



dormakaba - Corporate Governance Roadshow  
AGM 2021

Riet Cadonau - Member of the Board of Directors- Chairman



# Agenda

**Introduction to dormakaba**

**Slide 3**

**Full-year results 2020/21**

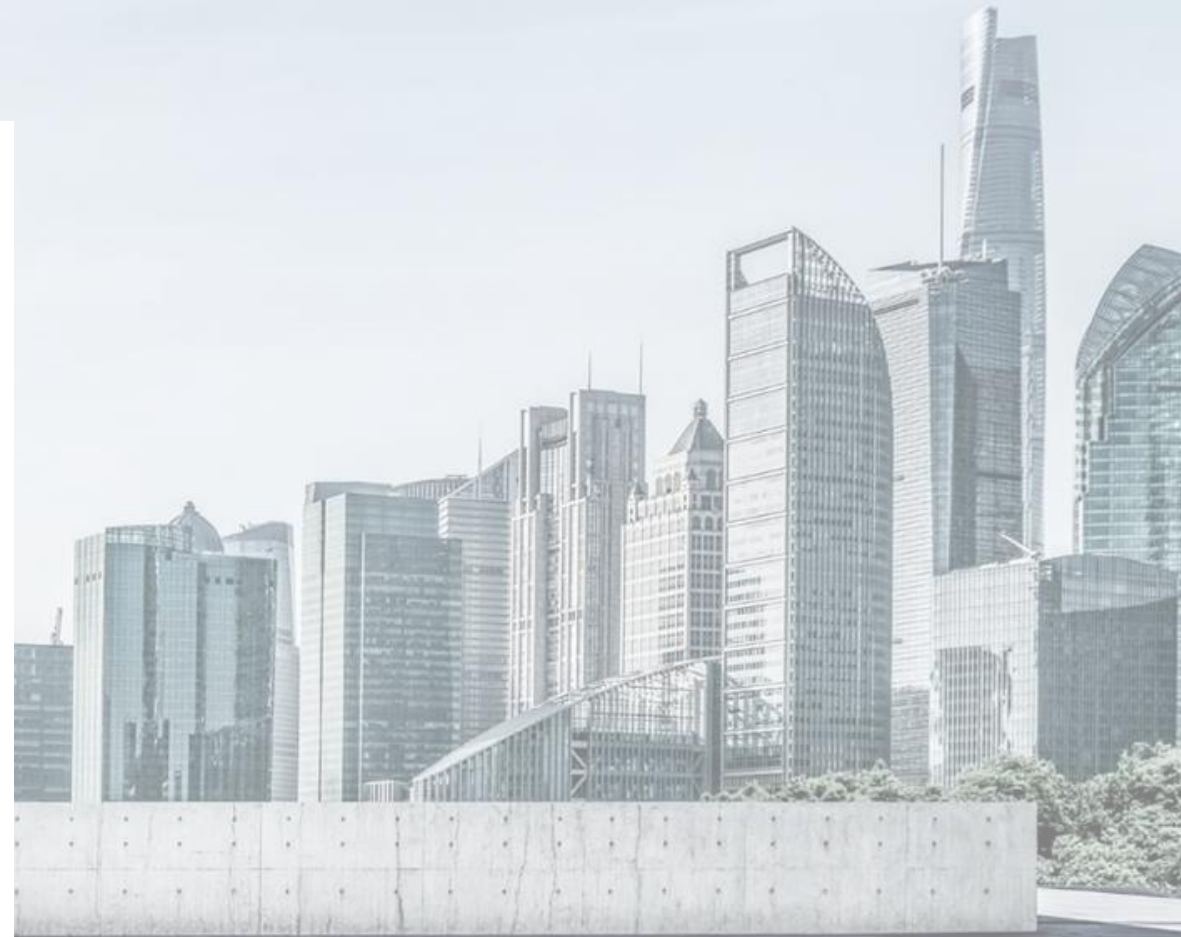
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**Board of Directors**

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**Compensation System**

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## dormakaba – we make access in life smart and secure



Top three position in the worldwide market for access and security solutions



About 2.5 billion Swiss francs in sales. dormakaba is listed at the SIX Swiss Exchange (DOKA)



Around 15,000 employees worldwide



With an experience of more than 150 years with a presence in more than 130 countries



Broad offering of products, solutions and services for secure access to buildings and rooms from a single source



Innovation leader in our industry like mobile access and cloud based solutions

# Our offering – smart and secure access solutions from a single source



**Mechanical Key Systems**



**Door Hardware**



**Services**

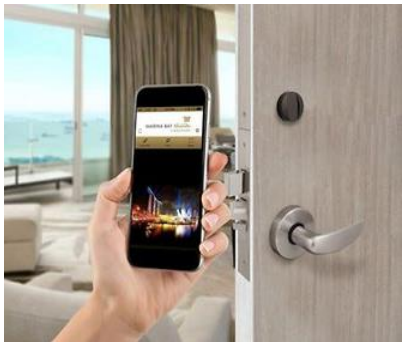


**Entrance Systems**

## Key & Wall Solutions



**Movable Walls**



**Lodging Systems**



**Safe Locks**



**Electronic Access & Data**



**Key Systems**

# dormakaba is part of an attractive industry that is in transformation



## Multiple strong growth drivers

- Urbanization
- Increasing prosperity in emerging markets
- Demographic change
- Increasing need for security
- Technology

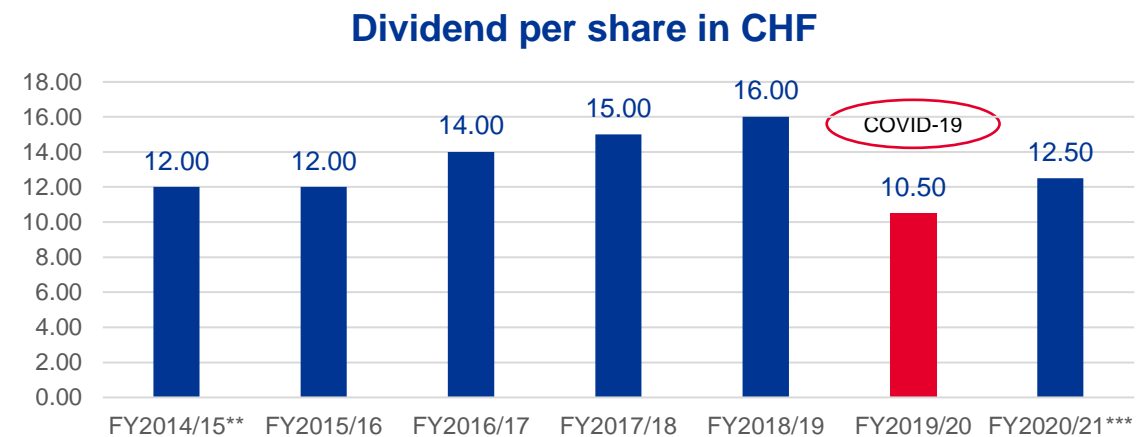
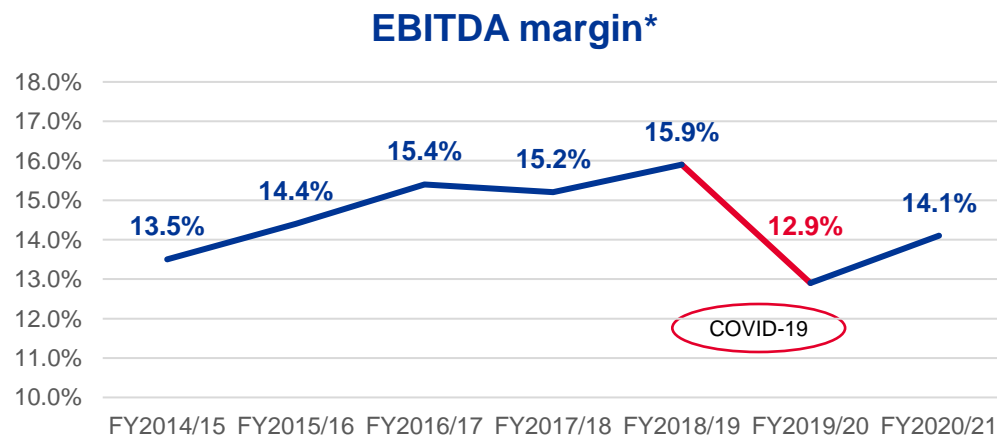


## Transformation of the industry

- Technology: From mechanical to electronic to cloud-based
- Consolidation: Top 3 players 30% market share (1994: 15%)
- dormakaba invests above average to be one of the leaders in this transformation (digitization, R&D)

## From international niche player to global one-stop shop – Merger to dormakaba as game changer

- **Global Top 3 Player** in the Access Solutions industry - thanks to the merger and subsequent M&A activities
- **Stable and healthy platform for profitable growth** - global reach, mechanical, electromechanical, electronical and cloud-based solutions  
- significant investments in innovation, digitization, IT and sustainability, supported by anchor shareholders
- Established a "one dormakaba" culture
- **Created #3 Player in North America** the most attractive market in our industry by significant acquisition growth in North America
- Performance vs. peers: EMEA in line, ASIA outperforming, underperforming in AMER

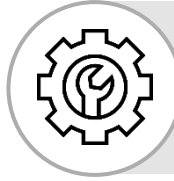


<sup>\*)</sup> FY 2014/15 and FY 2015/16 are pro forma figures; <sup>\*\*)</sup> After closing of dormakaba merger, pay-out of extra dividend of CHF 50.0; <sup>\*\*\*)</sup> proposed

## Sabrina Soussan took over as CEO in April 2021



Co-CEO of Siemens Mobility since 2017  
French and German citizen  
51 years of age



Master's Degree in Mechanical and Aeronautical engineering. Postgraduate Degree in Business Administration (MBA) Poitiers and Dublin University



Held several leadership positions in Siemens' mobility, building technologies and automotive businesses over the past 20 years



Strong track record in delivering profitable growth and driving innovation, as digitalization has become one of the key elements in developing seamless, secure and sustainable mobility solutions



Member of the Board of Directors of ITT Inc. (USA) since 2018



**A smooth transition to a new CEO with a strong track record in delivering profitable growth and driving innovation**

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## Good and improved business results in a demanding environment

- Organic sales growth slightly above guidance, with double-digit sales growth in HY2 and strong Q4
- Improvement of EBITDA margin in line with guidance
- Particular strong performance in European and Asian businesses
- All segments, except Access Solutions (AS) AMER, contributed to organic sales growth and higher profitability, with EBITDA margins of Key & Wall Solutions (KWS) and AS EMEA already inline respectively above pre-Covid levels
- Continued strong financial profile with leverage ratio (net debt/EBITDA) at 1.4x, providing healthy amount of financial leverage for future strategic measures
- Increase of net profit leads to higher dividend proposal

**CHF 2,499.7 million**

Net sales  
(previous year CHF 2,539.8 million)

**1.3%**

Organic sales growth

**CHF 353.1 million**

EBITDA  
(previous year CHF 325.0 million)

**14.1%**

EBITDA margin  
(previous year 12.8%)

**CHF 193.3 million**

Net profit  
(previous year CHF 164.1 million)

