatto** as a member
- 4.8 **Re-election of Michael Regelski** as a member
- 4.9 **New election of Ines Pöschel** as a member
- 4.10 **New election of Till Reuter** as a member

Explanation: In accordance with article 698 para. 2 item 2 and para. 3 item 1 CO and § 15(b) of the Articles of Incorporation, the AGM elects individually each member of the BoD and the Chair of the BoD. The statutory term of office is one year, ending at the next AGM. Resumes of the persons proposed can be found in the Corporate Governance Report 2022/23, being part of the Annual Report 2022/23, and at www.dk.world/BoD. Additionally, here are short CVs of the newly proposed persons:

Ines Pöschel (55), a Swiss citizen, lic.iur. University of Zurich, has been working as a lawyer and partner at Kellerhals Carrard in Zurich since 2007. Prior to that, she was Senior Associate at Bär & Karrer AG (Zurich) from 2002 to 2007 and Senior Manager at Andersen Legal LLC (Zurich) from 1999 to 2002. She specializes in capital markets and corporate law with a focus on governance-related areas and corporate transactions. In addition, Ines Pöschel has many years of experience on the board of directors of various companies such as currently Alcon AG, Graubündner Kantonalbank and Belimo Holding AG. With her expertise and experience, Ines Pöschel is an excellent choice to strengthen the dormakaba BoD in the area of governance, sustainability, compensation and compliance.

She will be an independent member of the dormakaba BoD.

Till Reuter (55), a German citizen, has been a Board member of German-based high-tech company Neura Robotics since 2022. Prior to that he was Chairman of the Theo Müller S.e.c.s. corporate group (2019–2022) and Chief Executive Officer of Kuka AG (2009–2018). Before, he held various senior management positions in the financial industry. He is founder and Chairman of Rinvest, and was a Board member of the Bundesverband der Deutschen Industrie eV (2017–2018; BDI – voice of the German industry) and a Board Member/Chairman for Swisslog Holding AG (2014–2018). With his industrial and technology background, Till Reuter is an excellent choice to strengthen the dormakaba BoD.

He will be an independent member of the dormakaba BoD.

5. Elections to the Nomination and Compensation Committee

Motion: The BoD proposes the new or re-election (by way of separate election) of the following members of the Nomination and Compensation Committee (NCC) for a term of one year each, ending at the next AGM:

- 5.1 **Re-election of Svein Richard Brandtzæg** as a member
- 5.2 **Re-election of Stephanie Brecht-Bergen** as a member
- 5.3 **Re-election of Kenneth Lochiatto** as a member
- 5.4 **New election of Ines Pöschel** as a member

Explanation: In accordance with article 698 para. 3 item 2 CO and § 15(b) of the Articles of Incorporation, the AGM individually elects each member of the NCC. The statutory term of office is one year, ending at the next AGM. Only members of the BoD may be elected to the NCC. Subject to his election, the BoD intends to appoint Svein Richard Brandtzæg as Chair of the NCC.

6. **Re-election of Pricewaterhouse Coopers AG as statutory auditors**

Motion: The BoD proposes the re-election of PricewaterhouseCoopers AG, Zurich, as statutory auditors for a term of one year, ending at the next AGM.

Explanation: In accordance with article 698 para. 2 item 2 CO and § 15(b) and § 21 para. 1 of the Articles of Incorporation, the AGM elects the statutory auditors. PricewaterhouseCoopers AG has confirmed to the Audit Committee that it possesses the independence required for exercising the mandate.

7. **Re-election of Law Office Keller Ltd as independent proxy**

Motion: The BoD proposes the re-election of the Law Office Keller Ltd, Zurich, as independent proxy for a term of one year, ending at the next AGM.

Explanation: In accordance with article 689c para. 1 and article 698 para. 3 item 3 CO and § 11 para. 1 and § 15(b) of the Articles of Incorporation, the AGM elects the independent proxy. The statutory term of office is one year, ending at the next AGM. The Law Office Keller Ltd, Zurich (formerly: Law Office Keller Partnership), fulfills the statutory requirements and stands for re-election.

8. Approval of the compensation of the BoD and the EC

8.1 Approval of the compensation of the BoD

Motion: The BoD proposes the approval of a maximum total compensation amount for the BoD of CHF 3,200,000 for the period from the AGM 2023 until the AGM 2024.

