

Regulations governing the Short-Term Incentive Plan (STIP, profit-share) for employees

Document information

Author	Meike Boekelmann, CHRO
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References

- [1] Articles of Association Comet Holding AG
- [2] Regulations for the Long-Term Incentive Plan (LTIP) of Comet Holding AG
- [3] Current terms of employment
- [4] Consolidated financial statements of the Comet Group
- [5] Pension fund regulations of Comet Holding AG and individual companies of the Group

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1 General provisions

1.1 Purpose

Employees at all levels influence the results of the company as a whole. By participating directly in the success of the Comet Group, they should organize their efforts towards increasing the value of the company. Furthermore, entrepreneurial thinking and action should be encouraged and rewarded.

1.2 Structure

The salary of the employees is based on their responsibilities and tasks, as well as the local market conditions. In addition, and in line with these regulations, employees may participate in the annual Short-Term Incentive Plan ("STIP" or profit-share plan), subject to the terms and conditions set forth herein.

1.3 Administration of the Short-Term Incentive Plan (STIP)

The board of directors of COMET Holding AG (the "Board") administers the STIP and has the full and sole power to construe and interpret the Plan, to apply the terms of the Plan and to establish, supplement, amend, suspend or waive any rules and regulations of the STIP, to terminate STIP or establish a new plan that shall supersede and replace the STIP and to make any other determination and take any other action that the Board, in its sole discretion, deems to be necessary or desirable for the operation of the STIP including, but not limited to, to establish additional or other eligibility criteria for participation in the STIP.

The Board may delegate all or part of its task and its powers to a committee consisting of members of the Board and/or the management or such other person(s) as the Board deems appropriate (the "Committee"). All references in the STIP to the Board shall mean the Board or the Committee to the extent that the Board's powers or authority have been delegated to such Committee.

Any and all decisions of the Board in connection with the Plan, the interpretation of the Plan and any related documents in connection with any dispute related to the Plan shall be final, conclusive and binding.

1.4 Scope

Employees, officers, and directors who are employees of a member entity of the Comet Group (which comprises Comet Holding AG and individual companies of the Group) subject to a permanent employment contract shall be eligible to participate in this STIP. Excluded from this plan are apprentices, temporary employees, tariff employees and similar local categories of staff. Employees, officers, and directors who participate in another Short-Term Incentive Plan of the Comet Group or another general or local plan (such as participants of sales incentive plans) shall not be eligible to participate in this STIP unless such other plan expressly states otherwise.

1.5 Calculation basis

The STIP enables annual participation in the consolidated net profit according to the audited consolidated financial statements of the Comet Group approved by the Annual General Meeting of Comet Holding AG (as per section 2.1).

An individual profit-share is calculated for each eligible employee on the basis of assignment to a compensation group (see Appendix II) and the individual gross annual salary.

For the purposes of this STIP, the individual gross annual salary is understood to be the total annual sum of the fixed monthly wages (gross. i.e., before any employee payroll deductions) distributed to the individual.

Following sections 1.5.1 to 1.5.3 describe the general treatment of specific situations.

1.5.1 Part-time employment

For eligible employees with a part-time employment relationship the profit-share is calculated in accordance with their degree of employment.

1.5.2 Entry during the year

For eligible employees joining during the year, the profit-share is calculated pro rata temporis.

1.5.3 Change in gross annual salary during the year

In the event of a change in gross annual salary during the year, profit-sharing is calculated pro rata temporis according to the amounts of the gross annual salary before and after such a change.

1.6 Payment

Payments under this STIP are generally made in cash after the Annual General Meeting of Comet Holding AG, typically held in April/May following the performance year.

For the members of the Executive Committee of Comet Holding AG, entitlement to and payment of the profit-share is subject to approval as compensation by the General Meeting of Comet Holding AG in accordance with the Articles of Association.

1.7 Termination of the employment relationship

Following sections 1.7.1 to 1.7.2 describe the general treatment of specific situations.

1.7.1 Termination by employer without notice

In the event of termination of the employment relationship by the Comet Holding AG or a company of the Group for cause pursuant to Art. 337 of the Swiss Code of Obligations (or corresponding articles in legal bases to which the employment relationship of the employee(s) concerned is locally subject), all rights to any profit-share payouts are forfeited and no profit-share payment is made.

1.7.2 Termination for other reasons

In the event of termination of the employment relationship for any other reason than those specified in para 1.7.1 ending the employment relationship before the final calculation of STIP awards under this plan is completed, an individual profit-share is calculated as following:

Category	Calculation basis	Payment
Members of the Executive Committee of Comet Holding AG	Individual profit-share is calculated in accordance with sections 1.5 and 2.1.	Payments under this STIP occur in accordance with section 1.6 subject to approval as compensation by the General Meeting of Comet Holding AG in accordance with the Articles of Association.
All other eligible employees	Individual profit-share is calculated as outlined in sections 1.5 and 2.1, but reduced to 70% of the individual profit-share. However, in the absence of respective audited consolidated financial statements of the Comet Group approved by the Annual General Meeting of Comet Holding AG at the time of calculating the individual profit-share, the latter is based on the latest quarterly forecast presented to the board.	In deviation from section 1.6, payments under this STIP proceed with the last payroll at the end of the employment.

1.8 Social security deductions

Applicable tax and social security deductions are made in accordance with the law and the employment contract.