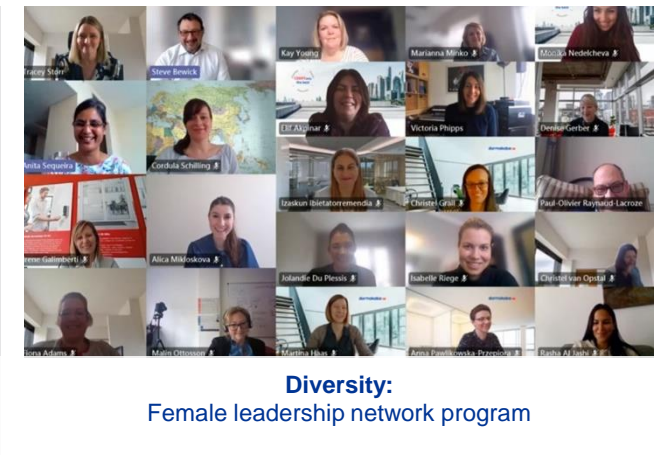
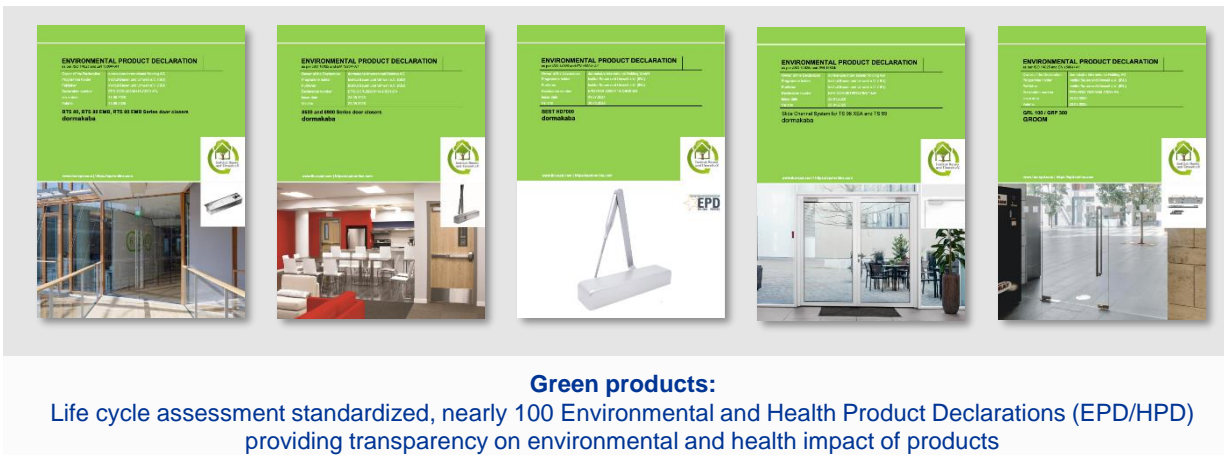
**12.5%**

Operating cash flow margin  
(previous year 12.9%)

**CHF 12.50**

Dividend proposal per share in accordance with dividend policy  
(previous year CHF 10.5 per share)

# Sustainability progress: leading the industry's efforts to address market and societal shifts while also walking the talk in our internal operations



## Sustainability progress in the financial year 2020/21 in strategic focus areas



Emissions avoided through green electricity purchase and energy efficiency

**15,500**  
tonnes CO2



New Environmental Product Declarations in the pipeline

**>70**



ISO 14001 certified manufacturing sites

**50%**  
of baseline  
FY 2017/18

**50%**  
target



Products with environmental and/or health product declarations

**32%**  
of revenue share

**30%**  
target



Manufacturing sites with health & safety management systems

**82%**

**100%**  
target



Suppliers assessed for sustainability management

**146**



Participation rate in Pulse Check employee survey

**70%**  
of full-time equivalent employees



Social audits of own operations

**2**



Process & Production



Products

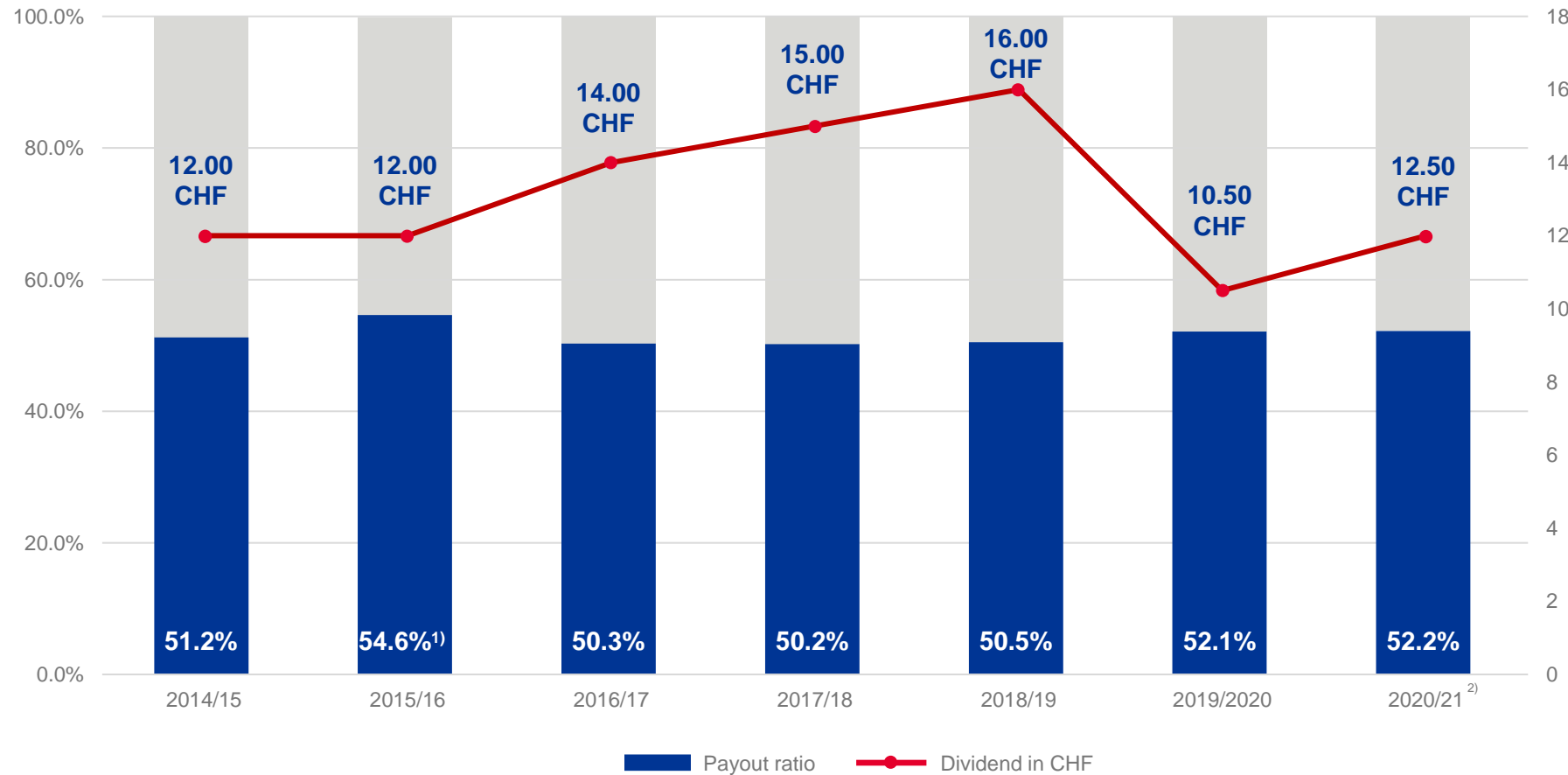


People



Transparency

# Dividend proposal



**Dividend policy:** Envisaged pay-out ratio of minimum of 50% of consolidated net profit after minority interests

Consolidated net profit after minority interests for FY 2020/21 = CHF 100.8 million

## Proposed dividend payout

CHF 12.50 per share  
(total CHF 52.6 million)  
→ pay-out ratio = 52.2%

Distribution of an equal share from the reserves from capital contributions (balance today: CHF 71.6 million) and from statutory retained earnings (balance today: CHF 464.0 million)

<sup>1)</sup> FY 2015/16: Adjusted for merger-related integration costs, "extraordinary result"

<sup>2)</sup> FY 2020/21: Dividend proposal, pay-out ratio calculation is based on the total number of shares as at 30 June 2021. The effective ratio depends on the number of shares entitled to dividend as at 13 October 2021.

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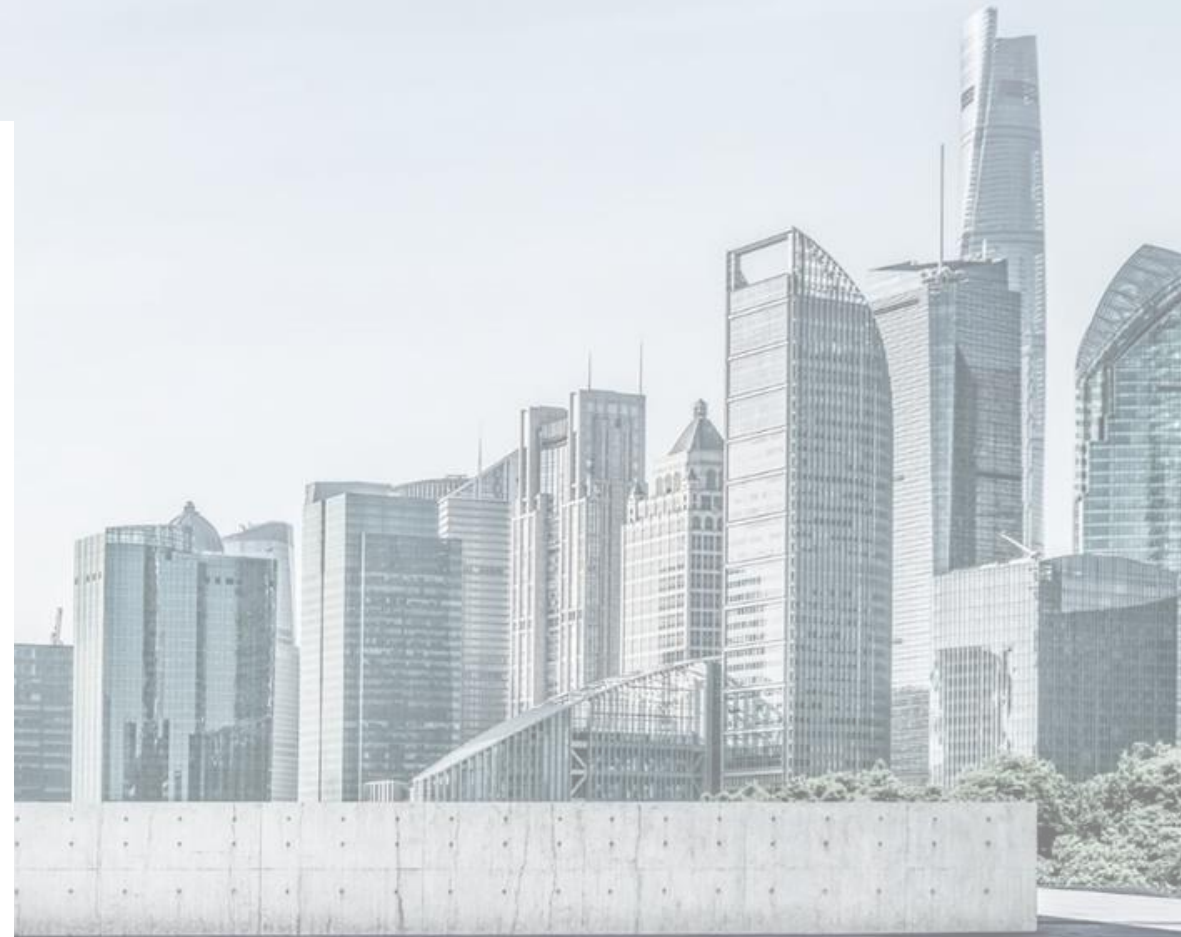
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Compensation System