Explanation: In accordance with article 698 para. 3 item 4 CO and § 22 para. 1 of the Articles of Incorporation, the AGM is competent for approving the annual maximum total compensation of the BoD. Further details can be found in the section titled "Explanation concerning the approval of the compensation of the Board of Directors and the Executive Committee" at the end of this document.

8.2 Approval of the compensation of the EC

Motion: For the financial year 2024/25 the BoD proposes the approval of a maximum total amount of CHF 4,500,000 for the fixed basic compensation of the EC and of CHF 11,000,000 for the variable compensation of the EC, which makes a maximum total compensation amount of CHF 15,500,000 for the financial year 2024/25.

Explanation: In accordance with article 698 para. 3 item 4 CO and § 22 para. 1 of the Articles of Incorporation, the AGM is competent for approving the annual maximum total compensation of the EC. Further details can be found in the section titled "Explanation concerning the approval of the compensation of the Board of Directors and Executive Committee" at the end of this document.

9. Amendment to the Articles of Incorporation

On 19 June 2020, the Swiss Parliament adopted a revision of the Swiss corporate law, which entered into force on 1 January 2023. The purpose of this revision is to improve corporate governance, to modernize Swiss corporate law and to integrate the Swiss Ordinance against Excessive Remuneration in Listed Companies into the new corporate law. The new Swiss corporate law provides for a transition period until the end of 2024, during which time corporations must amend their articles of incorporation and other regulations to reflect the amendments to the law.

Based on the new Swiss corporate law and further recent developments, the BoD proposes that the Articles of Incorporation be amended as set out below. The proposed amendments to the Articles of Incorporation are grouped by topic and

submitted to the AGM for approval under four separate agenda items (agenda items 9.1 to 9.4). The motions are explained for each agenda item separately. A comparison of the revised provisions set out in the Articles of Incorporation, as proposed by the BoD, and the current provisions set out in the Articles of Incorporation are provided in the separate booklet titled "Amendments to the Articles of Incorporation".

The full text of the current version and the proposed version of the Articles of Incorporation is published online at <https://dk.world/corporate-governance>.

9.1 Capital Range

Motion: The BoD proposes introducing a capital range authorizing the BoD to increase or reduce the share capital between CHF 378,002.60 (lower limit) and CHF 462,002.60 (upper limit), with such authorization being valid until 5 October 2028, or until earlier expiry of the capital range, by amending §§ 3c, 3d and 17 para. 4 of the Articles of Incorporation as outlined in the separate booklet titled "Amendments to the Articles of Incorporation".

Explanation: The new corporate law replaces the authorized capital with a capital range, which authorizes the BoD for a period of up to five years to increase and reduce the Company's share capital once or several times. By law, the range can be between 150 % and 50 % of the share capital recorded in the commercial register at the time the capital range is introduced.

Currently, dormakaba Holding AG has an authorized capital expiring on 12 October 2023. As it cannot be renewed, the BoD proposes to introduce a capital range with an upper limit of 110 % and a lower limit of 90 % of the current share capital of CHF 420,002.60 (§ 3c). As under the previous authorized capital, the BoD shall have the right to restrict or exclude the subscription rights of the existing shareholders in the event of an issue of new shares within the capital range. The Company shall continue to maintain its financial flexibility, being able to act fast and flexible in changed circumstances.

The limit of 10 % of the share capital set out in § 3d for any capital increase where the subscription or pre-emptive rights of the existing shareholders will be restricted or excluded, remains effective, but will apply for a period of (up to) five years, instead of currently two years.

According to article 704, para. 1, item 5 CO, the introduction of a capital range requires a qualified majority of two-thirds of the votes represented.

9.2 General Meeting of Shareholders and Communication with Shareholders

Motion: The BoD proposes to amend §§ 8 to 10, 12 to 15, and 33 of the Articles of Incorporation as outlined in the separate booklet titled "Amendments to the Articles of Incorporation".

Explanation: The proposed amendments extend and adapt the current shareholders' rights in line with the new law, e.g. by lowering the thresholds for shareholders to request an extraordinary General Meeting (GM) of Shareholders from 10% of the share capital or the votes to 5% (§ 8). The thresholds for shareholders to add an item to the agenda or to include a motion in an agenda item are already in line with the new law; the wording is adapted to reflect the current practice (new § 9a).

