

Corporate Governance 2021

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Corporate governance in 2021

Corporate governance is defined by Comet as the entirety of the principles and practices aimed at safeguarding shareholder interests. While maintaining management's decision-making capability and efficiency, the aim of good corporate governance is to ensure an appropriate balance of leadership and control, together with transparent reporting.

This corporate governance report describes the management structure and control principles in place at the top organizational levels of the Group. The key elements are defined in Comet's Articles of Association (also known as its Bylaws) and in its Organizational Regulations (specifying the Company's governance structure and governance policies). The corporate governance report is based on the requirements of the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance (DCG). The disclosure requirements of the Ordinance Against Excessive Compensation at Listed Companies (OAEC) are fully met. Comet also takes into account the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*.

Information policy

Comet informs its shareholders, the media, financial analysts and other stakeholders with the greatest possible transparency and based on the principle of equal treatment. The Group publishes semi-annual media releases to update investors on its business and financial results. Comet also publishes annual reports and half-year reports, which are prepared in compliance with Swiss stock corporation law and International Financial Reporting Standards (IFRS). As well, information is provided to additional audience segments via the following events:

- To shareholders, in connection with the Shareholder Meeting
- To media representatives and financial analysts, through press conferences
- To institutional investors, through road shows and an annual Capital Markets Day

Important price-sensitive events are communicated in a timely manner via electronic media and in accordance with the directive on ad-hoc publicity (i.e., the ad-hoc disclosure requirements) of SIX Exchange Regulation, a division of the SIX Swiss Exchange.

Key dates

The dates of the most important publications and events are given below:

End of fiscal year	December 31, 2021
Annual results press conference	March 4, 2022
Publication of annual report	March 4, 2022
Annual Shareholder Meeting	April 14, 2022
End of first half of fiscal year	June 30, 2022
Half-year results press conference	July 28, 2022
Publication of half-year report	July 28, 2022

Publication media

Comet's annual report and half-year report, its Articles of Association and its compensation report are published on the Group's website at www.comet-group.com/en/investors/downloads.

For disclosure announcements for stock exchange purposes, Comet Holding AG uses the electronic publication platform operated by the SIX Swiss Exchange: <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notice.html>. The Group's website at www.comet-group.com offers a wealth of information, including details of the Group's business activities and access to the media releases and presentations for press conferences. As well, anyone may register on the website to automatically receive all press releases in electronic form.

Group structure and shareholders

Structure of the operating activities of the Comet Group

Comet Holding AG is a stock corporation with limited liability under Swiss corporate law. It is registered with the commercial register of the Canton of Fribourg, Switzerland under company registration number CHE-101.348.386. The registered office of Comet Holding AG is located at Herrengasse 10, 3175 Flamatt, Switzerland. Business operations are conducted through the group of companies listed in note 2 of the separate financial statements of Comet Holding AG. All companies are wholly owned by Comet Holding AG.

The Group's commercial activities are divided into three divisions: Plasma Control Technologies (PCT), X-Ray Systems (IXS) and Industrial X-Ray Modules (IXM). Financial reporting is segmented along these divisional lines. The financial data for the individual divisions is found in the segment reporting within the notes to the consolidated financial statements (note 4, "Segment reporting").

Listed Group company: Comet Holding AG

Comet Holding AG is the Group's only company listed on a stock exchange. The registered shares have been listed in the main market segment of the SIX Swiss Exchange in Zurich, Switzerland, since December 17, 2002 (ISIN no. CH0360826991). The closing share price on December 31, 2021 was CHF 336.50 (prior year: CHF 198.20), which resulted in a market capitalization of CHF 2,614.4 million (prior year: CHF 1,539.6 million). Further information is provided in note 4, "Listing and shareholders" of the separate financial statements of Comet Holding AG and in the section "Information for investors" in the annual report.

At December 31, 2021, Comet Holding AG had 6,206 voting shareholders of record (i.e., voting shareholders registered in the share register; prior year: 3,853). Of the total issued registered stock, 100% (prior year: 100%) represented free float. Comet Holding AG thus held no treasury stock at December 31, 2021 (prior year: nil). Information on the ownership structure and significant shareholders is disclosed in the separate financial statements of Comet Holding AG in note 4, "Listing and shareholders". Disclosure notifications of significant shareholdings in Comet Holding AG that were filed with Comet Holding AG and SIX Swiss Exchange are available from the online publication platform of the SIX Swiss Exchange through the following database search page:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

At December 31, 2021, Comet Holding AG had no cross-shareholdings with other publicly traded companies (prior year: nil).

Capital structure

Share capital

As of December 31, 2021, the share capital of Comet Holding AG amounted to CHF 7,769,534, divided into 7,769,534 fully paid-in, registered shares with a par value (nominal value) of CHF 1.00 per share. With the exception of any treasury stock held by the Company, every share carries dividend rights. Each share represents one vote at the Shareholder Meeting, provided that the shareholder is recorded in the share register.

Under article 3a of Comet's Articles of Association, the Board of Directors is authorized to increase the share capital by a maximum of CHF 0.8 million, by issuing up to 800,000 shares with a par value of CHF 1.00 per share at any time until April 23, 2022, for purposes set out in the same article 3a (known in German as "genehmigtes Aktienkapital", this is authorized capital for capital increases other than for equity compensation purposes). This corresponded to approximately 10.3% of the existing share capital at December 31, 2021. Shareholders' subscription rights can be suspended and transferred to a third party under article 3a of the Articles of Association.

