

dormakaba Holding AG

Annual General Meeting

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

20 October
2020

Mövenpick Hotel
Zürich Regensdorf

dormakaba 

Agenda and motions

1. Reporting on the financial year 2019/20

- 1.1 Approval of the financial statements** (including Group and Holding financial statements) and the **Group Management Report for the financial year 2019/20**, as well as acknowledgement of the reports of the statutory auditors.

The Board of Directors (BoD) proposes that the financial statements (including Group and Holding financial statements) and the Group Management Report for the financial year 2019/20 be approved.

1.2 Advisory vote on the Compensation Report 2019/20

The BoD proposes to take favorable note of the Compensation Report 2019/20 in a non-binding advisory vote.

2. Appropriation of retained earnings of dormakaba Holding AG

The BoD proposes that the retained earnings at the Annual General Meeting's (AGM) disposal, i.e.

	CHF million
Net profit for the period	66.2
Allocation from reserves for treasury shares	7.3
Statutory retained earnings carried forward from previous year	404.0
Unappropriated retained earnings at the end of the period	477.5
Allocation from reserves from capital contributions	22.1
Total at the AGM's disposal	499.6

be appropriated as follows:

	CHF million
Dividend distribution from unappropriated retained earnings*	22.1
Distribution from reserves from capital contributions*	22.1
Statutory retained earnings to be carried forward	455.4
Total at the AGM's disposal	499.6

* Calculated based on the number of shares as at 30 June 2020. The total amount of the distribution depends on the number of shares entitled to dividend as at 21 October 2020. Treasury shares are not entitled to dividend payout.

The BoD proposes to the AGM a distribution of total CHF 10.50 per share, due to changes in law in the form of an equal distribution from unappropriated retained earnings and reserves from capital contribution. As last year, the distribution from the reserves from capital contribution is free of the Swiss withholding tax of 35%. Shares of dormakaba Holding AG purchased until 21 October 2020 will entitle to distribution. As of 22 October 2020, the shares will be traded ex-dividend. Subject to the approval of the proposal by the AGM, the distribution will be settled as from 26 October 2020.

3. Discharge of the Board of Directors and of the Executive Committee

The BoD proposes that discharge be granted to the members of the BoD and of the Executive Committee (EC) for the financial year 2019/20.

4. Amendments to the Articles of Incorporation

4.1 Addendum to § 2 – Purpose

a) Proposal of the BoD

The BoD proposes to add a new paragraph 4 to § 2 of the Articles of Incorporation (**bold**).

Current wording of the Articles of Incorporation	Proposed wording of the Articles of Incorporation (changes in bold)
§ 2 – Purpose	§ 2 – Purpose
The principal purpose of the Company is participation in other businesses in Switzerland and abroad.	The principal purpose of the Company is participation in other businesses in Switzerland and abroad.
Secondary purposes include: – financing of subsidiaries and associated companies; – acquisition, use, and sale of patents, licenses, and other intangible property rights; – acquisition, management, and sale of securities, real estate, and other assets.	Secondary purposes include: – financing of subsidiaries and associated companies; – acquisition, use, and sale of patents, licenses, and other intangible property rights; – acquisition, management, and sale of securities, real estate, and other assets.
In addition, the Company may participate in all activities suitable for promoting or facilitating development of the Company.	In addition, the Company may participate in all activities suitable for promoting or facilitating development of the Company.
	<p>In pursuing its purpose, the Company shall strive for long-term sustainable value creation.</p>

b) Explanation of the BoD

dormakaba is committed to sustainable development and attaches great importance to long-term value creation. The BoD proposes that this commitment be explicitly stated in the company's Articles of Incorporation.

4.2 Adaption of § 19 – Compensation Committee and § 20 – Powers of the Compensation Committee

a) Proposal of the BoD

The BoD proposes to combine the Nomination Committee and the Compensation Committee into a joint Nomination and Compensation Committee and to amend § 19 and § 20 to this end as set forth below.