In connection with the revised corporate law, the provision regarding convening a GM of Shareholders has been adapted and revised in terms of content and presentation, respectively. The new legal rules on convening a GM of Shareholders are reflected in § 9.

The additional flexibility provided by the new law as to the venue – including the possibility of holding a GM of Shareholders by electronic means only – shall be adopted (new § 9b). Currently, the BoD does not intend to hold hybrid or virtual GMs of Shareholders. If a hybrid or virtual GM were to be held, the Company would ensure that the participants' contributions are transmitted directly by means of live video streaming or audio to all the other attendees and that shareholders may exercise all their rights electronically at the meeting (such as their right to receive information and their right to ask questions). In addition, the new law allows electronic communications with, and notifications to, the shareholders. This shall be reflected in the Articles of Incorporation (§ 33).

The corporate law reform further provides that listed companies must allow shareholders to be represented at the GM of Shareholders by any third party and the representation may no longer be limited to another shareholder. This leads to amendments in § 10.

The new law extends the non-transferable powers of the GM of Shareholders (§15) as well as the list of decisions that require a qualified majority of at least two thirds of the shares represented and the majority of the nominal value represented at a GM of Shareholders (§ 12) (e.g. decision on potential delisting of the Company's equity securities).

§ 13 is supplemented to ensure that a vote or an election that has been held shall be deemed not to have taken place if the Chair of the GM of Shareholders has doubts about the result of the vote or election and therefore has a vote or an election repeated.

The resolutions and the election results with details of the exact proportion of votes for and against shall be made electronically accessible within 15 days of the GM of Shareholders being held. Any shareholder may request access to the minutes within 30 days following the GM of Shareholders (§ 14).

According to § 12 of the Articles of Incorporation, resolutions covering (to name but one example) the amendments to § 12 require a qualified majority. Thus, since this agenda item 9.2 will be resolved in a single vote, the amendments proposed under this section require a qualified majority of two thirds of the votes represented.

9.3 Board of Directors, Compensation and Mandates

Motion: The BoD proposes to amend §§ 17 para. 7, 24 (new) para. 8, 25 para. 1 and 27 para. 1 as outlined in the separate booklet titled "Amendments to the Articles of Incorporation".

Explanation: The new corporate law calls for a number of changes to the way the BoD may pass its resolutions (§ 17 para. 7), to the compensation of the EC (§25 para. 1) and to the definition of mandates in entities outside the dormakaba Group (§ 27 para. 1). In addition, the BoD proposes to introduce § 24 para. 8 regarding entering into post-contractual non-compete agreements with members of the EC. The total compensation paid for such a non-compete undertaking may not exceed the annual fixed basic compensation paid to the respective member immediately prior to termination of employment. In any case, pursuant to article 735c item 2 CO, the compensation for such a non-compete undertaking may not exceed the average compensation of such member over the preceding three financial years.

9.4 Further Amendments to the Articles of Incorporation

Motion: The BoD proposes to amend §§ 2 para. 2, 3a (new) para. 2, 3b (new) para. 3, 4 (old) para. 1 to 3 (new para. 1), 5 para. 1 and 2, 18 para. 3, 23 para. 2 and 31 para. 1 and 2 as outlined in the separate booklet titled "Amendments to the Articles of Incorporation" and to make further linguistic changes (not specifically highlighted in the enclosed booklet).

Explanation: The BoD proposes editorial changes in § 2 para. 2 and in § 23 para. 2 as well as in § 18 para. 3.

The amended § 4 para. 1 (old para. 1 to 3) shall offer flexibility regarding the form of the share (e.g. by adding the possibility of issuing tokenized shares in the form of ledger-based securities based on distributed ledger technology). While the BoD does not intend to issue shares in such a form, it considers it to be in the Company's and shareholders' interest to have this option available for the future.

For the conditional share capital, the Articles of Incorporation need to mention the procedure for exercising the conversion or option rights and for waiving these rights (§ 3a (new) para. 2 and § 3b (new) para. 3).

The reasons for which the Company may refuse the registration of an acquirer of shares in the share register (§ 5), and the provision on the appropriation of earnings (§ 31), shall be aligned with the new law.