Under article 3b of the Articles of Association, some of Comet's unused authorized capital is designated for use as equity-based compensation for members of the Executive Committee and of the Board of Directors of Comet Holding AG only. At December 31, 2021, this portion (referred to in German as "bedingtes Aktienkapital", or conditional capital) consisted of 193,586 shares with a nominal value of CHF 1.00 per share. It corresponded to approximately 2.5% of the existing share capital. The issuance of stock or stock subscription rights is based on a compensation plan adopted by the Board of Directors. Further information about equity-based compensation can be found in the compensation report.

Further details on the structure of and changes in shareholders' equity of Comet Holding AG are disclosed in the separate financial statements of Comet Holding AG in the statement of changes in equity and within note 4, "Listing and shareholders", note 5, "Equity capital structure" and note 7, "Options and conversion rights". As of December 31, 2021, Comet Holding AG had no participation certificates or dividend-right certificates outstanding (prior year: nil).

Limitations on transferability and nominee registrations

The Company keeps a share register in which the shares' owners and beneficial owners and the number of their shares are recorded. The share register is operated on behalf of Comet by Devigus Engineering AG. For the purposes of the legal relationship with the Company, shareholders or beneficial owners of shares are recognized as such only if they are registered in the share register. Purchasers of registered stock or of beneficial rights with respect to registered stock are upon their request recorded as voting shareholders in the share

register by the Board of Directors if the purchasers state explicitly that they have acquired, and will hold, the stock or beneficial interest for their own account. Registration in the share register requires evidence of the acquisition of full legal title to the shares or evidence of the establishment of beneficial ownership. For the purpose of this condition, nominee shareholders (nominees) are deemed to be those persons who do not explicitly state in their registration application that they hold the shares for their own account. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the share capital recorded in the Swiss commercial register of companies. Where legal entities or groups with joint legal status are connected by capital, voting rights, management or in some other manner, they are deemed to constitute a single nominee, as are all natural persons, legal entities or groups with joint legal status that by agreement, as a syndicate or in any other way act in a coordinated manner in circumventing the nominee rules. The Company may, after hearing the affected party, void registrations in the share register with retroactive effect from the date of registration if they were based on false information given by the purchaser. The purchaser must be informed of the deletion immediately. The Board of Directors determines the details of the application of these provisions and makes the arrangements necessary to ensure compliance with the rules outlined in the Company's Articles of Association.

In fiscal year 2021, the Board of Directors did not recognize any acquirers of shares holding more than 5% of all registered shares as a shareholder or beneficial holder with voting rights, did not reject any requests for registration, and did not remove any shareholders with voting rights from the share register on the grounds of provision of false information.

Convertible bonds and options

As of December 31, 2021, Comet Holding AG had no conversion rights or stock options outstanding (prior year: nil).

Management transactions and measures to prevent insider-trading offenses

The Listing Rules of the SIX Swiss Exchange require the disclosure of management transactions in stock of the Company and related financial instruments. The Board of Directors has issued a corresponding regulation in order to comply with these requirements. The parties whose transactions of this nature are reportable to the Company are the members of the Board of Directors and of the Executive Committee (the Executive Committee is the most senior level of operational management). In fiscal year 2021, five disclosures were filed. Published disclosures can be found on the website of the SIX Swiss Exchange: www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/.

For Comet, regular closed periods (also referred to as blackout periods) for trading in securities of Comet Holding AG are defined as the periods from December 16 and June 16 up to and including the trading day following the publication of the annual or half-year report, respectively, or the publication of the relevant key figures. These closed periods apply to the members of the Board of Directors and the Executive Committee, as well as members of group functions in finance, investor

relations and communication. No exceptions were granted in fiscal year 2021.

Board of Directors

The Board of Directors has ultimate responsibility for supervising the Group's top-level operational management personnel. The Board sets the Group's strategic goals and the guidelines for organizational structure and financial planning.

As prescribed by the Articles of Association, the Board of Directors of Comet Holding AG consists of a minimum of five members. The composition of the Board of Directors is designed to ensure effectiveness. Key qualities sought in the recruitment of Board members are independent thinking and willingness to work in a team focusing exclusively on the interests of the Company and its principal stakeholders. The Board of Directors nominates non-executive and independent members within the meaning of the Swiss Code of Best Practice for Corporate Governance to be elected by the Annual Shareholder Meeting as members of the Nomination & Compensation Committee.

Composition of the Board of Directors of Comet Holding AG

On December 31, 2021, the Board of Directors of Comet Holding AG had the following five members:

	Nationality	Position on the Board	Member since	Elected until
Heinz Kundert	Swiss	Chair and non-executive member	2019	2022
Mariel Hoch	Swiss and German	Vice Chair and non-executive member	2016	2022
Gian-Luca Bona	Swiss	Non-executive member	2012	2022
Patrick Jany	German	Non-executive member	2019	2022
Tosja Zywiets	German	Non-executive member	2021	2022

Secretary of the Board (since 2010) and non-member of the Board: Ines Najorka, Vice President of Global Communications.