Current wording of the Articles of Incorporation	Proposed wording of the Articles of Incorporation (changes in bold)
§ 19 – Compensation Committee	§ 19 – Nomination and Compensation Committee
The Compensation Committee shall consist of two to four members of the Board of Directors.	The Nomination and Compensation Committee shall consist of two to four members of the Board of Directors.
The term of office of the members shall extend until completion of the next ordinary General Meeting of Shareholders. Re-election is possible.	The term of office of the members shall extend until completion of the next ordinary General Meeting of Shareholders. Re-election is possible.
If there are vacancies on the Compensation Committee, the Board of Directors shall appoint the missing members from among its members for the remaining term of office.	If there are vacancies on the Nomination and Compensation Committee, the Board of Directors shall appoint the missing members from among its members for the remaining term of office.
Subject to the powers of the General Meeting of Shareholders and the Board of Directors, the Compensation Committee shall constitute itself. The Board of Directors shall appoint the Chair of the Compensation Committee.	Subject to the powers of the General Meeting of Shareholders and the Board of Directors, the Nomination and Compensation Committee shall constitute itself. The Board of Directors shall appoint the Chair of the Compensation Committee.

Current wording of the Articles of Incorporation

§ 20 – Powers of the Compensation Committee

The Compensation Committee shall support the Board of Directors establishing and reviewing the compensation policy and regulations as well as in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and of the Executive Management and may submit proposals to the Board of Directors in other compensation-related issues.

The Board of Directors shall determine in regulations for which positions of the Board of Directors and of the Executive Management the Compensation Committee shall submit proposals for the performance metrics, target values and the compensation to the Board of Directors, and for which positions it shall itself determine, in accordance with the Articles of Incorporation and the compensation regulations established by the Board of Directors, the performance metrics, target values and the compensation.

The Board of Directors may delegate further tasks to the Compensation Committee that shall be determined in regulations.

Proposed wording of the Articles of Incorporation (changes in bold)

 § 20 – Powers of the **Nomination and Compensation Committee**

The **Nomination and Compensation Committee** shall support the Board of Directors **in personnel and compensation matters**.

In compensation matters the Nomination and Compensation Committee shall establish and review the compensation policy and regulations and prepare the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and of the Executive Management. **The Nomination and Compensation Committee** may submit proposals to the Board of Directors in other compensation-related issues.

The Board of Directors shall determine in regulations for which positions of the Board of Directors and of the Executive Management the **Nomination and Compensation Committee** shall submit proposals for the performance metrics, target values and the compensation to the Board of Directors, and for which positions it shall itself determine, in accordance with the Articles of Incorporation and the compensation regulations established by the Board of Directors, the performance metrics, target values and the compensation.

In personnel matters the Board of Directors defines the tasks of the Nomination and Compensation Committee.

The Board of Directors may delegate further tasks to the **Nomination and Compensation Committee** that shall be determined in regulations.

b) Explanation of the BoD

Personnel and compensation topics for the Board of Directors are preferably prepared by one and the same committee, especially in connection with the selection of new members of the BoD and the EC.

4.3 Deletion of § 34 – Contribution in Kind

a) Proposal of the BoD

The BoD proposes to delete § 34 of the Articles of Incorporation with the following wording. The numbering of §§ 35 and 36 shall be adapted.

§ 34 – Contribution in Kind

In accordance with the Contribution in Kind Agreement of August 8, 2006 between the Company, Ng Kin Shek United Company Limited (Seller), in Road Town, Tortola, British Virgin Islands, as well as Billion Power Investments Limited, Sino Origin Investments Limited, Right Elite Limited and Wah Yuet (China) Limited, four subsidiaries of the Seller (Subsidiaries) also of Road Town, Tortola, British Virgin Islands, the Company in conjunction with the capital increase has taken over from the Seller 24 fully paid shares of Wah Yuet (Ng's) Group Holdings Limited (Target) with registered office in Road Town, Tortola, British Virgin Islands on August 10, 2006. These shares are being taken over with a net book value of CHF 59,256,126.30 in total. In consideration of this contribution the Seller receives a total of 196,910 fully paid registered shares of the Company with a nominal value of CHF 5.20 each, which upon instruction have been allotted to the Subsidiaries. The Company allocates the difference between the total nominal value of the issued shares and the net book value of the contribution of CHF 58,232,194.30 in total to the reserves.

b) Explanation of the BoD

Pursuant to Art. 628 para. 4 of the Swiss Code of Obligations, the General Meeting may repeal provisions of the Articles of Incorporation regarding contributions in kind after ten years to purge obsolete provisions from the statutes.