Organizational matters

Documentation

The Annual Report 2022/23, which contains the

- Group Management Report 2022/23
- Financial Statements of the Group and dormakaba Holding AG 2022/23
- Corporate Governance Report 2022/23
- Compensation Report 2022/23

as well as the original reports of the statutory auditors, are available for review by shareholders at the Company's headquarters at Hofwissenstrasse 24, 8153 Rümlang, Switzerland.

The documentation is also published online at www.report.dormakaba.com.

Admission Tickets

Shareholders, entered in the share register with voting rights by 27 September 2023, will receive the invitation to the AGM, including the agenda and the motions of the BoD, by mail. Upon return of the reply form, the shareholders will receive the admission ticket and voting slips. **No entries will be made in the share register from 28 September until 5 October 2023.** Shareholders who sell their shares prior to the AGM will no longer be eligible to vote. Shareholders who sell or buy portions of their shares are kindly requested to have their admission ticket replaced at the information desk on the day of the AGM.

Due to limited seating capacity, access to the AGM is reserved for shareholders. In exceptional justified cases, however, we may issue a small number of guest cards. They must be requested in advance. No guest cards will be issued on the day of the AGM itself.

Representation/Proxy

Shareholders who cannot attend the AGM 2023 in person may be represented as follows:

- by another **shareholder** who is entered in the share register with voting rights. The enclosed reply form is sufficient for granting power of attorney (the admission ticket will be sent directly to your representative);

or

- by the **independent proxy**, Law Office Keller Ltd., Splügenstrasse 8, 8002 Zurich, Switzerland. The enclosed reply form is sufficient for granting proxy. Unless instructed otherwise, the independent proxy is generally authorized to exercise voting rights in accordance with the proposals of the BoD.

Electronic powers of attorney and instructions to the independent proxy

Shareholders may also register themselves online to grant proxy and issue voting instructions to the independent proxy electronically until the close of the online voting period on 3 October 2023 at 3.00 pm CEST.

Information on how to access the online portal is included on the reply form. Contact information for technical support is available on the portal's website.

Proxy Limitations

We wish to draw our shareholders' attention to § 10 of the Articles of Incorporation according to which a shareholder may only be represented by another shareholder or by the independent proxy.

The formal AGM will be held in German with simultaneous interpreting into English. Attendees are invited to stay for coffee and cake after the AGM is closed.

Schedule of the AGM

1.15 pm	Admission/doors open
2.00 pm	Start of the AGM
5.30 pm	End of the event

How to get there

In line with our sustainability efforts, we kindly ask our shareholders to consider using public transport to travel to the AGM. Your admission ticket entitles you to a special travel day pass from the Zurich Transport Association (ZVV).

Rümlang, 28 August 2023

Explanation concerning the approval of the compensation of the Board of Directors and the Executive Committee

Agenda item 8

Preface

In line with article 698 of the revised Swiss Company Law applicable to stock-listed companies, the Board of Directors (BoD) will submit the maximum total compensation amounts of the BoD and the Executive Committee (EC) to shareholders' vote at this year's Annual General Meeting (AGM).

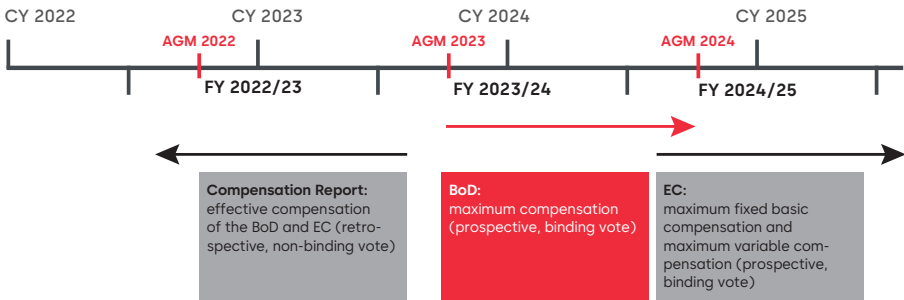
The approval of the maximum total compensation amount of the BoD applies to the compensation period from the AGM 2023 until the AGM 2024 (agenda item 8.1).