Additional information on the members of the Board of Directors

The information below outlines the education, significant professional experience and current position of each Board member. Where a place name is not followed by a country or state, the country is Switzerland.



Heinz Kundert
(b. 1952, Swiss citizen)

Education

Degree in industry management from Institute of Technology (ITA), Zurich; degree in business management from University of St. Gallen (HSG)

Professional experience

1981 to 1991: regional director Asia, Balzers AG; 1991 to 1999: division manager, Semiconductor and Data Storage, Balzers AG; 1999 to 2002: COO of Oerlikon-Bührle; 2002 to 2004: CEO of Unaxis AG; 2005 to 2015: VP of SEMI Intl. USA and president of SEMI Europe; 2015 to 2018: CEO of VAT Group



Gian-Luca Bona
(b. 1957, Swiss citizen)

Education

Dipl. Phys. master's degree in physics from Swiss Federal Institute of Technology (ETH), Zurich and Dr. sc. nat. doctorate in physics from ETH, Zurich

Professional experience

1987 to 2002: IBM Research Laboratory, Rüschlikon; 2002: IBM Watson Research Center, Yorktown Heights, NY, USA; 2003 to 2004: research manager, Photonics Networks, IBM Research Laboratory, Rüschlikon; 2004 to 2008: research functional manager, Science and Technology, IBM Almaden Research Center, San José, CA, USA; 2008 to 2009: director of tape storage solutions, IBM, Tucson, AZ, USA; since September 2009: CEO of Empa (the Swiss Materials Science & Technology Laboratory) and professor of photonics at the Swiss Federal Institutes of Technology (ETH, Zurich and EPF, Lausanne)



Mariel Hoch
(b. 1973, Swiss and German citizen)

Education

Admitted to the Zurich bar in 2005; Dr. iur doctorate in law from University of Zurich and Lic. iur degree in law from University of Zurich

Professional experience

Partner at the law firm Bär & Karrer AG, Zurich



Patrick Jany
(b. 1968, German citizen)

Education

Degree in business administration from École Supérieure de Commerce de Paris (ESCP), France

Professional experience

1990 to 2006: Various positions at Sandoz, later Clariant, including CFO for ASEAN region, head of country organization of Clariant Mexico, and head of corporate development; 2006 to 2020: CFO and member of the Executive Committee of Clariant AG; since May 2020: EVP and CFO at A.P. Moller-Maersk A/S, Denmark



Tosja Zywiets
(b. 1971, German citizen)

Education

Dr. rer. nat. doctorate in physics from Fritz Haber Institute of the Max Planck Society, Berlin, Germany and Dipl. master's degree in physics from University of Göttingen, Germany

Professional experience

Since 2020: executive committee member responsible for production, procurement and quality at Sick AG, Germany; 2009 to 2019: chief strategy officer and later CEO at Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany; 2002 to 2009: founder and owner of and director at Biosigna GmbH, Institut für Biosignalverarbeitung und Analyse, Germany; 2003 to 2004: project leader at Boston Consulting Group UK LLP; 2001 to 2003: consultant in health care, information technology and financial services practices at Boston Consulting Group GmbH

Operational management functions

With the exception of Heinz Kundert (who was interim CEO from June 21, 2019 to August 31, 2020), no Board member is or was a member of the operational management of Comet Holding AG or any of its subsidiaries over the last three fiscal years ending December 31, 2021.

Disclosure of potential conflicts of interest

No member of the Board of Directors has any material business relationship with Comet Holding AG or any of its subsidiaries. In the event of a potential or impending conflict of interest, the Board member concerned is required to inform the Chair of the Board of Directors immediately.

Activities and interests outside the Group

Article 27 of the Articles of Association, which are compliant with the OAEC, specifies the allowable number of other, external positions that members of the Board of Directors may hold on top management or supervisory bodies, as follows:

- Members of the Board of Directors may each not hold more than five external positions on top management or supervisory bodies of listed (i.e., exchange-traded) companies and not more than seven such external positions in non-listed companies.
- Members of the Board of Directors may each not hold more than ten such positions in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

In fiscal year 2020 and 2021, no member of the Board of Directors exceeded any limits for additional positions held. At December 31, 2021 the members of the Board of Directors had the following additional positions on top management or supervisory bodies of significant Swiss and foreign private sector and public sector companies, institutions and foundations:

Heinz Kundert

Board vice chairman, VAT Group, Haag; board member, Variosystems AG, Steinach; board chairman, VT5 Acquisition Company AG, Pfäffikon

Gian-Luca Bona

Board member, Bobst Group SA, Mex, Switzerland; board member Switzerland Innovation Park Ost AG, St. Gallen; board member, Technopark Zürich Foundation; member, ETH Board (the board of the Swiss Federal Institutes of Technology); chairman, glaTec technology center, Dübendorf; board member, Innovation Park Zurich foundation; advisory council member, German Federal Institute for Materials Research and Testing (BAM), Berlin, Germany

Mariel Hoch

Board member and member of the audit and risk committee and compensation committee, SIG Combibloc Group AG, Neuhausen am Rheinfall; board member and member of the audit committee, Komax Holding AG; board member, MEXAB AG; board member, The Schörling Foundation, Lucerne; board member Law & Economics Foundation, St. Gallen; board member Irene M. Staehelin Stiftung (a foundation), Zurich

Tosja Zywietz

Non-executive member of the board, Alupak AG, Belp; non-executive chairman, Wiferion GmbH, Freiburg, Germany

Board elections and terms

The Board members are elected by the Annual Shareholder Meeting for a term of one year. They are individually elected when standing for election or re-election. The Annual Shareholder Meeting also elects one member of the Board of Directors as the Board Chair and elects the members of the Nomination & Compensation Committee.