4.4 Further changes of Articles of Incorporation (editorial changes) (change of §§ 12 para. 4, 15 lit. b), 15 lit. c), 24 para. 6 und 30 para. 1 of the Articles of Incorporation)

Due to the combination of the Nomination Committee and the Compensation Committee into a joint Nomination and Compensation Committee (change of §§ 19 and 20 of the Articles of Incorporation) pursuant to agenda item 4.2 as well as the use of the term "group management report" instead of the term "management report", the BoD proposes (i) to replace in §§ 12 para. 4, 15 lit. b) and 24 para. 6 of the Articles of Incorporation the term "Compensation Committee" with the term "Nomination and Compensation Committee" and (ii) to replace in §§ 15 lit. c) and 30 para. 1 of the Articles of Incorporation the term "management report" with the term "group management report".

The Articles of Incorporation are also available on the internet under <https://dk.world/articlesofincorporation>.

5. Elections to the BoD

The BoD proposes the new or re-election of the following members of the BoD for a term of one year each (by way of separate election):

- 5.1 **Re-election of Riet Cadonau** as a member and Chair of the BoD in the same vote
- 5.2 **Re-election of Hans Hess** as a member
- 5.3 **Re-election of Jens Birgersson** as a member
- 5.4 **Re-election of Stephanie Brecht-Bergen** as a member
- 5.5 **Re-election of Daniel Daeniker** as a member
- 5.6 **Re-election of Karina Dubs-Kuenzle** as a member
- 5.7 **Re-election of Hans Gummert** as a member
- 5.8 **Re-election of John Heppner** as a member
- 5.9 **Re-election of Christine Mankel** as a member
- 5.10 **New election of John Liu** as a member

6. Elections to the Nomination and Compensation Committee

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

- 6.1 **Re-election of Hans Hess** as a member
- 6.2 **New election of Stephanie Brecht-Bergen** as a member
- 6.3 **New election of John Heppner** as a member

The BoD intends to appoint Hans Hess (in the event of his re-election) as Chair of the Nomination and Compensation Committee.

7. Appointment of PricewaterhouseCoopers AG as statutory auditors

The BoD proposes the re-election of PricewaterhouseCoopers AG, Zurich, as statutory auditors for a term of one year.

8. Appointment of Law Office Keller Partnership as independent proxy

The BoD proposes the re-election of the Law Office Keller Partnership, Zurich, as independent proxy for a term of one year.

9. Approval of the compensation of the BoD and the EC**9.1 Approval of the compensation of the BoD**

The BoD requests the approval of a maximum total compensation amount for the BoD of CHF 2,940,000 for the period from the AGM 2020 until the AGM 2021.

9.2 Approval of the compensation of the EC

The BoD requests the approval of a maximum aggregate amount of CHF 5,200,000 for the fixed basic compensation of the EC and of CHF 11,300,000 for the variable compensation of the EC, which makes a maximum total compensation amount of CHF 16,500,000 for the financial year 2021/22.

Organizational

Documentation

The Annual Report 2019/20, which contains

- Group Management Report 2019/20
- Financial statements 2019/20 (including Group and Holding financial statements)
- Corporate Governance Report 2019/20
- Compensation Report 2019/20

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/2019_20.

Provisions on the exercise of voting rights

Only shareholders entered in the share register with voting rights by 12 October 2020 will be entitled to vote. They will receive the invitation to the Annual General Meeting (AGM) together with the motions of the BoD. **No entries will be made in the share register from 13 to 20 October 2020.** Shareholders who sell their registered shares prior to the AGM are not entitled to vote.

Proxy

Shareholders cannot attend the AGM 2020 in person but may only be represented by the **independent proxy**, Law Office Keller Partnership, Alfred-Escher-Strasse 11, 8002 Zurich, Switzerland. The enclosed reply form constitutes a power of attorney. If the reply form does not contain specific instructions to the contrary, the signed form grants general authorization to the independent proxy to vote in favor of the proposals submitted by the BoD.

Electronic proxies and instructions to the independent proxy

Shareholders may register themselves online to grant power of attorney and issue voting instructions to the independent proxy electronically until the close of the online voting period on 16 October 2020 at 3.00 pm CEST.

Information on how to access the online voting platform is included on the reply form. Contact information for technical support is available on the homepage of the platform.

Schedule of the AGM

3.00 pm Beginning of the AGM

Rümlang, 7 September 2020

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

Agenda item 9

Preface

In line with the Ordinance Against Excessive Compensation in Listed Stock Companies (VegüV), 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).