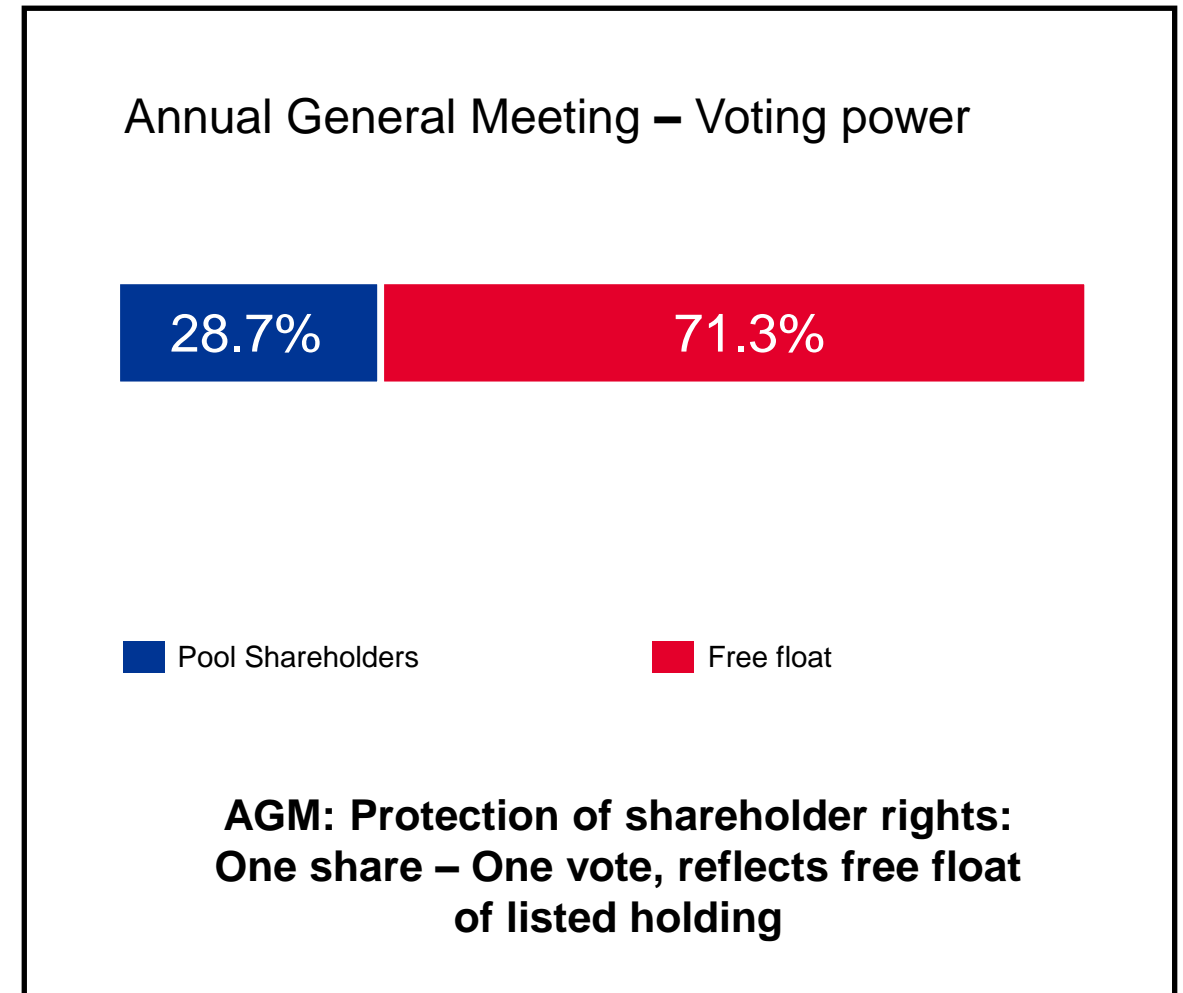
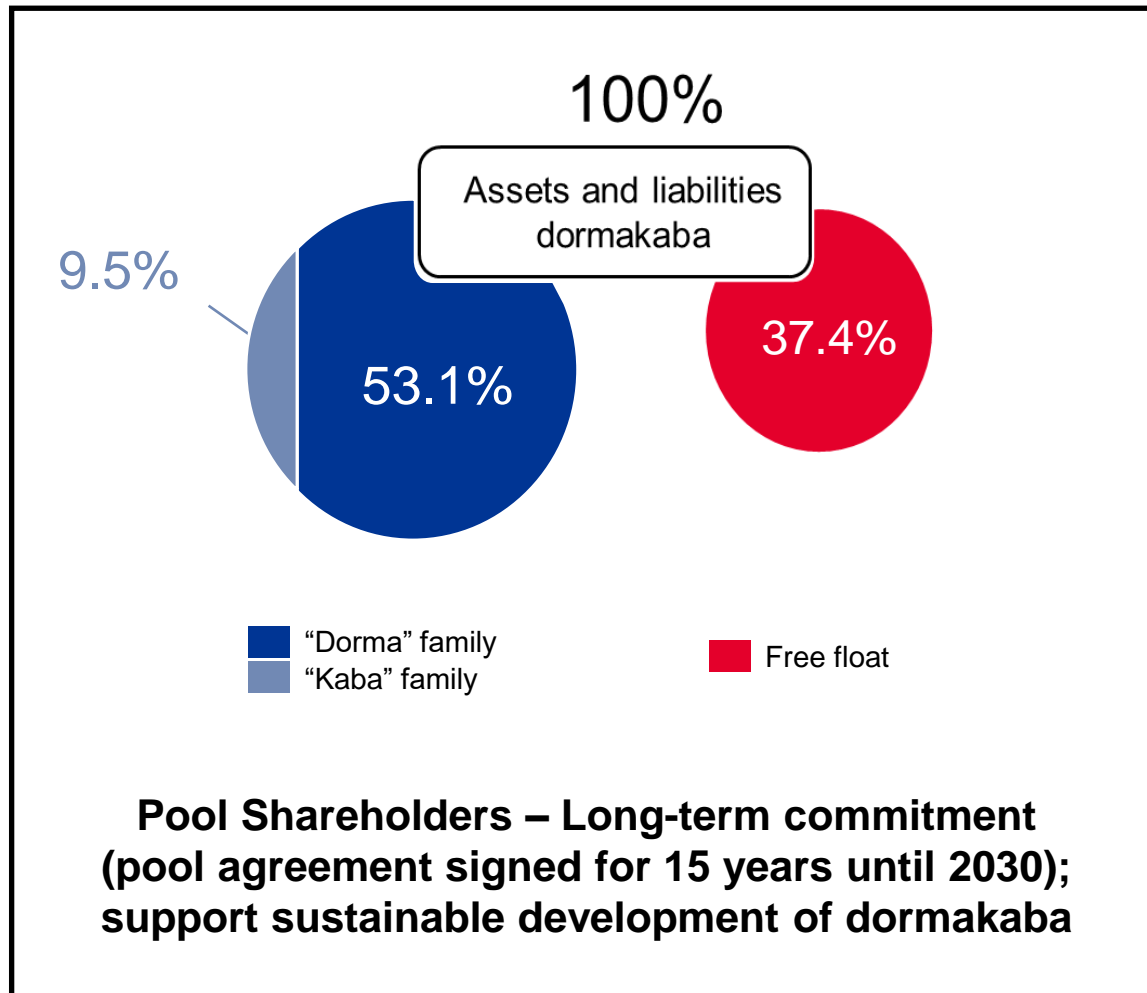
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## Highlights – Changes in 2020/21 – Addressing shareholders' concerns

- Discontinuation of dual Chair-CEO role as of 1 April 2021, returning to a non-executive-only Board structure
- LID role to continue to address potential concerns about missing cooling-off period of former CEO
- Successful CEO succession, Sabrina Soussan has taken on the CEO role
- Board adjustment in line with BoD skills development roadmap: Thomas Aebischer as a new independent member will replace Karina Dubs-Kuenzle, strengthening dormakaba's financial expertise and global leadership experience
- Additional disclosure is provided in the governance report outlining oversight responsibilities of the board and its committees regarding sustainability reporting as well as related strategic oversight
- The BoD intend to achieve the 30% quota for women again within the next one to three years

## Ownership structure supports sustainable development of dormakaba



## Organizational structure of the Board of Directors (proposal for AGM)

				
Riet Cadonau Chairman	Hans Hess LID & Vice-Chairman	Thomas Aebischer	Jens Birgersson	Stephanie Brecht-Bergen
				
Daniel Daeniker	Hans Gummert	John Heppner	John Liu	Christine Mankel

### Committees






<b>Audit</b>	Daniel Daeniker (Chair) Hans Hess Hans Gummert Jens Birgersson
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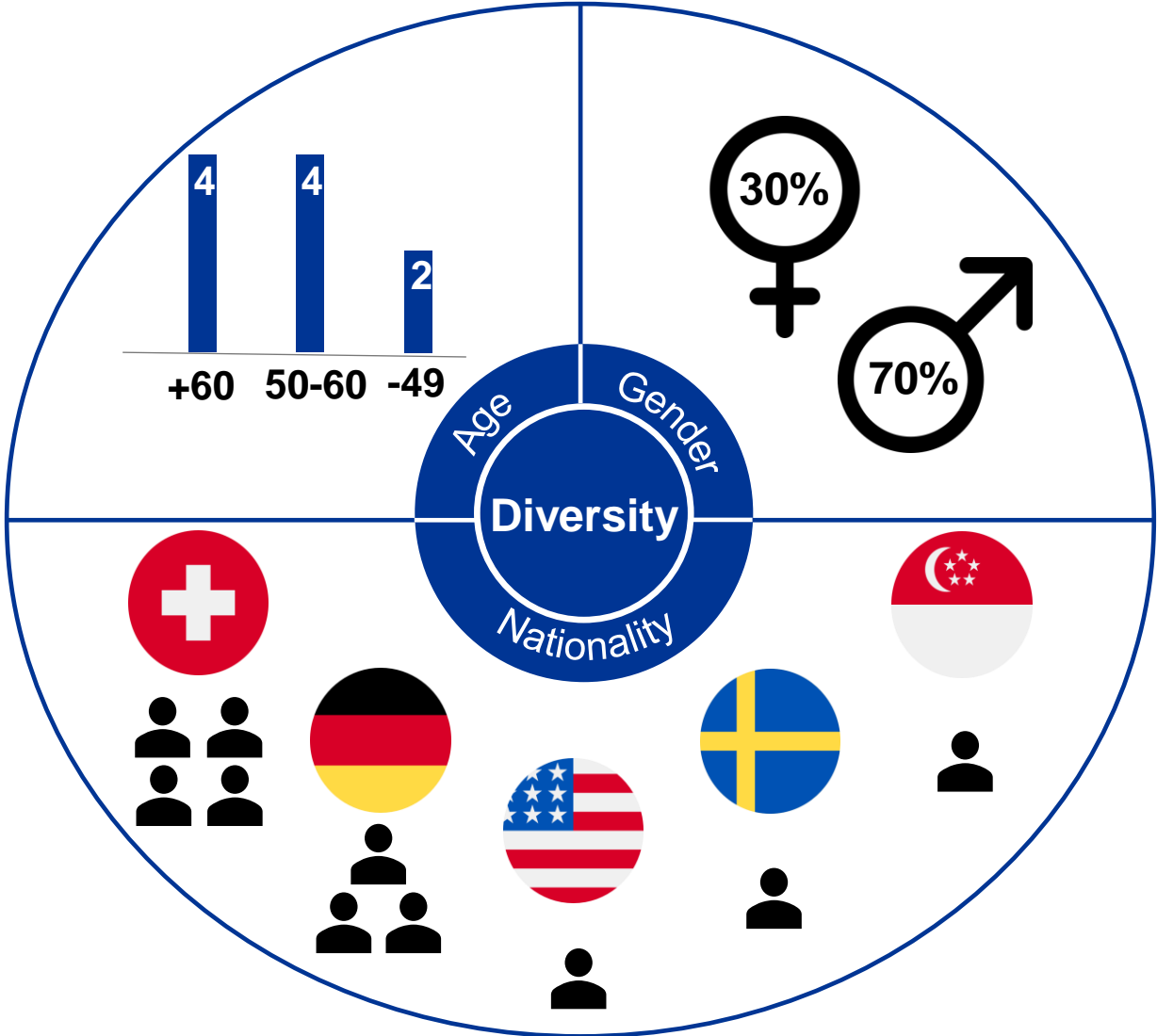
<b>Nomination &amp; Compensation</b>	Hans Hess (Chair) Stephanie Brecht-Bergen John Heppner
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BoD is proposing Thomas Aebischer as a new independent member of the Board at the upcoming AGM, as Karina Dubs-Kuenzle, Board member since 2001, will not stand for re-election.

Thomas Aebischer has a broad financial knowhow, with experience as CFO in a global, industrial and publicly listed environment (LyondellBasell Industries, Holcim/LafargeHolcim).