The approval of the maximum total compensation amount of the EC applies to the financial year 2024/25 and includes fixed and variable compensation elements (agenda item 8.2).

This document provides shareholders of dormakaba Holding AG with background information on the requested maximum amounts of compensation of the BoD and the EC.

Further information about the compensation system and about the compensation awarded for the financial year 2022/23 can be found in the Compensation Report 2022/23. Shareholders will have the opportunity to express their opinion on this Compensation Report in a non-binding retrospective vote as part of the AGM 2023. The graphic below illustrates the structure of the shareholders' votes on compensation at the AGM 2023.

BoD and EC compensation votes



CY = Calendar Year; FY = Financial Year; AGM = Annual General Meeting
 BoD = Board of Directors; EC = Executive Committee

Agenda item 8.1 – Approval of the compensation of the BoD

Motion of the BoD

The BoD requests the approval of a maximum total compensation amount for the BoD of CHF 3,200,000 for the period from the AGM 2023 until the AGM 2024.

The motion assumes that all proposed BoD members (ten members) will be elected by the AGM 2023 (previous compensation period from AGM 2022 until AGM 2023: ten members).

Explanation of the principles of compensation for the BoD

To reinforce their independence, BoD members receive only fixed compensation. They receive no variable or performance-based compensation, no stock options, and no additional fees for attending BoD or committee meetings. The amount of compensation is determined annually by the BoD based on the recommendation of the Nomination and Compensation Committee (NCC) according to the function, time, and effort spent by the individual members to fulfill their tasks on the BoD and its committees.

According to the current compensation directive, each BoD member receives annual cash compensation for their work on the BoD and on its committees. Additional fees may be paid for performing additional special tasks assigned by the BoD. A portion of the cash compensation can be allocated individually in the form of restricted shares of dormakaba Holding AG if the respective BoD member so decides.

In addition, the BoD members receive an allocation of restricted shares based on a fixed monetary amount. The fixed monetary amount is converted to shares based on the average closing share price during the last five trading days of the month preceding the payment of the compensation. All allocated shares are subject to a three-year blocking period.

In line with Swiss legal requirements, selected BoD members may need to be insured in the company's pension fund. In such a case, both the employee and employer portions of the annual contributions are borne by the respective member of the BoD themselves, therefore no pension cost is paid by the company.

The amount of compensation for each BoD function is reviewed annually in consideration of market compensation trends and current practices at other Swiss listed industrial companies. The most recent revision of the composition of the peer group used as a basis for the BoD compensation benchmark was conducted in the financial year 2021/22 considering the following criteria: median market capitalization, annual sales, business model, industry, and compensation practices. The peer group consists of the following eleven companies: Bucher Industries, Clariant, Forbo, Georg Fischer, Landis+Gyr, OC Oerlikon, SFS Group, SIG Combibloc, Stadler Rail, Sulzer, and Tecan. Following the peer group revision, a benchmarking analysis was conducted by PwC. The results of the analysis showed that the overall compensation of the BoD was mostly in line with the benchmark except for the compensation of the BoD Chair.

In consideration of the outcome of the analysis, the NCC proposed to the BoD to reduce the corresponding compensation of the BoD Chair by CHF 45,000 to CHF 635,000 (previously: CHF 680,000). Of this amount, CHF 335,000 will be paid in cash and CHF 300,000 in restricted shares (following the same ratio of cash and share-based compensation as the other BoD members). This adjustment took effect from the start of the term of office starting with the AGM 2022 and brought the BoD Chair compensation within the benchmark range, aligned with the principle to position fees for board and committee chairs above the relevant market median, considering the above-average level of responsibility and workload for these roles at dormakaba. The compensation for the other BoD members has been in place since October 2022 and has remained unchanged.

For the office term starting with AGM 2023, the compensation for other BoD members and for the BoD Chair will remain unchanged. The compensation for the Lead Independent Director is removed given the role has been dissolved.

The compensation model of the BoD is summarized in the table below:

Basic Compensation p. a. (in CHF)

	BoD Chair	BoD Member
in cash	335,000	100,000
in restricted shares	300,000	90,000
Total	635,000	190,000

+

Additional Compensation p. a. (in CHF)

	Committee Chair	Committee Member
Audit Committee	60,000	20,000
Nomination and Compensation Committee	60,000	20,000

The requested maximum total compensation of CHF 3,200,000 includes the following elements:

- CHF 1,799,000 for cash compensation. This includes compensation for the work in the committees and for special tasks,
- CHF 1,110,000 for compensation in restricted shares,
- CHF 193,000 for estimated social security contributions,
- as in previous years, a reserve of 3% of the total amount to compensate for any unforeseeable circumstances.