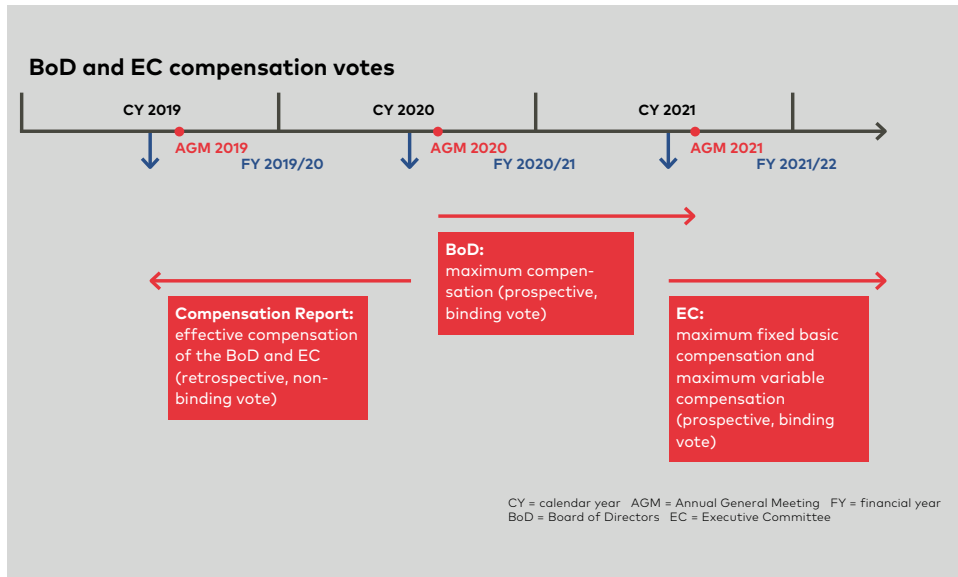
The approval of the maximum total compensation amount of the BoD applies to the compensation period from the AGM 2020 until the AGM 2021 (agenda item 9.1).

The approval of the maximum total compensation amount of the EC applies to the financial year 2021/22 and includes fixed and variable compensation elements (agenda item 9.2).

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 2019/20 can be found in the Compensation Report 2019/20. Shareholders will have the opportunity to express their opinion on the Compensation Report in a non-binding retrospective vote as part of the AGM 2020.

The graphic below illustrates the structure of the shareholders' votes on compensation at the AGM 2020.



Agenda item 9.1 – Approval of the compensation of the BoD

Request of the BoD

The BoD requests the approval of a maximum total compensation amount for the BoD of CHF 2,940,000 for the period from the AGM 2020 until the AGM 2021.

The proposal assumes that all proposed BoD members (ten members) will be elected by the AGM 2020 (previous compensation period from AGM 2019 until AGM 2020: ten members).

Explanation of the fundamentals 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 Compensation Committee 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 an annual cash compensation for the 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 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 into a number of shares on the basis of the average closing share price during the five last trading days of the month preceding the payment of the compensation. All allocated shares are subject to a three-year blocking period.

The amount of compensation of each function of the BoD is determined annually considering the market compensation trends and comparisons with other Swiss listed industrial companies. The last benchmarking analysis was conducted in financial year 2017/18 based on the following peer companies: Autoneum, Bucher Industries, EMS Chemie, Geberit, Georg Fischer, Landis+Gyr, Logitech, Lonza, OC Oerlikon, Sonova, and Sulzer. The results of the analysis showed that the overall compensation of the BoD was slightly below market benchmark. In view of the evolving requirements on the BoD members' role and considering that the compensation level of the BoD remained unchanged since 2014 despite being below benchmark, they were increased as of AGM 2019.

The BoD Chair does not receive any compensation for his function on the BoD as long as he acts in a dual role as BoD Chair and CEO.

Effective 1 April 2021, Riet Cadonau will step down from his role as the CEO of dormakaba. While compensation for his CEO role will stop as of the same date, he will start being remunerated in his capacity as BoD Chair with an annual fee of CHF 680,000, of which CHF 360,000 will be paid in cash and CHF 320,000 in restricted shares (following a similar ratio between cash and share compensation as for the other BoD members). The annual fee for the BoD Chair was determined based on the expected time and effort required to effectively perform this role and with consideration of remuneration levels of benchmark companies. The BoD Chair is not eligible to receive any additional committee fees.

For the term of office from the AGM 2020 until the AGM 2021 and subject to approval by the AGM 2020, the BoD compensation system will be modified to accommodate the formation of the Nomination and Compensation Committee. Upon implementation of the Nomination and Compensation Committee, the individual Nomination and Compensation Committees and their respective fee structures will be discontinued. The annual Committee Chair fee for the combined Nomination and Compensation Committee will be CHF 60,000 and the membership fee will be CHF 20,000. This structure was determined based on the expected level of time and effort required to effectively run the committee and to be consistent with the existing structure for the Audit Committee.