# Skill Matrix of the Board of Directors as of 30 June 2021

Skills	Occurrence <sup>1)</sup>
Executive Leadership experience	 50%
Strategic Industry and Technology skills	 50%
Corporate Governance/Compliance skills	 50%
Financial skills	 30%
Digital business model experience	 20%



<sup>1)</sup> Assessment done based on the two top skills of each Board of Director member

## Role of Lead Independent Director (LID) has proven successful: Powers and duties defined by organizational regulations

- The LID, Hans Hess, is an independent non-executive member of the Board of Directors (entry BoD in 2012); he acts as a Vice-Chairman of the BoD and Chairman of the Nomination & Compensation Committee
- The role was established in October 2018, in parallel to the dual mandate BoD Chair - CEO which was discontinued in April 2021

### The LID:

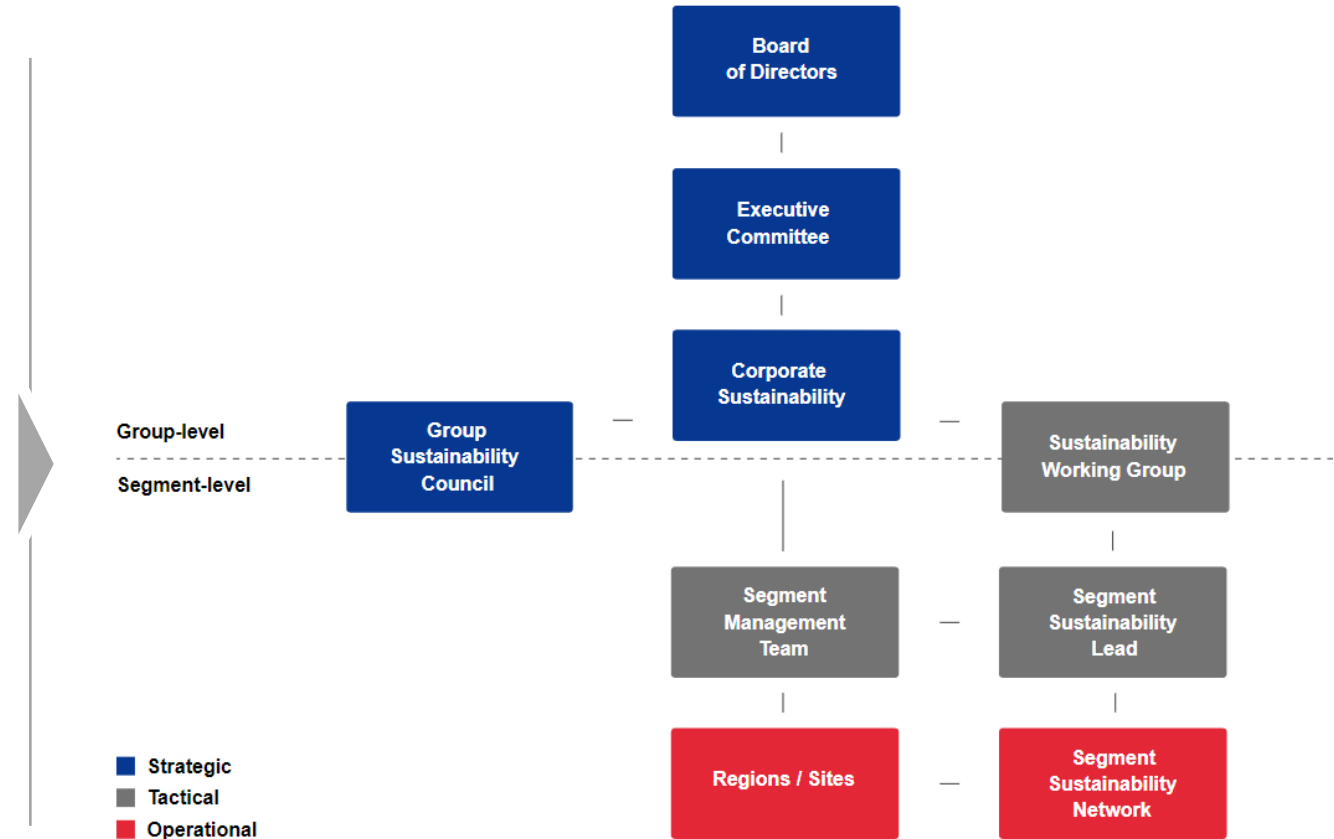
- Focuses on strong corporate governance practices by the BoD; stays in regular contact with the BoD Chair between BoD meetings in case of important business developments
- Chairs the BoD in case of potential conflicts of interest of the BoD Chair, and leads communication content and measures related thereto, following alignment with the BoD
- Calls for information from the CEO if the flow of information from the EC to the BoD does not meet the expectation for forming an independent opinion, or if the flow of information is not transparent
- Is available to respond to stakeholder requests.

**The LID ensures the independence of the Board –  
Continuation of the LID role after the return to a non-executive-only Board structure**

# Sustainability organization with BoD oversight on environmental, social and governance (ESG) matters

**Definition of governance and organization in a formal Sustainability Charter, with the aim to ensure strategic progress, resource planning, and accountability across all levels of the company.**

- Board of Directors is responsible for reviewing and approving the overall sustainability governance framework.
- Chair of the Board is responsible for monitoring sustainability strategy implementation progress against targets and for evaluating and monitoring sustainability risks and opportunities.
- Executive Committee approves material topics and strategy, monitors strategy implementation and ensures appropriate resource allocation.
- A newly formed Group Sustainability Council is a cross-functional body of senior management representatives of the Group and segment business functions relevant to the company's material topics and is chaired by the Chief Executive Officer.



# A foundation of our business strategy

**We are committed to foster a sustainable development along our entire value chain in line with our economic, environmental and social responsibilities toward current and future generations.**

- Sustainable development and production of products
- Responsible dealings with employees and business partners
- Transparent reporting through recognized standards:
  - Global Reporting Initiatives Standards
  - Carbon Disclosure Project
- dormakaba is part of the following initiatives:
  - UN Global Compact
  - Responsible Labor Initiative; Responsible Minerals Initiative
  - Science Based Targets Initiative; dormakaba the first in the industry to have targets validated by the SBTi.
  - US Green Building Council & German Green Building Council



More Information: [dormakaba.com/en/about-us/sustainability](https://dormakaba.com/en/about-us/sustainability)

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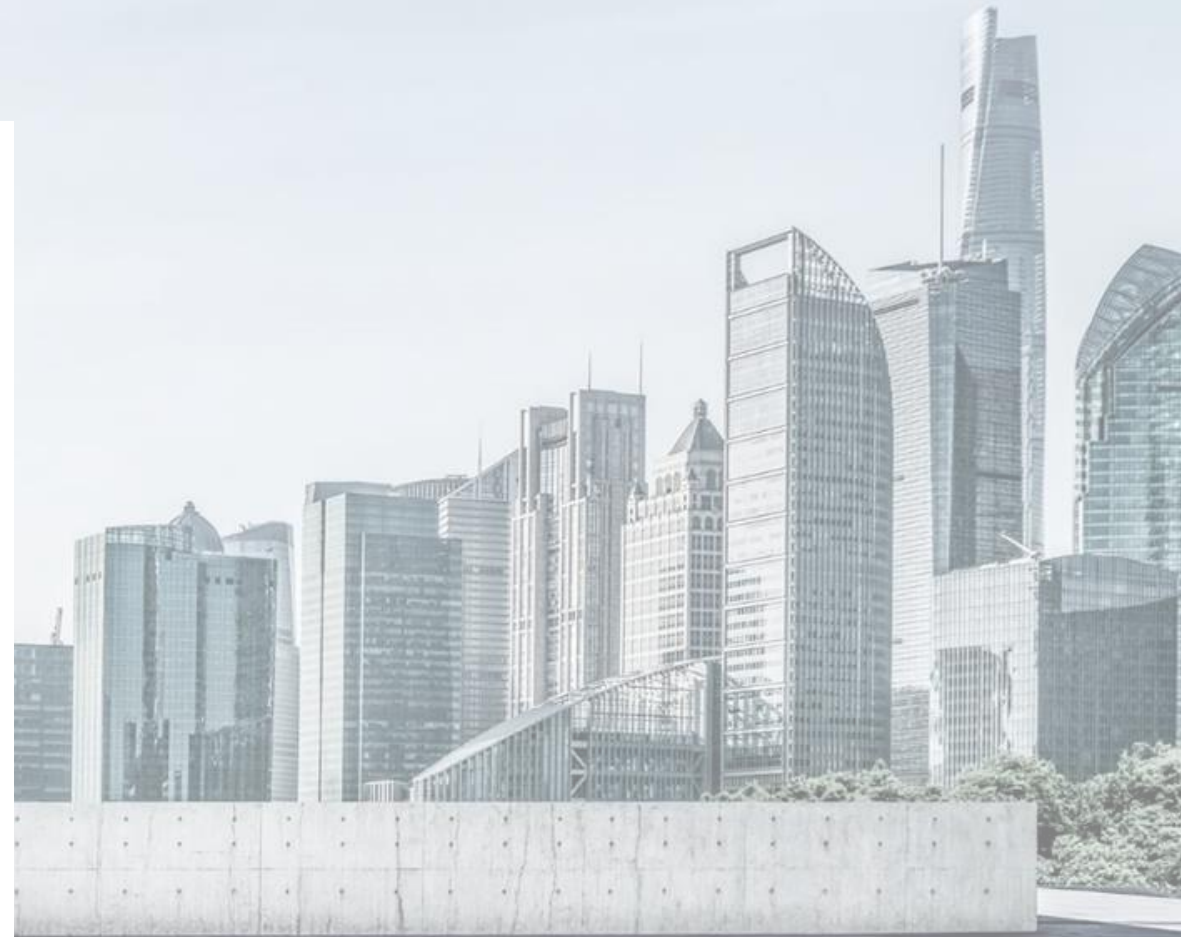
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**Board of Directors**

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## Highlights – New developments and addressing shareholder feedback

**The following updates reflect our ongoing response to shareholder feedback as well as new developments within our organization**

### Board of Directors

- Non-executive BoD Chair position and associated compensation implemented as of 1 April 2021

### Executive Committee

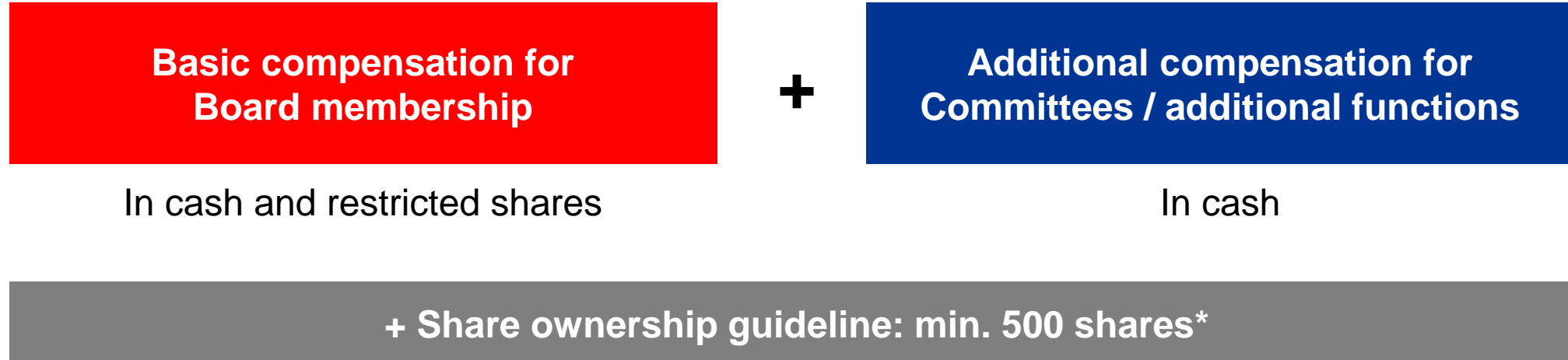
- Complete phase out of RSU LTI component and shift to 100% PSU effective September 2021 will be reflected in the 2021/22 compensation report
- Revised LTI peer group for TSR measurement

### Compensation Philosophy and Strategy

- In the context of the initiated business strategy review for the period 2022 to 2027, the NCC is conducting an in-depth review of the compensation program to ensure continued strategic alignment while continuing to drive performance, motivation and behaviors that are well aligned with our values. The compensation review and its outcome will be described in the 2021/22 Compensation Report.