The term of office ends at the conclusion of the next Annual Shareholder Meeting. Re-election for consecutive terms is permitted. If elections are held during a term to replace or add Board members, the newly elected members serve for the remainder of the current term.

The Articles of Association are in accordance with the legal requirements of the OAEC.

Internal organization

Except for the election of the Board Chair and the members of the Nomination & Compensation Committee by the Annual Shareholder Meeting, the Board of Directors constitutes itself at its first meeting after its election or re-election by the Annual Shareholder Meeting. The Board appoints its Vice Chair, the members of the other Board committees and the Board Secretary. The Secretary need not be a member of the Board.

The Chair of the Board of Directors has the following duties and powers:

- Act as Chair of the Shareholder Meetings
- Call meetings of the Board of Directors and set the agenda
- Supervise, comply with and implement the resolutions of the Board of Directors

- Immediately inform all members of the Board of Directors of extraordinary events
- Ensure that urgent business matters are transacted within the required timeframe
- Interact with the senior management of the Comet Group
- Monitor the implementation of measures decided by the Board of Directors
- Take all measures required to safeguard the interests of the Comet Group
- Represent the Board of Directors internally and externally

The Vice Chair of the Board assumes the powers and duties of the Chair in his or her absence. The chairs of the Board committees lead their respective committees and report to the Board of Directors.

The Board meets at the invitation of the meeting's chair as often as business requires, or when requested by a Board member in writing for a stated purpose. The Board has a quorum when the majority of members are present. The Board passes its resolutions and performs its elections by an absolute majority of votes cast. In the event of an equality of votes, the chair of the meeting has the casting vote.

Resolutions on a motion may alternatively be reached in writing if no Board member objects to this method. Minutes must be kept of the deliberations and resolutions and be signed by the meeting's chair and the Board Secretary. The minutes are submitted to the Board for approval at its next meeting.

Functioning of the full Board of Directors

A total of eight regular meetings of the full Board were held in the year, as well as several teleconferences. In addition, several meetings of the Board committees were held. An overview of the meetings of the Board of Directors and the members in attendance is shown below.

Name	February	March		April		June	August		November	December	
	BoD	AC	BoD	BoD	BoD	BoD	AC	BoD	BoD	AC	BoD
Heinz Kundert	x	x	x	x	x	x	x	x	x	x	x
Mariel Hoch	x	--	x	x	x	x	--	x	x	--	x
Patrick Jany	x	x	x	x	x	x	x	x	x	x	x
Gian-Luca Bona	x	--	x	x	x	x	--	x	x	--	x
Rolf Huber	x	x	x	x	--	--	--	--	--	--	--
Tosja Zywietz	--	--	--	--	x	x	x	x	x	x	x

BoD: Regular meeting of the Board

AC: Audit Committee

x: attended

--: not attended or not a member of the Board or Committee at that time

All meetings held up to and including April 2021 were virtual meetings. After April 2021 up to and including November 2021 all meetings were attended by Board members physically. In December 2021 all meetings were again virtual meetings.

The Board of Directors is regularly kept informed of the course of business by the CEO and CFO at its meetings, and also on an ad hoc basis as needed. Other members of the Executive Committee, other management staff and specialists of the Group regularly attend Board meetings to report on particular projects in their area of responsibility. In addition, external advisors are consulted as required to deal with specific matters. The Board receives monthly written financial reports on the current business performance.

Board committees

In fiscal year 2021 the Board committees had the following members:

Committee	Members
Nomination & Compensation Committee (NCC)	Mariel Hoch (Committee chair) Rolf Huber (until April 2021) Gian-Luca Bona (from April 2021)
Audit Committee (AC)	Patrick Jany (Committee chair) Rolf Huber (until April 2021) Tosja Zywiets (from April 2021)
Technology Committee (TC)	Gian-Luca Bona (Committee chair) Tosja Zywiets (from April 2021)

The Annual Shareholder Meeting elects the members of the Nomination & Compensation Committee. The members of the other committees are elected by the Board from among the Board members for a term of one year. Every committee normally consists of at least two members of the Board and meets at least twice per year, or as often as business requires.

The committees' principal function is to prepare decision support for the full Board in special subject areas. At the regular meetings or as required, the full Board is kept informed of the activities of the individual committees. Reports to the full Board are made orally or in writing as required. The overall responsibility for the tasks assigned to the committees remains with the full Board, which decides as a body on all proposals.