The resulting compensation model of the BoD is summarized in the table below.

Basic compensation			Additional compensation		
in CHF	BoD* Chair	BoD member	in CHF	Committee Chair	Committee member
in cash	360,000	100,000	Audit Committee	60,000	20,000
in restricted shares	320,000	90,000	Nomination and Compensation Committee	60,000 <small>Previously 45,000 per Committee</small>	20,000 <small>Previously 10,000 per Committee</small>
Total	680,000	190,000	Lead Independent Director	30,000	

* The BoD Chair does not receive any compensation for his function as long as he acts in a dual role as BoD Chair and CEO (until 31 March 2021).

The requested maximum total compensation of CHF 2,940,000 includes the following elements:

- CHF 1,760,000 for cash compensation. This includes compensation for the work in the committees and for special tasks,
- CHF 970,000 for compensation in restricted shares,
- CHF 116,000 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 2,940,000 is higher than the maximum total compensation amount approved by the shareholders for the previous compensation period from the AGM 2019 until the AGM 2020 by CHF 550,000. This is due to both the addition of the fees for the BoD Chair as of April 2021 (until April 2021, the BoD Chair will be remunerated in his capacity as the CEO) and an increase in the reserve for special tasks.

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

Agenda item 9.2 – Approval of the compensation of the EC

Request of the BoD

The BoD requests the approval of a maximum aggregate amount of CHF 5,200,000 for the fixed basic compensation of the EC and of CHF 11,300,000 for the variable compensation of the EC, which makes a maximum total compensation amount of CHF 16,500,000 for financial year 2021/22.

The proposal of the BoD has been calculated based on the current EC composition.

Explanation of the fundamentals 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 of Korn Ferry Hay Group as an independent external consultant).
- The variable compensation (short- and long-term) amounts to at least 50% of the total direct compensation.
- The portion of compensation delivered in shares (long-term variable compensation) shall be increased in coming years to up to 30% of total direct compensation.
- The total direct compensation shall stay within a range of –20% to +35% of the market median.

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

- The annual base salary of the individual EC members is not expected to change substantially compared to the preceding year.
- The short-term variable compensation amounts to a maximum of 150% of the annual base salary. It is further assumed that the basis for short-term incentives (comparison of effective annual financial results to those of the preceding year) will remain unchanged. The maximum possible amount has been requested for approval.
- The maximum grant value under the long-term incentive plan, which will consist of performance share units (a conditional right to a certain number of shares after the vesting period) is allocated. The vesting of the performance share units will depend on the consolidated earnings per share growth and on the relative total shareholder return compared to companies of a defined peer group 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).
- Due to the discontinuation of the role of the CMO as of 30 June 2020, the number of EC members is reduced by one member as of financial year 2020/21.

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

Financial year/CHF	2019/20 maximum approved	2019/20 effective	2020/21 maximum approved	Request for EC compensation 2021/22 (maximum)
Fixed basic compensation	5,500,000	4,963,801	5,600,000	5,200,000
Variable compensation	12,500,000	6,961,468	12,400,000	11,300,000
Total	18,000,000	12,442,335*	18,000,000	16,500,000
Total requested compensation (including 10% reserve)				16,500,000

* Includes the replacement award for a new member of the EC. Further details can be found in the Compensation Report for the financial year 2019/20.

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

- Maximum aggregate fixed compensation including social insurance and pension contributions as well as other benefits of CHF 5,200,000.
- Maximum aggregate variable compensation including social insurance and pension plan contributions of CHF 11,300,000. This includes CHF 6,100,000 for the maximum payout under the short-term incentive, CHF 3,500,000 for the maximum grant value under the long-term incentive and CHF 1,700,000 for social insurance and pension contributions. The long-term incentive grant will consist of performance share units only.

- Total requested aggregate compensation amount of CHF 16,500,000 is CHF 1.5 million lower than the amount approved for the financial year 2020/21 which reflects the budgeted average total compensation of an EC member (excluding the CEO) and hence the discontinuation of the role of the CMO as of 30 June 2020. The aggregate compensation amount also includes the envisaged compensation for the new CEO.

The calculation of the total compensation amount for EC members considers any compensation of the company and that of any of its Group companies. The approved compensation can therefore be paid by the company or any of its Group companies.

dormakaba Holding AG – the Board of Directors

Editor dormakaba Holding AG

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