## Board of Directors: compensation structure

- To ensure their independence, members of the Board of Directors receive a **fixed compensation** paid in cash and restricted shares



- The Board Chair did not receive any compensation for this function when he acted in the dual role of Board Chair & CEO (until 31 March 2021)

\*To be attained within three years after election to the Board

## Board of Directors: compensation levels

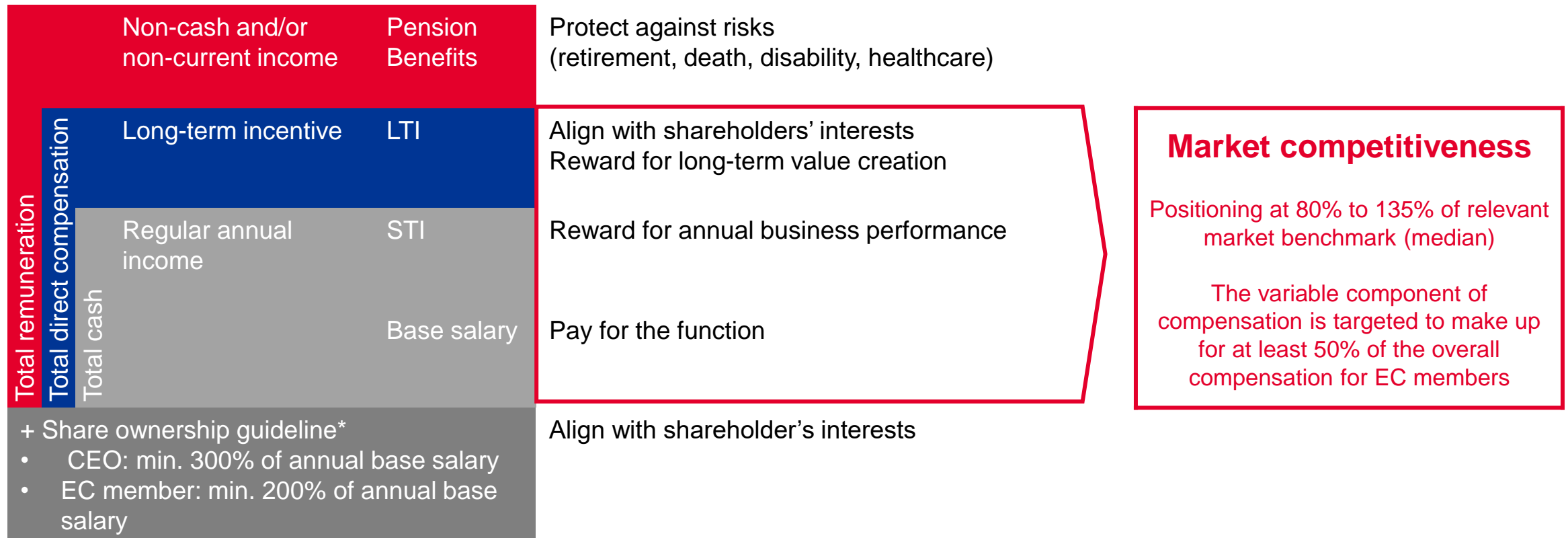
- Implementation of BoD Chair fee as of 1 April 2021 (when the dual mandate Board Chair & CEO ceased). In accordance with Swiss law, the current BoD Chair is required to remain insured in the dormakaba pension fund. Any employee and employer pension fund contributions are paid by him.
- A maximum compensation amount of CHF **3,200,000** will be submitted to shareholders' vote for the term of office from the 2020 AGM until the 2021 AGM, versus CHF **2, 940,000** for the previous compensation period. The increase is due to the addition of the BoD Chair fee for the entire AGM period as of AGM 2021.

Basic compensation			Additional compensation		
(in CHF)	Board chair	Board member	(in CHF)	Committee chair	Board 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	20,000
Total	680,000*	190,000	Lead Independent Director	30,000	

\* By Swiss law, Swiss BoD members who have not reached retirement age and are not insured by another employer must be insured in the pension plan if the board mandate is their main activity. The policy of dormakaba is that in such case, the BoD member bears the entire cost of the insurance. Consequently, both the employer and employee pension contributions are deducted from the BoD chair fee of CHF 680,000 p.a. and are therefore paid by the Board Chair.

## Executive Committee: compensation system overview (1)

The compensation of Executive Committee members (EC) consists of the following elements



\*To be attained five years after becoming subject to the share ownership guideline

## Executive Committee: compensation system overview (2)

The compensation system for the EC is **well balanced** in terms of mix between cash versus equity, performance conditions and maximum payout opportunities

Timeline of payment						Performance indicators			Cap
Benefits	In kind						PSU: Relative TSR Earnings per share (EPS)		Grant size: 150% of annual base salary  PSU vesting: 200% of units granted
Pension					Pension				
LTI	PSU*			Shares (unre- stricted)					
STI	Cash						Group: Net income Growth	Segments: EBIT Growth Working capital	STI payout: 150% of annual base salary
Base salary	Cash								
	Year 1	Year 2	Year 3	Year 4	≠ END				

\*RS component discontinued as of September 2021

## Executive Committee: short-term incentive (STI)

### Alignment of Group formula to the segment formula to reach pay for performance alignment as of FY 2020/21

#### Group (CEO, CFO, CTO)

<b>Individual share in Group net income</b>	x	<b>Net income growth multiplier</b>	x	<b>Sales growth multiplier</b>	x	<b>Net working capital (NWC) multiplier</b>	=	<b>Amount of short-term incentive to be paid out</b>
Percentage of Group net income		Factor of up to 1.6 depending on net income growth of dormakaba compared to previous year		Factor of up to 1.5 depending on sales growth of dormakaba compared to previous year		Factor of up to 1.4 depending on NWC results of dormakaba compared to previous year		
								Maximum of 150% of annual base salary

#### Segments (COOs)

<b>Individual share in Group net income</b>	+	<b>Individual share in segment EBIT</b>	x	<b>Sales growth multiplier</b>	x	<b>Net working capital (NWC) multiplier</b>	=	<b>Amount of short-term incentive to be paid out</b>
Percentage of Group net income		Percentage of segment EBIT		Factor of up to 1.5 depending on sales growth of segment compared to prior year		Factor up to 1.4 depending on segment NWC results		
10%-30% of short-term incentive, depending on the role		90%-70% of short-term incentive, depending on the role						Maximum of 150% of annual base salary

- Following the “We are ONE company” principle, the individual short-term incentive paid to the members of the Executive Committee is strictly based on Group and segment financial objectives and not on individual goals.
- For the CEO, CFO, and CTO the incentive formula relates exclusively to Group results. NWC and sales growth added to harmonize the formula across the entire EC.
- The business results are compared to the previous year’s results (and not to budget) to drive a continuous improvement of the business achievements, year after year.
- This formula is aligned to the business strategy and strengthens the accountability for an efficient management of the company’s financial resources and growth driven value creation.

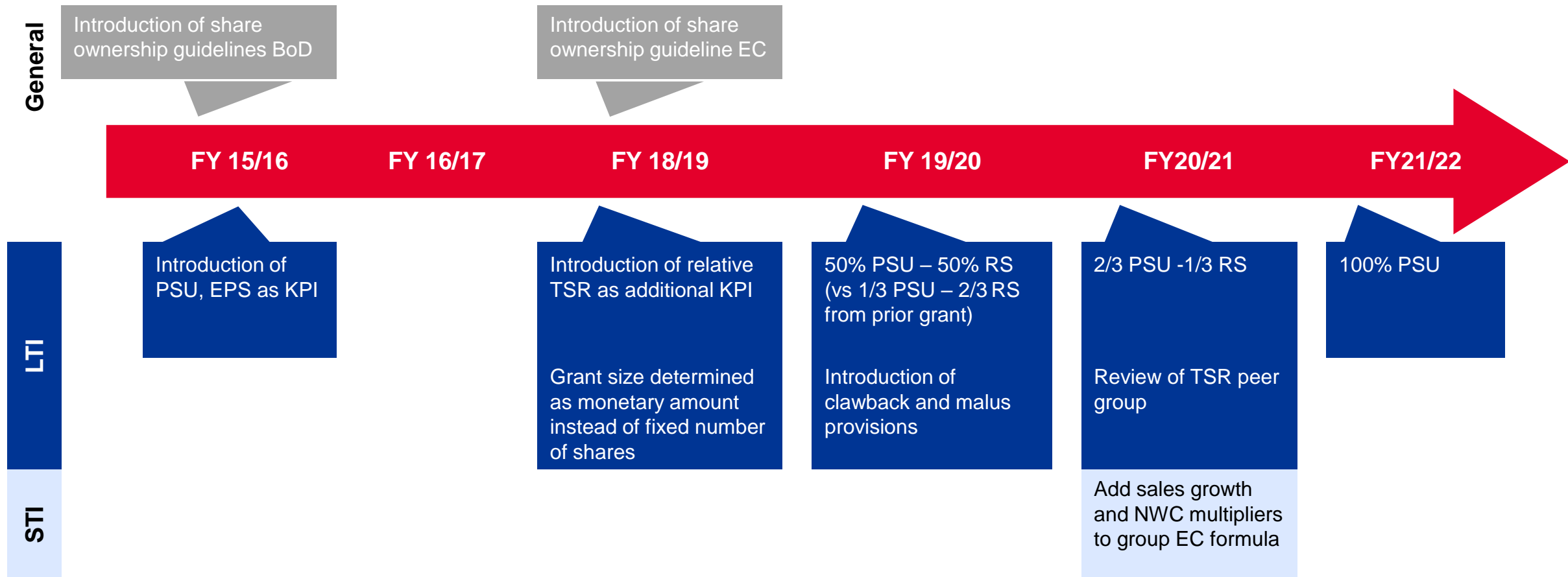
## Executive Committee: long-term incentive (LTI)

### **Review of peer group for relative TSR performance measurement in LTI Plan**

- Prior to September 2021, rTSR performance was compared to the companies of the SMIM (SMI Mid).
- In response to shareholder feedback and to the fact that dormakaba is no longer included in the SMIM, the NCC reviewed the performance peer group and concluded that the SPI Industrials is a more appropriate peer group based on the size and relevance of companies in the index.
- An index was selected as a performance benchmark because of the insufficient number of direct competitors of dormakaba that are listed. Therefore, the SPI Industrials as an index of companies of comparable size listed on the SIX stock exchange was the most appropriate option.
- The LTI award continues to provide for a 100% vesting for performance on median.

## Executive Committee: compensation system evolvement over time

The compensation system for the EC has **evolved over time**, especially the LTI plan



## Executive Committee: compensation levels in FY 2020/21 (1/2)

**While fixed compensation has been stable in recent years, the variable component reflected performance achievements of the company.**

- dormakaba finished the 2020/21 financial year with good business results that marked an improvement on the previous year. While profitability was in line with the guidance, organic growth was slightly higher. The main reason for the good results development was a strong performance of dormakaba's European and Asian businesses. Further contributing factors were the early implementation of cost-saving measures and the focus on operational cash flow and thus always maintaining financial stability.
- Due to the first wave of the COVID pandemic, all members of the BoD and the EC decided to take a voluntary and temporary reduction in their monthly base pay affecting the first four months of the current reporting period.
- The average short-term incentive payout is above prior year's level (96% of the annual base salary on average vs. 70% in the previous year)
- The new CEO receives an STI payout for the period 1 January to 30 June 2021. Thereof, the STI for the first three months is fixed based on a contractual agreement, the STI for the second three months followed the standard calculation applicable for the CEO and EC member with Group functions (CFO, CTO).

## Executive Committee: compensation levels in FY 2020/21 (2/2)

**While fixed compensation has been stable in recent years, the variable component reflected performance achievements of the company.**

- The replacement award for the new CEO relates to the forfeited equity compensation at the previous employer and was fully granted in the form of equity\*. The replacement award amounts to CHF 619,583 in restricted shares and CHF 631,583 in PSU granted at the hiring date on 1 January 2021.
- The blocking period of the shares and the vesting period of the PSU's mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018, 2019 and 2020, vesting in 2021, 2022 and 2023 respectively) and broadly reflect those of the forfeited awards at the previous employer.