Nomination & Compensation Committee

The Nomination & Compensation Committee (NCC) is made up of two members of the Board, who are elected to the Committee yearly by the Annual Shareholder Meeting. The term of office is one year. Re-election for consecutive terms is permitted. The NCC prepares all agenda items related to the nomination and compensation of Board members and Executive Committee members. The NCC itself does not make decisions, but prepares proposals for the approval of the full Board of Directors. The Committee has the following responsibilities in particular (additional responsibilities may be assigned to it as required):

- Address both the compensation policy for the remuneration of the Board of Directors and Executive Committee, and the Comet Group's compensation structure
- Prepare the compensation report and support the Board of Directors in preparing resolutions for the Annual Shareholder Meeting for the approval of compensation

- Develop proposals for guidelines for the compensation of the Board of Directors and Executive Committee
- Review stock ownership plans and recommend adjustments as appropriate
- Propose new Board members and Executive Committee members for appointment
- Provide support to the CEO in evaluating candidates for the Executive Committee

In fiscal year 2021, the NCC handled the following compensation- and nomination-related tasks on behalf of the Board of Directors:

- Identification and assessment of potential candidates for positions on the Board based on predefined criteria, and recommendation to the full Board regarding their nomination for election or re-election at the Shareholder Meeting.
- Identification and assessment of potential candidates for positions on the Executive Committee based on predefined criteria, and recommendations to the full Board.
- Review of the succession planning and of the list of possible substitutes in case of absences on the Executive Committee, and preparation of corresponding proposals to the full Board.
- Recommendation to the full Board for approval of the annual compensation report.

In the year under review, the Committee held seven meetings, all of which were attended by both of its members and Luigi Cornacchia, Global Head of HR as secretary. In an advisory role, the Chairman of the Board and the CEO also attended. The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required. However, the members of the Executive Committee do not attend the compensation-related Board meetings and do not have a say in their compensation. The NCC chair briefs the Board of Directors on the activities at the next Board meeting and submits the necessary proposals and recommendations. Minutes of the NCC meetings are taken and signed by the chair of the NCC and its secretary. Once the minutes are approved, they are circulated to all members of the Board.

Audit Committee

The Audit Committee supports the full Board in exercising oversight of accounting and financial reporting and in monitoring compliance with legal requirements. The Committee has the following responsibilities in particular:

- Evaluate the structure and form of the Group's accounting system
- Gauge the effectiveness of the independent auditors and the internal controls; evaluate the coordination of external and internal auditing, and review the performance and compensation of the external independent auditors
- Evaluate the effectiveness of risk management
- Review the financial reporting to shareholders and the public
- Issue directions to the internal audit function and, as may be required on a case-by-case basis by the resulting findings, issue directions to the Executive Committee

During the fiscal year, three meetings were held by the Audit Committee. They were attended by the external auditors, internal audit, the

CEO and the CFO. The Committee may invite other Board members, Executive Committee members and specialists to its meetings as required. At each Board meeting, the Audit Committee reports on its activities to the Board of Directors and submits the necessary proposals and recommendations to the Board.

Technology Committee

The Technology Committee provides support to the full Board in matters of technology. The Committee has the following responsibilities in particular:

- Monitor international developments in technology and evaluate the emerging trends for their relevance to the Comet Group
- Assess the Group's internal research and development activities
- Ensure the Group holds at least one technology day or equivalent event per year

The Committee meets as often as business requires. In fiscal year 2021, it held two meetings. During the year the appraisal of technology sector developments, as well as the development measures taken by the Group, were regularly discussed with the division presidents in the course of the Committee meetings and the Board's scheduled meetings.

Division of authority

The Board of Directors is responsible for the overall direction and management of the Group and for the supervision of its most senior operational management. The non-delegable and inalienable duties of the Board of Directors are established by article 716a of the Swiss Code of Obligations. The Board's specific responsibilities and scope of authority are set out in the Company's Organizational Regulations and include the following areas among others:

- Determine the Group's strategic direction and financial targets and allocate the resources required to achieve them
- Establish the Group's objectives, business policy and strategy, and organizational structure
- Approve the rolling short- and medium-term financial plans
- Approve the acquisition and disposal of subsidiaries and of equity interests in other companies, and approve collaborations with other firms
- Approve the purchase and sale of real estate
- Appoint and withdraw members of the Group's Executive Committee and the presidents of its subsidiaries and exercise oversight and control of their activities

The Board of Directors has delegated all operational management of the Group to the CEO and the Executive Committee, except as otherwise required by law, the Company's Articles of Association and the Organizational Regulations. The CEO and Executive Committee have the necessary powers to execute the business strategy within the parameters set by the Board of Directors. In particular, the CEO has the authority to:

- Manage the Comet Group, implement the Board's strategic directions and decisions, and ensure timely and appropriate reporting to the Board

- Develop business targets within the general objectives established by the Board and present proposals for the rolling forecasts and for the strategic multi-year planning
- Request items of business to be placed on the agenda of Board meetings, prepare such business for transaction by the Board, and ensure the implementation of the Board's decisions
- Implement an internal control and management information system based on the specifications of the Board
- Regularly review the business risks, and establish a Board-approved risk management system for this purpose
- Regularly review the degree of achievement of the financial targets and strategic goals, as well as the Group's liquidity
- The members of the Executive Committee report to the CEO

Monitoring and control with respect to the Executive Committee

The Chair of the Board may attend the meetings of the Executive Committee and receives the minutes of all its meetings. The Board of Directors also receives regular reports on the course of business from the Executive Committee at Board meetings. In the case of extraordinary events, the Executive Committee informs the Board immediately. The CEO and CFO attend all regular meetings of the Board. At least one to two times per year, in the context of Board meetings, the other members of the Executive Committee also report to the Board on their business area.