2 Calculation of individual profit-share

2.1 Amount of the Comet Group profit available for the purposes of this STIP

The total amount of profit available for the purposes of this STIP is measured as a percentage of the positive consolidated net profit according to the audited consolidated financial statements of the Comet Holding, as approved by the Annual General Meeting of Comet Holding AG, i.e. after taking into account the expenses associated with this STIP, depending on the growth rate of the Comet Group's sales compared to the previous year and is determined according to the following model:

Sales growth	Percentage of net profit
<5%	15%
5% -15%	Linear increase between 15% and 25%
>15%	25%

The status regarding the achievement of the financial targets for profit-share will be communicated after the Annual General Meeting.

2.2 Allocation rationale

The calculated amount of the Comet Group profit available for the purposes of this STIP is allocated to eligible employees based on their assignment to a compensation group.

The Board of Directors of Comet Holding AG periodically reviews and may adjust the compensation groups prospectively for the following performance year to reflect the development of the company and the purpose (para 1.1). Any changes resulting from such a review are duly communicated to eligible employees (see Appendix II).

2.3 Individual profit-share percentage

Each compensation group is assigned a multiplier, which is used to calculate an individual profit-share percentage as follows:

$$\text{Individual profit share percentage} = \frac{\text{Individual gross annual salary} \times \text{Multiplier}}{\text{Sum of weighted gross annual salaries}}$$

The sum of the weighted gross annual salaries equals the aggregate amount of the gross annual salaries of all eligible employees weighted by the corresponding multipliers.

The Board periodically (commonly every three years) reviews and may adjust the multiples prospectively for the following annual performance period to reflect the development of the company and the purpose (para 1.1). In doing so, the Board ensures a fair adjustment for all parties involved. Any changes resulting from such a review are duly communicated to eligible employees (see Appendix II).

2.4 Calculation of the individual profit-share

The individual profit-share is calculated by multiplying an amount of the Comet Group profit available for the purposes of this STIP (section 2.1) by individual share percentage.

For the members of the Executive Committee of Comet Holding AG, the individual profit-share is limited by a cap defined for the total annual variable compensation. This amounts to 200% of the gross fixed compensation for the CEO and 150% of the respective individuals' gross fixed compensation for the other members of the Executive Committee. Whether the annual cap on total variable compensation is reached is determined by comparing the percentage cap with the sum of the individual profit-share earned in a given year (i.e. profit-share paid in year X+1 for year X) and the individual LTIP allocation amount for that given year (i.e. the LTIP grant amount in year X).

Any excess will therefore be deducted from the STIP portion of the variable compensation.

3 Effect on Service

Neither the participation in this STIP nor any term or condition contained in this STIP will give an eligible employee any right to be retained in the employment or service of COMET Holding AG or any other group company, affect the right of the company employing the eligible employee to discharge or discipline the employee at any time, or affect any right of the eligible employee to terminate his or her service at any time. By accepting any payment made under this STIP the eligible employee acknowledges and agrees that the grant of any payment under this STIP is

limited by the terms set forth herein and, except to the extent required by applicable law. Receipt of a payment under this STIP in a certain financial year does not imply or guarantee entitlement to any payment in any future financial year. The employee acknowledges that the receipt of a payment does not create a right for the employee to obtain further payment under the STIP or any other plans that may be implemented by COMET Holding AG or any group company or otherwise.

None of the grant of any payment under this STIP or any term or condition contained in this STIP shall form or create, or shall be interpreted to form or create any kind of partnership or employment relationship with COMET Holding AG.

4 Confidentiality

Unless otherwise required by law, employees must not disclose to third parties, in whole or in part, the documents and compensation rates disclosed to them in connection with this STIP.

5 Country-specific regulations

The right for deviating country-specific regulations remains reserved.

6 Entry into force and amendments

The regulations shall retroactively enter into force as of January 1, 2024, for all companies of the Comet Group.

The compensation system pursuant to these regulations also serves as a country-specific basis for the compensation regulations in the non-Swiss companies of the Comet Group.

These regulations are only valid in their entirety. No provision of any part of the regulations shall be construed without reference to the regulations as a whole.

Should provisions of the regulations conflict with mandatory local law, such provisions shall be construed and implemented (the "Amendment") in a way that the implementation (i) does not conflict with mandatory local law and (ii) has no monetary adverse effect on the beneficiaries compared to other beneficiaries to whom these regulations apply without the Amendment.

Flamatt, 1 July 2024

Comet Holding AG



Paul Boudre
Chairman of the Board of Directors



Dr. Mariel Hoch
Vice Chairwoman of the Board of Directors and
Chairwoman of the Nomination & Compensation
Committee

Appendix I: Example calculation

Employee information:

Name:	Monika Mustermann
Gross annual salary:	100'000 CHF
Compensation group:	Grade 13
Multiplier:	2.50

Amount of the Comet Group profit available for the purposes of this STIP

Sales growth:	10.0%
% of net profit	20%
Net profit of the Comet Group:	25'000'000 CHF
Total amount of profit available for allocation	20% of 25'000'000 CHF = 5'000'000 CHF

Individual profit-share for Monika Mustermann

Sum of weighted gross annual salaries	170'000'000 CHF
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$$\text{Individual profit-share percentage} = \frac{100'000 \text{ CHF} \times 2.50}{170'000'000 \text{ CHF}} = 0.0014706 = 0.14706\%$$

$$\text{Individual profit-share} = 0.14706\% \times 5'000'000 \text{ CHF} = 7'353 \text{ CHF}$$

Monika Mustermann receives a payment of CHF 7,353 in the following year.

Appendix II: Compensation groups

The following compensation groups are defined by the Board of Directors of Comet Holding AG:

Compensation group according to Comet's global job grade	STIP Multiplier
20	11.8
18-19	7.25
16-17	6.90
14-15	2.70
13	2.50
10-12	1.20
05-09	1.00