\*The structure and size of the replacement award was confirmed by our external auditor

## Executive Committee: compensation levels in FY 2020/21 (2)

EC: total compensation in the amount of **CHF 12,401,497 (previous year : CHF 11,925,269)** plus the **replacement award** in the amount of **CHF 1,251,166** to the new CEO paid in FY 2020/21

	Fixed compensation 2020/21			Variable compensation 2020/21				Total CHF
	Fixed basic payment	Benefits and social / pension contributions <sup>1)</sup>	Total aggregate amount	STI <sup>2)</sup>	LTI <sup>3)</sup>	Social / pension contributions	Total aggregate amount	
Cadonau Riet <sup>4) 5)</sup>	596,274	133,753	730,027	956,250	1,280,281	269,821	2,506,352	3,236,379
Sabrina Soussan <sup>6)</sup>	425,004	107,869	532,873	525,000	-	95,646	620,646	1,153,519
Other EC	2,415,866	766,853	3,182,719	2,355,028	1,821,187	652,664	4,828,879	8,011,598
<b>Total EC</b>	<b>3,437,144</b>	<b>1,008,475</b>	<b>4,445,619</b>	<b>3,836,278</b>	<b>3,101,468</b>	<b>1,018,131</b>	<b>7,955,877</b>	<b>12,401,496</b>

- 1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances for two new EC members to facilitate their relocation following their appointment to the EC role. Fringe benefits amount to CHF 61,817 for the former CEO, to CHF 30,440 for the new CEO and CHF 436,069 for the other EC members.
- 2) The short-term incentive reported will be paid after the end of the reporting year.
- 3) The total grant value of the LTI includes CHF 751,608 in restricted shares and CHF 2,012,114 in performance share units (PSU). The fair value on the grant date is CHF 584 per restricted share. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.
- 4) In accordance with his employment contract from 2011, the former CEO receives a guaranteed allocation of 550 shares (worth CHF 337,750) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2021 as listed in the table 'Shares held by BoD and EC' as they were not yet allocated by the end of the financial year (grant date of 1 September 2021). However, they have been included in the long-term incentive compensation figure with a share price of CHF 614.09 (average closing price of May/June 2021).
- 5) In line with the contractual agreement in place which foresee a partial forfeiture of PSU, CHF 527,086 of the award granted to the CEO in September 2020 forfeits.
- 6) The replacement award in equity relating to the forfeited compensation at the previous employer for the new CEO is not included in the compensation table. The replacement award amounts to CHF 619,583 in restricted shares and CHF 631,583 in PSU granted at the hiring date on 1 January 2021. The shares are subject to a blocking period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively. The PSU are subject to a vesting period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018, 2019 and 2020, vesting in 2021, 2022 and 2023, respectively) and broadly reflect those of the forfeited awards at the previous employer.

## Executive Committee: submission to shareholders vote for FY 2022/23

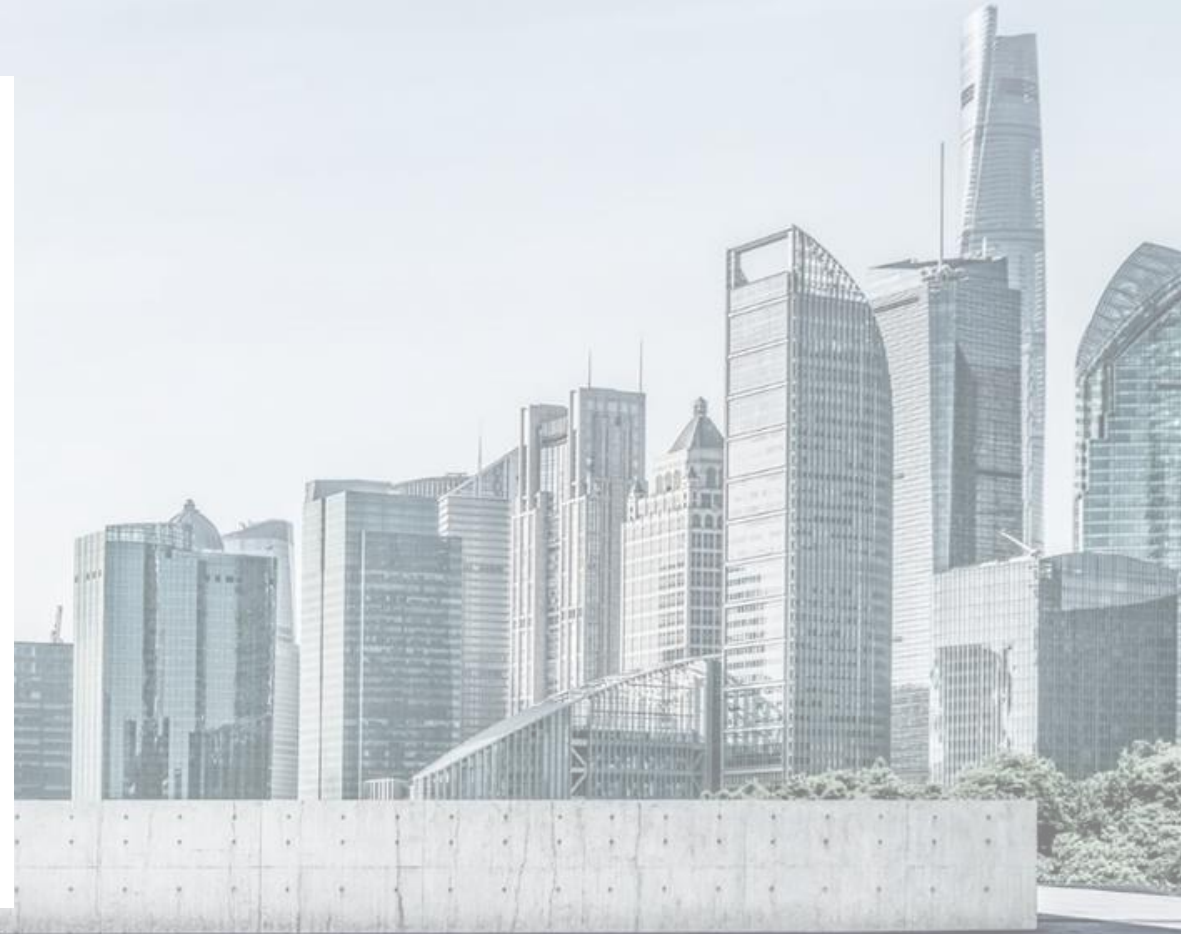
- A maximum compensation amount of **CHF 17.0 million (previous year submission: CHF 16.5 million)** will be submitted to shareholders' vote for FY 2022/23
- Compared with the maximum compensation for the financial year 2021/22, the amount is higher by CHF 500,000 due to the possible compensation adjustments for selected EC members

# Thank you.

# Appendix

# Appendix

- Introduction
- Board of Directors / Committees
- Board of Directors / CV Riet Cadonau
- Board of Directors / CVs Board of Directors
- Compensation System / Executive Committee
- Compensation System / STI
- Compensation System / Changes to LTI
- CSR – Integrated Reporting



# Committees

Committee	Frequency of Meetings	Main Responsibilities
<b>Audit Committee</b>	At least twice a year, but as often as required 2020/21: four times	<ul style="list-style-type: none"> <li>• Within the scope of external auditing:               <ul style="list-style-type: none"> <li>– Approval of auditing program focus points</li> <li>– Acceptance of the audit report and recommendations, if any, by the statutory auditors prior to the approval of the annual accounts by the Board</li> </ul> </li> <li>• Within the scope of internal auditing:               <ul style="list-style-type: none"> <li>– Approval of guidelines governing the organization and responsibilities of internal auditing</li> <li>– Approval of auditing program</li> <li>– Acknowledgement of auditing results and of eventual recommendations by external or internal auditors</li> </ul> </li> <li>• Within the scope of financial control:               <ul style="list-style-type: none"> <li>– Review and discussion of CFO reports on specific matters relevant for purposes of financial control (networking capital etc.) from time to time</li> </ul> </li> <li>• Within the scope of risk control:               <ul style="list-style-type: none"> <li>– Review and discussion of Group's risk control framework and risk assessments made from time to time</li> </ul> </li> <li>• Reporting:               <ul style="list-style-type: none"> <li>– With respect to any matters within the purview of the Audit Committee, the Chief Financial Officer, the Group General Counsel, the Group Compliance Officer and the Head of Internal Audit can report directly to the chairperson of the Audit Committee</li> </ul> </li> </ul>
<b>Nomination and Compensation Committee</b>	At least three times a year, but as often as required 2020/21: six times	<p>Compensation tasks</p> <ul style="list-style-type: none"> <li>• To propose and periodically review the compensation policy for the approval of the Board</li> <li>• To propose the specific design of the fundamental compensation elements and the determination of the general, compensation-related performance objectives pursuant to § 24 of the Articles of Incorporation for the approval of the Board</li> <li>• To propose the maximum aggregate amounts of compensation of the Board and the Executive Management pursuant to §§ 23 and 24 of the Articles of Incorporation for the approval of the Board</li> <li>• To propose the compensation of the members of the Board for the approval by the Board</li> <li>• To propose the terms of employment and the compensation of the members of the Executive Management for the approval by the Board</li> <li>• To propose the grant of shares and option rights to members of the Executive Management and further employees in line with the compensation policy and regulations for the approval by the Board</li> </ul> <p>Nomination tasks</p> <ul style="list-style-type: none"> <li>• Conduct and regularly review succession planning for the BoD and the EC;</li> <li>• To lay down the principles for the selection of candidates for election or re-election to the Board and to prepare a selection of candidates in accordance with these criteria</li> <li>• To recommend the appointment and removal of members of the Executive Committee to the Board</li> </ul>

## Members of Board of Directors

### Riet Cadonau, Chairman & CEO

Chairman & CEO



**Citizenship:** Swiss  
**Year of birth:** 1961  
**Entry BoD:** 2018  
**End current term of office:** 12.10.2021

**Education:** Master of Arts in economics and business administration from the University of Zurich (CH); Advanced Management Program at INSEAD (FR)

**Career:** dormakaba: Since 2018 Chairman of the BoD dormakaba Group<sup>1)</sup> (CH); since 2015 CEO and member of the EC dormakaba Group<sup>1)</sup> (CH); 2011–2015 CEO and member of the EC Kaba Group<sup>1)</sup> (CH); Ascom: 2007–2011 CEO Ascom Group<sup>1)</sup> (CH); until 2007 Managing Director ACS Europe + Transport Revenue; 2001–2005 member of the Executive Board Ascom Group, from 2002 Deputy CEO and GM of the Transport Revenue Division, which was acquired by ACS, Inc. at the end of 2005; IBM: 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services

**External activities and interests:** Since 2021 member of the BoD of Logitech International S.A.<sup>1)</sup> (CH); since 2016 member of the BoD of Georg Fischer AG<sup>1)</sup> (CH); since 2013 member of the BoD of Zehnder Group<sup>1)</sup> (CH); 2006–2011 member of the BoD of Kaba Group<sup>1)</sup> and Griesser Group (CH)

<sup>1)</sup> listed company

### Hans Hess, Lead Independent Director and Vice-Chairman

Chair Nomination & Compensation Committee, Member Audit Committee



**Citizenship:** Swiss  
**Year of birth:** 1955  
**Entry BoD:** 2012  
**End current term of office:** 12.10.2021

**Education:** Master's Degree in Material Science and Engineering ETH Zurich (CH); Master of Business Administration (MBA) from the University of Southern California (USA); Stanford Executive Program at Stanford University (USA)

**Career:** Since 2006 owner of Hanesco AG (CH); 2010–2021 President of Swissmem (CH); 2010–2020 Vice-President of economiesuisse (CH); 2006–2019 Chairman of the BoD of Burckhardt Compression Holdings AG<sup>1)</sup> (CH); 2005–2019 Chairman of the BoD of Comet Holding AG<sup>1)</sup> (CH); 1996–2005 President and CEO Leica Geosystems AG<sup>1)</sup> (CH); 1993–1996 President Leica Optronics Group (CH); 1989–1993 Vice President Leica Microscopy Group (CH); 1983–1988 Head of Polyurethane Business Unit Huber + Suhner AG<sup>1)</sup> (CH); 1981–1983 Development Engineer Sulzer<sup>1)</sup> (CH)