Management information system

The monthly financial reporting by the Executive Committee on the current course of business and important transactions gives the full Board of Directors the information needed to properly discharge its responsibilities. The standardized internal reporting of the Group consists of the IFRS-based consolidated balance sheet, statement of income and cash flow statement, as well as detailed management reporting. Complementing the monthly consolidated financial statements and a comprehensive range of financial ratios, the management reporting presents and comments upon additional information such as new orders and order backlog, staffing levels and accounts past due, provided in table and chart form. This data is presented both by division and on a consolidated basis for the Group and is compared to the prior year and the rolling forecast. The resulting insights and actions are discussed monthly by the Executive Committee. All monthly financial statements are submitted to the Board of Directors, which discusses them at its meetings. As a longer-term control tool, a rolling multi-year plan is prepared annually for the subsequent three years. In addition, every quarter, management generates a rolling forecast for the following five quarters. These forward-looking control tools, which are accompanied by detailed commentary and documented with charts, enable the Board to continually evaluate the financial effectiveness of the adopted business strategy and then to take action if and as required.

Internal audit

The internal audit function provides an objective and effective value-added internal audit service using a systematic and disciplined approach to assist management in monitoring compliance, controlling risks and improving the effectiveness and efficiency of internal control systems and governance processes.

The internal auditor reports directly to the Audit Committee of the Board of Directors, at least twice per year and more frequently as required. On completion of each audit, an audit report is prepared and is discussed in the Executive Committee and reviewed with the national lead personnel responsible (typically the local company presidents responsible for the relevant business) and/or the persons directly affected by the audit, in order to initiate the implementation of the planned measures. The internal auditor then prepares a final audit report for the Board of Directors, with a corresponding action plan. The reporting is based on the current audit priorities approved by the Board each year. The nature of the coordination and cooperation between the internal audit function and the external audit firm, complete with the identification of the respective responsibilities, has been specified in writing and approved by the Board.

From 2006 until end of 2021 the internal audit function was performed on a consulting basis by Robert Kruijswijk, Switzerland. His compensation was determined by the amount of work performed. In 2021, Robert Kruijswijk carried out various audits at a number of locations. The following audits were performed in the fiscal year:

- Production of IXM division, Flamatt, Switzerland
- Production of PCT division, Flamatt, Switzerland
- Contracts related to ebeam spin-off
- Research and Development and life cycle management in IXM division
- Research and Development and life cycle management in PCT division
- Central services at Yxlon, Hamburg, Germany

Comet entered into an internal audit outsourcing service agreement with KPMG AG Switzerland effective January 1, 2022. The internal audit function is functionally reporting to the Audit Committee and administratively to the Group CFO. The compensation is determined by the amount of work performed under the service agreement and approved by the Audit Committee.

Risk management system

Risk management includes the annual evaluation of strategy by the Board of Directors and the assessment by the Executive Committee of insurance cover, of the general business risks and of the major balance sheet items. The approach to risk management is described in a risk strategy approved by the Board and is specified in a written risk management procedure for implementation by the Executive Committee. The significant risks in the individual business areas and departments are identified in quarterly working group sessions and systematically described and categorized in a risk matrix. The risks are assessed using a risk rating based on the probability of occurrence and the potential severity of loss, as well as by calculating potential absolute financial risk. For the risks classified as important, action plans are formulated to minimize the probability and/or potential severity of loss. The Group's Executive Committee regularly reviews the effectiveness of the actions taken and decides on a potential updating of the risk portfolio. Newly identified risks are added to the portfolio and action plans are formulated to manage them. Through separate reports, the Audit Committee at each of its meetings is kept advised of the current assessment of the Group's risks.

Internal control system

Comet operates a system of internal control (the "internal control system") to provide reliable internal and external financial reporting and to prevent false information and errors in business transactions. The internal control system provides the necessary processes and controls to ensure that risks relating to the quality of the company's financial reporting can be detected and managed in a timely manner. A review of the existence of the processes and controls of the implemented internal control systems is carried out by the external auditors annually.

In the fiscal year, where required, Comet further expanded, trained or documented the existing internal control system. The internal control system is in use at all levels of the enterprise and in all significant locations. The significant risks and controls are in accordance with the objectives and quality requirements established by the Board of Directors. The staff members responsible for the internal control system have been designated Group-wide, the employees involved have been trained and the control functions clearly assigned. The controls are integrated in the respective processes and are periodically tested for effectiveness, logical sense and efficiency. The introduction of a uniform, systematic process for risk detection and assessment has enhanced the reliability and completeness of bookkeeping and the timeliness and dependability of financial reporting.

Executive Committee

The Executive Committee – the Group's most senior management below the Board level – is responsible for the operational management of the Group within the powers delegated to it.

In the prior year, effective September 1, 2020, Kevin Crofton assumed operational leadership of the Group as CEO. On October 1, 2020, Elisabeth Pataki took office as CFO, responsible for Comet's financial management. In addition, Keighley Peters became Chief Information Officer (CIO), joining the Executive Committee on December 28, 2020. Departures from the Comet Group were that of CIO Eric Dubuis on January 31, 2021 and Thomas Wenzel, President of the X-Ray Systems division, on April 30, 2021.