The requested amount of CHF 3,200,000 is unchanged from the amount requested for the previous period.

The calculation of the total compensation for the BoD members considers the compensation by the company and all Group companies. The approved compensation can therefore be paid either by the company or by its Group companies.

Agenda item 8.2 – Approval of the compensation of the EC

Motion of the BoD

The BoD requests the approval of a maximum total amount of CHF 4,500,000 for the fixed basic compensation of the EC for six members (previously: nine EC members) and of CHF 11,000,000 for the variable compensation of the EC, which makes a maximum total compensation amount of CHF 15,500,000 for financial year 2024/25.

The motion of the BoD is based on the current EC composition.

Explanation of the principles of compensation for the EC

The following guiding principles apply in determining the compensation of the individual members of the EC:

- The annual base salary is set by reference to the market median in the relevant national or regional market (benchmarks based on data from Korn Ferry as an independent external consultant).
- The possible (short- and long-term) variable compensation amounts to at least 50% of the total direct compensation.
- The equity-based compensation opportunity (value of long-term variable compensation) is at least 30% of the target total direct compensation.
- The possible total direct compensation shall remain within a range of –20% to +35% of the relevant market median.

The compensation amounts proposed and submitted to vote have been calculated based on the following assumptions:

- The total compensation of selected EC members may be adjusted to reflect competitive market practice or a change in scope of responsibilities.
- As described in the Compensation Report, a target-based system for the short-term variable compensation replaces the previous profit-sharing system as of fiscal year 2022/23. Under the target-based system, each EC member, including the CEO, is allocated a target STI amount corresponding to the amount to be paid if all performance objectives are met (100% achievement). In case of over-performance, a maximum of 200% of the STI target amount can be paid, which implies that all performance objectives are at maximum threshold (200% achievement). The maximum possible amount has been requested for approval.
- The equity-based compensation opportunity is calculated at the maximum grant value and will be granted in the form of performance share units under the long-term incentive plan. The vesting of the performance share units will depend on the consolidated earnings per share growth, on the relative total shareholder return compared to companies of a defined peer group and the achievement of ESG targets, over a three-year performance period.
- Assuming a linear development of the employer contributions to social insurance and pension plan in relation to the fixed and variable compensation elements.

- Inclusion of a reserve of 10% in each of the compensation elements to cover any unforeseeable circumstances such as currency fluctuations and share price development (which impacts the value of employer contributions to social insurance on vested shares).

The table below illustrates the development of the compensation of the EC:

Financial year/CHF	2022/23 maximum approved	2022/23 effective	2023/24 maximum approved	Request for EC compensation 2024/25 (maximum)
Fixed basic compensation	5,300,000	6,028,655	5,700,000	4,500,000
Variable compensation	11,700,000	4,967,227	13,600,000	11,000,000
Total	17,000,000	10,995,882	19,300,000	15,500,000
Total requested compensation (including 10% reserve)				15,500,000

On this basis, the following is proposed by the BoD for the EC:

- Maximum total fixed compensation including social insurance and pension contributions as well as other benefits of CHF 4,500,000.
- Maximum total variable compensation including social-insurance and pension plan contributions of CHF 11,000,000. This includes CHF 6,100,000 for the maximum payout under the short-term incentive, CHF 3,000,000 for the maximum grant value under the long-term incentive, and CHF 1,900,000 for social insurance and pension contributions. The long-term incentive grant will consist exclusively of performance share units.
- The requested maximum total compensation amount is CHF 15,500,000. Compared with the maximum compensation approved for the financial year 2023/24, the amount is CHF 3,800,000 lower. The decrease is mainly due to a decrease in the number of EC members from nine to six. This takes into consideration the adjusted compensation for individuals with a broader or new scope of responsibility.

The calculation of the total compensation amount for EC members takes into consideration any compensation by the company and all Group companies. The approved compensation can therefore be paid either by the company or by its Group companies.

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