**External activities and interests:** Chairman of the BoD Reichle & De-Massari Holding AG (CH); Chairman of the BoD Synhelion SA (CH)

<sup>1)</sup> listed company

## Members of Board of Directors

### Thomas Aebischer



**Citizenship:** Swiss  
**Year of birth:** 1961  
**Entry BoD:** 2021 if elected  
**End current term of office:** new nomination

**Education:** Senior Leadership and Senior Management Program (SLP, SMP) at IMD Business School, Lausanne (CH); Advanced Management Program at Harvard Business School (USA); Swiss Certified Accountant, Zurich (CH)

**Career:** Since 2021 CFO of RWDC Industries Limited (Singapore); LyondellBasell Industries (NL, USA) 2016 – 2019: Executive Vice President and CFO; Holcim/LafargeHolcim 2011 – 2015: Group CFO and member of the Executive Committee; Holcim 1996 – 2010: Several senior management positions within Holcim, including CFO Holcim US from 2003 – 2010, PriceWaterhouse: 1988 – 1996 Senior Manager (Hong Kong and Zurich)

### Jens Birgersson

Member Audit Committee



**Citizenship:** Swedish  
**Year of birth:** 1967  
**Entry BoD:** 2018  
**End current term of office:** 12.10.2021

**Education:** Harvard Advanced Management Program, Harvard Business School, Boston (USA), M.Sc. Engineering Physics, Royal Institute of Technology, Stockholm (SE); B.Sc. Economics, University of Stockholm (SE)

**Career:** Since 2015 President and CEO of ROCKWOOL International<sup>1)</sup> (DK); 2008-2015 with ABB<sup>1)</sup> as Group Senior Vice President and Head of Business Unit Network Management (CH); 2005-2008 with IMERYS<sup>1)</sup> as Executive Vice President and Head of Business Group Performance Minerals & Pigments (BE); 1992-2005 with ABB<sup>1)</sup> in different positions (CH, SE, ZA)

**External activities and interests:** Since 2018 member of the Advisory Board of NREP (DK); since 2017 Chairman of the BoD of Randers Reb (DK); since 2016 member of the Confederation of Danish Industry Council (DK); since 2015 member of the BoD of Flumroc (CH), an affiliate of ROCKWOOL International<sup>1)</sup>

1) listed company

## Members of Board of Directors

### Stephanie Brecht-Bergen

Member Nomination & Compensation Committee



**Citizenship:** German  
**Year of birth:** 1985  
**Entry BoD:** 2015  
**End current term of office:** 20.10.2021

**Education:** Dr. rer. pol., EBS University (DE); M. Sc. in General Management, EBS University (DE); MBA, Pepperdine University (CA/USA)

**Career:** Since 2017 Managing Director KARL München GmbH & Co. KG (DE); since 2014 Executive Board member Mankel Family Office GmbH (DE); since 2009 shareholder dormakaba Holding GmbH + Co. KGaA (DE); 2010–2013 research assistant, EBS University (DE)

**External activities and interests:** Since 2008 Executive Board member of the foundation “Rudolf Mankel Stiftung” (DE)

### Daniel Daeniker

Chair Audit Committee



**Citizenship:** Swiss  
**Year of birth:** 1963  
**Entry BoD:** 2010  
**End current term of office:** 12.10.2021

**Education:** Dr. iur., University of Zurich (CH), Zurich bar; LL.M. at the Law School of the University of Chicago (IL/USA)

**Career:** Since 2019 Senior Partner at Homburger AG (CH), where he became Partner in 2000 and which he joined in 1991; lecturer in law at the University of Zurich (CH)

**External activities and interests:** Member of the Supervisory Board Rothschild & Co SCA<sup>1)</sup> (FR); Member of the Board of Directors of Hilti AG, Schaan (FL); Chairman of the Donor Foundation of Avenir Suisse

1) listed company

1) listed company

## Members of Board of Directors

### Hans Gummert

Member of Audit Committee



**Citizenship:** German  
**Year of birth:** 1961  
**Entry BoD:** 2015  
**End current term of office:** 12.10.2021

**Education:** Universities of Tübingen and Bonn (DE); attorney-at-law, admitted to the bar in 1990

**Career:** Partner since 1991 and Managing Partner since 2008 of the law and tax consultancy firm Heuking Kühn Lüer Wojtek (DE/BE/CH)

**External activities and interests:** Chairman of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (DE); Chairman of the Supervisory Board of Familie Mankel Industriebeteiligungs GmbH + Co. KGaA (DE); member of the Advisory Board Coroplast Fritz Müller GmbH & Co. KG (DE); Board member of Zaplox AB (SE); Member of the Supervisory Board of ara AG (DE); Member of the Shareholders Committee Hoberg & Driesch Group (DE); member of the Advisory Board of Hoberg & Driesch Röhrenhandel GmbH & Co. KG (DE); member of the BoD Chiron-Werke SE (DE)

### John Heppner

Member of Nomination & Compensation Committee



**Citizenship:** US American  
**Year of birth:** 1952  
**Entry BoD:** 2013  
**End current term of office:** 12.10.2021

**Education:** Bachelor of Science University of Wisconsin-Milwaukee (WI/USA), MBA University of Wisconsin-Milwaukee (WI/USA)

**Career:** 2006–2013 President and CEO Fortune Brands Storage and Security (USA) with global responsibility for Master Lock Company LLC and Waterloo Industries; 2000–2006 Chief Operating Officer Master Lock Company LLC (USA); 1998–2000 Executive Vice President Sales + Marketing Master Lock Company LLC (USA); 1996–1998 Marketing + New Business Master Lock Company (USA); 1992–1996 Vice President Logistics and Corporate Controller Master Lock Company LLC (USA)

**External activities and interests:** Member of the National Association of Corporate Directors (USA); Member of the Advisory Board of University of Wisconsin Milwaukee Business School (USA)

## Members of Board of Directors

### John Liu



**Citizenship:** Singaporean  
**Year of birth:** 1964  
**Entry BoD:** 2020  
**End current term of office:** 12.10.2021

**Education:** Dr. phil., University of Denmark (DK); MA Operation Research, University of Denmark; B.Sc. Mathematics, University of Beijing (CN)

**Career:** 1994-1997 Country Director Greater China at Singapore Telecommunications (SG), 1999-2000 General Manager China of SITA Communications (CH), 2000-2001 General Manager China of FreeMarkets (USA), 2002-2007 CEO China for SK Telecom (KR), 2008-2013 Corporate VP and President of Greater China at Google, 2016-2018 COO at Wanda Internet Technology Group, 2020 Interim CEO of Voss (USA), Since October 2020 CEO China of Afiniti

**External activities and interests:** Independent Non-Executive Director and Chairman of the Remuneration Committee of the Board of Digital China Holdings (CN)<sup>1)</sup>, Member of the Board of Trustees of Beijing's Normal University of Education Fund (CN), Independent Non-Executive Director of China Eastern Airlines

<sup>1)</sup> listed company

### Christine Mankel



**Citizenship:** German  
**Year of birth:** 1982  
**Entry BoD:** 2015  
**End current term of office:** 12.10.2021

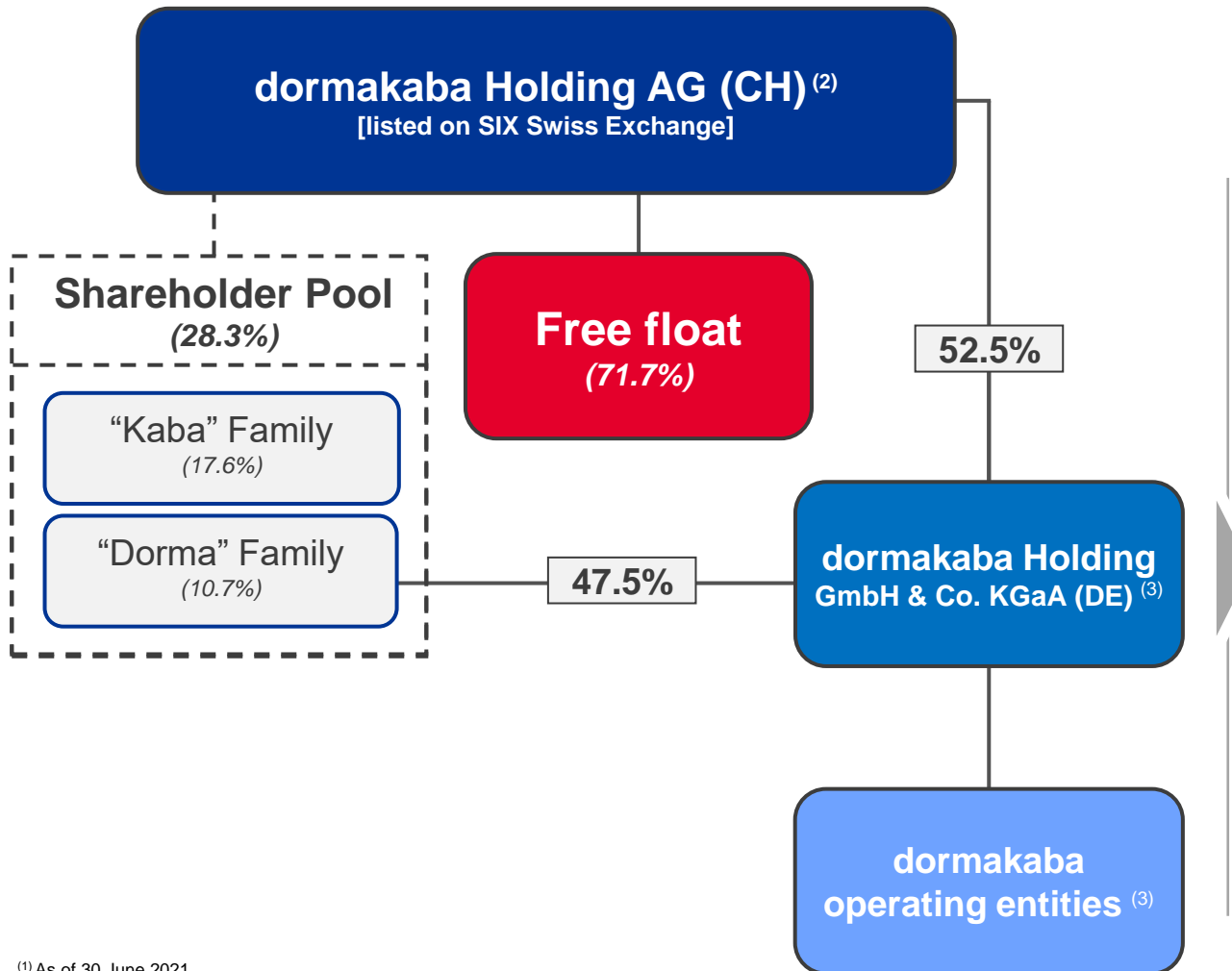
**Education:** Diplomkauffrau, EBS University (DE)

**Career:** Since 2014 Management Board member of Mankel Family Office GmbH (DE); since 2009 shareholder of dormakaba Holding GmbH + Co. KGaA (DE); 2006–2009 audit assistant, BDO AG Wirtschaftsprüfungsgesellschaft (DE)

**External activities and interests:** Since 2008 Management Board member of the foundation “Rudolf Mankel Stiftung” (DE)

<sup>1)</sup> listed company

# Shareholder structure <sup>(1)</sup> – supporting sustainable development



Shareholder dormakaba Holding AG	30.06.2020	30.06.2021
Pool Shareholders <sup>(4)</sup>	28.7%	28.3%
Free Float	71.3%	71.7%

Members of the Pool Shareholder Group hold an **economic interest of 62.3%** in dormakaba:

- 28.3% of the 52.5% in dormakaba Holding GmbH + Co. KGaA, which are directly held by the ultimate parent company dormakaba Holding AG
- and 47.5% in dormakaba Holding GmbH + Co. KGaA