No member of the Executive Committee performed any services for Comet Holding AG or any of its subsidiaries before their appointment to the Executive Committee.

As of December 31, 2021, the Group's Executive Committee had the following five members.


Kevin Crofton

(b. 1961, US & UK citizen)
Chief Executive Officer
since Sep. 1, 2020 and
interim President of X-
Ray Systems division

Education

MBA in International Business, American University, Washington, DC, USA; Bachelor's degree in Aerospace Engineering, Virginia Tech University, VA, USA

Professional experience

2009 to 2020: President/CEO of SPTS Technologies, UK; 2006 to 2009: President and COO of Aviza Technology UK (a precursor to SPTS Technologies); 1994 to 2006: various executive management and divisional leadership positions at Newport Corporation, NEXX Systems and Lam Research Corporation, USA


Elisabeth Pataki

(b. 1981, US citizen) Chief
Financial Officer since
Oct. 1, 2020

Education

Bachelor of Science degree in Finance and Spanish, Boston College, Mass., USA; Master of Business Administration, The Wharton School of the University of Pennsylvania, USA

Professional experience

2015 to 2020: Global Head of Internal Audit, Switzerland, at EF Education First, and before that CFO North America, USA, at EF; 2008 to 2015: various senior management positions at Raytheon Company in USA and Europe, including CFO for NATO Business Line, France, part of a joint venture between Raytheon and Thales Group


Keighley Peters

(b. 1971, UK citizen) Chief
Information Officer since
Dec. 28, 2020

Education

Master of Sciences in Information Technologies, University of Liverpool, UK

Professional experience

2011 to 2020: Senior Director Global IT, SPTS Technologies, UK; previously CIO in interim functions, IT Services Associate Director, Global IT, Cenduit Ltd and IT Consultant for the pharmaceutical industry as well as in the insurance and IT services sectors


Michael Kammerer

(b. 1961, Swiss citizen)
President of Plasma
Control Technologies
division since Jan. 1, 2008

Education

Eidg. dipl. Einkäufer degree in procurement, SVME; MBA in strategy and procurement management from University of Birmingham, UK

Professional experience

1997 to 2000: head of purchasing and logistics, Von Roll Betec AG, Switzerland; 2000 to 2002: head of purchasing and logistics, Swisscom Solutions AG, Switzerland; 2002 to 2007: head of purchasing and supplier quality assurance, automotive, Saia-Burgess AG, Switzerland/ Johnson Electric, Hong Kong



Stephan Haferl

(b. 1972, Swiss and Norwegian citizen)
President of X-Ray Modules division since Jan. 1, 2018

Education

Dr. sc. tech. doctorate in mechanical and process engineering from ETH Zurich; Advanced Management Program, The Wharton School of the University of Pennsylvania, USA

Professional experience

2002 to 2007: various management positions at the Bartec Group, Switzerland; from 2007: various management positions in Comet's X-Ray Technology business (VP of Supply Chain, VP of R&D, General Manager of Industrial X-Ray Technologies (IXT))

Activities and interests outside of the Group

Article 27 of the Articles of Association, which is compliant with the OAEC, specifies the allowable number of other external positions that members of the Executive Committee may hold on top management or supervisory bodies as follows:

- Members of the Executive Committee may each not hold more than one external position on the top management or supervisory body of an exchange-traded (i.e., listed) company and not more than four such external positions in non-listed companies.
- Not more than ten such positions may be held in associations, non-profit foundations, family foundations and employee pension funds.
- Positions in companies controlled by Comet Holding AG, or positions controlled by it, are not subject to restriction.

Some members of the Executive Committee hold board positions at subsidiaries of the Group. In addition, as of December 31, 2021, Kevin Crofton was Vice Chairman of SEMI industry association, Milpitas, CA, USA. Also, Stephan Haferl was a board member of Belimed AG, Zug. The other members of the Executive Committee did not hold positions outside Comet on management or supervisory bodies of significant Swiss or foreign private sector or public sector companies, institutions or foundations at the balance sheet date. Therefore, no member of the Executive Committee of Comet Holding AG exceeded any limits for additional positions.

Management contracts

As of December 31, 2021, Comet had not entered into any management contracts with companies or natural persons not belonging to the Group (prior year: nil).

Disclosure of potential conflicts of interest

No member of the Executive Committee had any material business relationships with Comet Holding AG or any of its subsidiaries in fiscal year 2020 and 2021. In the event of a potential or impending conflict of interest, the Executive Committee member concerned is required to inform the Chair of the Board of Directors immediately.

Compensation, shareholdings and loans

Information regarding compensation and loans relating to members of the Board of Directors and the Executive Committee are set out in the compensation report. Information on their shareholdings of Comet stock is disclosed in the separate financial statements of Comet Holding AG in note 6, "Disclosure of shareholdings".

Shareholders' participation rights

Shareholders' participation rights (such as rights with respect to voting), are set down in the Swiss Code of Obligations, and this legal framework is supplemented by provisions in the Articles of Association of the Company. The Articles of Association, which are compliant with the legal requirements under the OAEC, can be found on the Company's website at <https://www.comet-group.com/en/investors/downloads>.

Voting rights restrictions and representation

Each share that is registered carries one vote, subject to the provisions on nominee shareholders in article 5 of the Articles of Association. The Board of Directors registers nominees as holding voting shares only up to a maximum of 5% of the share capital recorded in the Swiss commercial register of companies. Further information is provided in the section "Capital structure"/"Limitations on transferability and nominee registration".

Proxy voting

At the Annual Shareholder Meeting, the shareholders elect an independent proxy. The term of office of the independent proxy is one year, ending at the conclusion of the next Annual Shareholder Meeting. Re-election for consecutive terms is permitted.

A shareholder may be represented at the Annual Shareholder Meeting by the independent proxy, by the shareholder's legal representative or – under a written power of attorney – by another shareholder entitled to vote. Powers of attorney and instructions may be given in writing or, to the independent proxy, may also be given electronically. The Board of Directors ensures that the shareholders have the opportunity to use electronic means to authorize and instruct the independent proxy.

Calling of the Annual Shareholder Meeting

The Annual Shareholder Meeting is called by the Board of Directors or, if necessary, by the independent auditors. Notice of the Annual Shareholder Meeting is sent to the shareholders of record by mail at least 20 days before the meeting date.

The notice of the Annual Shareholder Meeting states the day, time and place of the meeting, the agenda items as well as the proposals by the Board of Directors and, if applicable, names the shareholders who requested the Shareholder Meeting or the inclusion of a business item on the agenda, and states the nature of the shareholder proposal(s).

Inclusion of items on the agenda

Under the Articles of Association, shareholders representing at least 3% of the total share capital outstanding at the time may request items of business to be included in the agenda. Shareholders' requests under section 699 para. 3 of the Swiss Code of Obligations to place

business on the Meeting agenda, and the actual shareholder proposal involved, must be submitted to the Board of Directors in writing no later than 35 days before the Shareholder Meeting in question.

Entries in the share register

In accordance with article 12 of the Articles of Association, in the notice of the Shareholder Meeting the Board of Directors announces the record date (at which registration in the share register is required for participation in and voting at the meeting) and the details of the written and electronic proxies and instructions.

The share register is closed to new entries from the record date until and including the day of the Shareholder Meeting. No exception to this rule was made in the year under review nor at any previous Shareholder Meeting. Shareholders who sell their stock before the Shareholder Meeting are not entitled to vote the shares sold.

Further information is provided in the section "Capital structure"/"Limitations on transferability and nominee registration".

Changes of control and defense measures

Requirement to make a public tender offer

Under article 135 of the Financial Market Infrastructure Act (FinMIA), any party whose shareholding reaches 33 ⅓% or more of all voting rights must make a public tender offer. The Articles of Association of Comet Holding AG contain neither an opting-up clause nor an opting-out clause; this means that they neither raise this percentage threshold, nor waive the requirement of a tender offer.

Provisions on changes of control

With respect to members of the Board of Directors and the Executive Committee, there are no contractual obligations of unusually long duration, nor provisions for termination benefits, that would result from a change of control. Under the share-based compensation plan, the Board of Directors may in its discretion decide to early-terminate the holding period for the stock awarded as performance-based compensation. Except as otherwise required by law, in the event of an attempted change of control of Comet Holding AG, the holding period on stock ends when a public tender offer is validly made.

Auditors

Duration of the mandate and term of office of the lead auditor

The independent audit firm is appointed annually by the Annual Shareholder Meeting following a proposal submitted by the Board of Directors. Re-election is permitted.

Ernst & Young AG (EY), Switzerland, have been the independent auditors of Comet Holding AG since 1999. The lead audit partner, Martin Mattes, has been responsible for the engagement since fiscal year 2021. The rotation cycle for the lead audit partner at EY is seven years.

Audit fees

The compensation of EY for services in connection with auditing the consolidated financial statements and as the independent audit firm

for most Group companies amounted to CHF 373 thousand (prior year: CHF 370 thousand).

Including the other audit firms, the total audit fees in the year under review amounted to CHF 437 thousand (prior year: CHF 437 thousand). The audit fees are set annually upon discussion with the Audit Committee and are based on the audit scope at the individual Group companies, any special in-depth audits and the auditing of protection against specifically identified risks.

Additional fees

In the fiscal year, EY received the following compensation for consulting services in connection with accounting and tax matters:

In thousands of CHF	2021	2020
Audit-related consulting services	10	10
Tax consulting services	206	254
Total consulting services	216	264

Information instruments pertaining to the external audit

The Audit Committee of the Board of Directors annually reviews the performance, compensation and independence of the audit firm. The Committee also examines the scope of the independent audit, reviews action plans developed to resolve any issues identified in the audit and recommends candidate independent auditors to the Board to propose for election by the Annual Shareholder Meeting. The Board has not specified a fixed rotation cycle. In selecting the external auditors, particular importance is attached to independence and documented experience.

After the first six months of the year, the Audit Committee at its meeting discusses the unaudited half-year results with the independent auditors. In addition, the annual financial statements are planned and the auditing costs for the fiscal year are approved. Additional meetings are held as needed.

After the audit of the annual financial statements, the Audit Committee convenes for a meeting at which it discusses the audited annual report for the fiscal year with the independent auditors. The audit firm reports its findings on the basis of a comprehensive report to the Board of Directors and through the reports of the independent auditors to the Annual Shareholder Meeting.

Further information is provided in the section "Board of Directors"/"Audit Committee".

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