<sup>(1)</sup> As of 30 June 2021

<sup>(2)</sup> Strategic, financial and operational decisions are made at level of listed holding entity

<sup>(3)</sup> Execution of M&A as well as financing take place at level of dormakaba Holding GmbH + Co. KGaA (intermediate holding entity) and below

<sup>(4)</sup> Based on a pool agreement dated 29.04.2015

## Compensation: benchmarking peer group

- The compensation benchmarking is based on a **relevant and balanced peer group**

Company	Industry	Market cap 2019 (CHF m)	Revenue 2018 (CHF m)	Headcount 2018
Autoneum	Auto Parts and Equipment	654	2,282	12,946
Bucher	Construction Machinery and Heavy Trucks	3,435	3,065	13,054
<b>dormakaba</b>	<b>Building Products</b>	<b>2,962</b>	<b>2,837</b>	<b>15,801</b>
EMS Chemie	Specialty Chemicals	14,817	2,350	2,939
Geberit	Building Products	16,435	3,081	11,351
Georg Fischer	Industrial Machinery	3,819	4,599	15,027
Landis+Gyr	Electronic Equipment and Instruments	2,279	1,717	5,611
Logitech	Technology Hardware, Storage and Peripherals	6,499	2,712	6,100
Lonza	Life Sciences Tools and Services	24,457	5,542	15,375
OC Oerlikon	Industrial Machinery	4,039	2,609	10,727
Sonova	Health Care Equipment	14,276	2,730	14,242
Sulzer	Industrial Machinery	3,623	3,365	15,572
<b>3rd quartile</b>		<b>14,547</b>	<b>3,223</b>	<b>14,635</b>
<b>Median</b>		<b>4,039</b>	<b>2,730</b>	<b>12,946</b>
<b>1st quartile</b>		<b>3,529</b>	<b>2,480</b>	<b>8,414</b>

Source: IQ capital data

This peer group is used for benchmarking compensation for **the BoD of Directors and of the CEO**

Peer companies are comparable to dormakaba in terms of:

- Market capitalization
- Revenue
- Headcount

For the **other positions**, the benchmark is based on the relevant market data of compensation studies conducted by Korn Ferry Hay Group in the relevant country of employment. Overall those studies include the compensation data of 2,500 technology and industrial companies that are comparable with dormakaba in terms of revenues, headcount and complexity in the relevant market

Compensation at dormakaba is compared to the **median of the market**

## Compensation BoD: pension insurance

- By Swiss law, companies are obliged to insure any BoD member in their pension plan if the BoD member is subject to Swiss social security, has not reached retirement age and has no possibility of insurance coverage at another employer (for example because the BoD mandate is the main occupation).
- However, shareholders and proxy advisors are concerned that pension benefits for BoD members may jeopardize their independence towards executive management.
- In response to this concern, the policy of dormakaba is to provide access to the pension insurance where legally required but to deduct the entire cost of insurance (that means employer and employee contributions) from the regular BoD fee.
- For the BoD chair, the mechanism is as follows (as of 1 April 2021):

BoD chair fee p.a. in CHF (gross)*	
In cash	360,000
In restricted shares	320,000
Total	680,000
Deduction for pension contributions (employer and employee contributions)**	- 120,000
Paid BoD chair fee	560'000

\* BoD compensation is subject to regular Swiss social security. For simplicity, employer and employee deductions are not shown here

\*\* Illustrative amount, of which 50% are employer contributions and 50% are employee contributions

## Compensation EC: historic incentive payouts

	STI payout			LTI vesting		
	FY 2018/19	FY 2019/20	FY 2020/21	LTI 2016–19	LTI 2017–20	LTI 2018–21
<b>CEO</b>	<b>n. a.</b>	<b>n. a.</b>	<b>124%</b>	<b>n. a.</b>	<b>n. a.</b>	<b>79.5%</b>
<b>EC</b>	<b>94%</b> (average of base salary)	<b>70%</b> (average of base salary)	<b>86%</b> (average of base salary)	<b>200%</b>	<b>96.1%</b>	<b>79.5%</b>

As per Article of Incorporation 24 an EC member's STI may not exceed 150% of the respective annual base salary (cap)

# Compensation EC: performance measurement for PSUs

## MEASUREMENT

**dormakaba EPS growth / (GDP growth\* +2ppt)**

**absolute EPS  
(50%)**

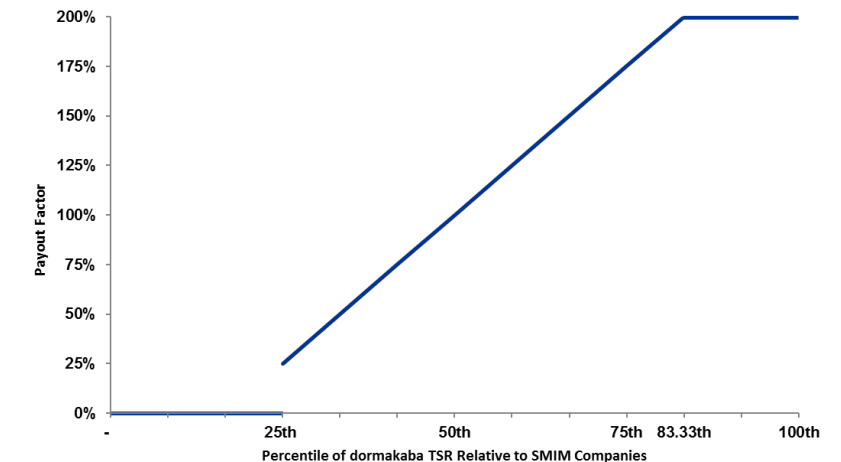
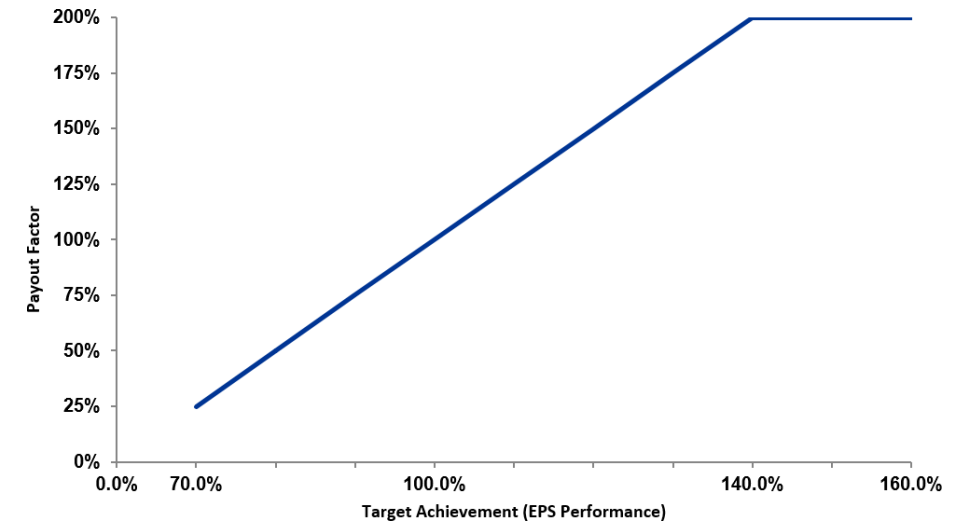
**Threshold:** Ratio 70% = 25% vesting  
**Target:** Ratio 100% = 100% vesting  
**Cap:** Ratio 140% = 200% vesting

**Ranking of dormakaba within companies of  
the Swiss Market Index Mid (SMIM):**

**Relative TSR  
(50%)**

**Threshold:** 25th percentile = 25% vesting  
**Target:** 50th percentile = 100% vesting  
**Cap:** 83.33th percentile = 200% vesting

## VESTING CURVE



## Compensation EC: evolvement of LTI in recent years

LTI Plan Evolvement	Vehicle mix	<b>OLD</b> 2/3 <sup>rd</sup> restricted shares – 1/3 <sup>rd</sup> PSUs (2018) 50% restricted shares – 50% PSUs (2019)	<b>ONGOING</b> 1/3 restricted shares – 2/3% PSUs (2020) 100% PSUs (2021)
	Grant size	<b>OLD</b> Fixed number of shares	<b>INTRODUCTION WITH GRANT 2018</b> Monetary amount (market practice)
	Number of KPIs	<b>OLD</b> Absolute EPS	<b>INTRODUCTION WITH GRANT 2018</b> Absolute EPS and relative TSR (market practice; shareholder view)
	Clawback/malus	<b>OLD</b> None	<b>INTRODUCTION WITH GRANT 2019</b> In case of financial restatement or willful fraudulent behavior

## Compensation EC: compensation levels in previous year / FY 2019/20

- A maximum compensation amount of **CHF 16.5 million** had been approved at the AGM 2020
- The total table does not include the replacement award for the COO AS AMER in the amount of CHF 517,066

	Fixed compensation 2019/20			Variable compensation 2019/20				Total CHF
	Fixed basic payment	Benefits and social / pension contributions <sup>1)</sup>	Total aggregate amount	STI <sup>2)</sup>	LTI <sup>3)4)</sup>	Social / pension contributions	Total aggregate amount	
Cadonau Riet	818,142	175,249	993,391	859,294	1,016,401	328,687	2,204,381	3,197,772
Other EC <sup>5)</sup>	2,856,665	1,113,745	3,970,410	1,909,994	2,129,375	717,718	4,757,087	8,727,497
<b>Total EC</b>	<b>3,674,807</b>	<b>1,288,994</b>	<b>4,963,801</b>	<b>2,769,288</b>	<b>3,145,776</b>	<b>1,046,405</b>	<b>6,961,468</b>	<b>11,925,269</b>

- 1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances for two new EC members to facilitate their relocation following their appointment to the EC role. Fringe benefits amount to CHF 31,882 for the CEO and CHF 625,174 for the other EC members.
- 2) The short-term incentive reported will be paid after the end of the reporting year.
- 3) The grant value of the LTI includes CHF 1,606,294 in restricted shares and CHF 1,539,481 in performance share units (PSU). The fair value on the grant date is CHF 667.50 per restricted share. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.
- 4) In accordance with his employment contract from 2011, the CEO receives a guaranteed allocation of 550 shares (worth CHF 285,979) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2020 as listed in the table 'Shares held by BoD and EC' as they were not yet allocated by the end of the financial year (grant date of 1 September 2020). However, they have been included in the long-term incentive compensation figure with a share price of CHF 519.96 (average closing price of May/June 2020).
- 5) Includes the compensation for the (designated) COO AS AMER, who joined the company on 1 April 2020 as designated COO and assumes COO and EC responsibility as of 1 July 2020. His compensation for the period from 1 April to 30 June 2020 comprises base salary, pro rata STI and LTI, and a one-time relocation allowance. The replacement awards in cash and equity relating to the forfeited compensation at the previous employer are not included. The replacement award in cash for forfeited cash compensation at the previous employer amounts to CHF 109,422. The replacement award in equity amounts to CHF 246,581 in restricted shares and CHF 161,063 in PSU to compensate for part of the forfeited LTI at the previous employer. The shares and PSU have been granted at the hiring date on 1 April 2020. The shares are subject to a blocking period of 1 year and 5 months and 2 years and 5 months, respectively. The PSU are subject to a vesting period of 1 year and 5 months and 2 years and 5 months respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018 and 2019, vesting in 2021 and 2022 respectively) and broadly reflect those of the forfeited awards at the previous employer.

# Disclaimer

This communication contains certain forward-looking statements including, but not limited to, those using the words “believes”, “assumes”, “expects” or formulations of a similar kind. Such forward-looking statements reflect the current judgement of the company, involve risks and uncertainties and are made on the basis of assumptions and expectations that the company believes to be reasonable at this time but may prove to be erroneous. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks, uncertainties and other factors outside of the company's and the Group's control which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the company or the Group and those either expressed or implied by such statements. Except as required by applicable law or regulation, the company accepts no obligation to continue to report, update or otherwise review such forward-looking statements or adjust them to new information, or future events or developments.

For definition of alternative performance measures, please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2020/21 of dormakaba.

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**dormakaba** 