

Compensation Report

Dear Shareholders

On behalf of the Compensation and Nomination Committee and the entire Board of Directors it is my pleasure to submit to you the Compensation Report 2023.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of DocMorris AG (“DocMorris”) for the members of the Board of Directors and the Executive Board. It contains detailed information on compensation awarded for 2023 (the year under review). Furthermore we explain the current compensation policy and the decisions taken. This report complies with the requirements of the revised Code of Obligations in effect of 1 January 2023 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange dated 1 January 2023.

DocMorris successfully executed the profitability program in 2023. By increasing the gross margin, productivity and marketing efficiency as well as making structural cost savings, adjusted EBITDA from continuing operations improved significantly by CHF 50,6 million to minus CHF 34.9 million. DocMorris has thus achieved its earnings target for 2023. At the same time, the company increased its active customer base to over 9 million, marking an inflection point for the return to sales growth in the second half year. External sales amounted to CHF 1,038 million and, at minus 7.4 percent in local currency compared to the previous year, are at the upper end of the expectations specified in October 2023. The operating result (EBITDA) amounted to minus CHF 38,4 million (previous year from continuing operations: minus CHF 92,6 million).

In the year under review, DocMorris implemented the changes to the compensation system as announced in the 2022 Compensation Report, aiming to improve overall disclosure. Changes to the system are reflected in the variable long-term compensation plan by replacing the parts originally granted in Restricted Stock Units with Performance Share Units in order to further strengthen the relationship between performance and compensation. In addition, clawback provisions were introduced in the variable long-term compensation plan. To reflect the sustainability agenda of DocMorris, the performance measures of the short-term variable compensation were complemented with environmental, social and governance targets. Lastly, DocMorris also implemented share ownership guidelines for the Board of Directors as well as the Executive Board to align with the long-term interests of shareholders.

In May 2023, DocMorris sold its Swiss business to Migros/Medbase and centered its focus more on its B2C core business, mainly in Germany. With the sale of the Swiss business, Emanuel Lorini left the Executive Board of DocMorris.

The Compensation and Nomination Committee also carried out its regular duties in compensation matters, including the annual review of compensation programmes, setting the performance targets for the Executive Board at the beginning of the year and its performance appraisal at the end of the year. It also determined the compensation of the members of the Board of Directors and the Executive Board, prepared the Compensation Report and the “say-on-pay” votes at the General Meeting of Shareholders.

At the 2024 Annual General Meeting of Shareholders we will ask for approval on the maximum aggregate amount of fixed compensation for the Board of Directors and fixed compensation for the Executive Board as well as the long-term-variable compensation for 2025 and the short-term variable compensation for the Executive Board for 2023. You will also have the opportunity to express your opinion on this Compensation Report in an advisory vote.

The Compensation and Nomination Committee appreciates your ongoing feedback on our management compensation programmes and hopes this report will provide a lot of information. We look forward to your support and feedback at the Annual General Meeting of Shareholders on 2 May 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'W. Oberhänsli', with a stylized, cursive script.

Walter Oberhänsli
Chairman of the Compensation and Nomination Committee

1 Compensation programmes at a glance

1.1 Summary: Compensation of the members of the Board of Directors

Principles

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. The members of the Board of Directors are awarded only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

Compensation structure

In CHF 1,000 (gross p.a.)	Total compensation	Of which in cash	Of which in shares
Chair	340	238	102
Vice Chair	180	126	54
Director	130	91	39

Compensation for serving on committees

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chair	40
Committee member	20

1.2 Summary: Compensation of the members of the Executive Board

Principles

The compensation system at DocMorris is based on the following principles:

- The compensation system embeds the strategic growth targets
- The compensation supports the recruitment, motivation and retention of talented and motivated employees
- The compensation is fair, in line with the market and transparent

Compensation structure

- **Annual base salary** in cash to attract, retain and motivate employees
- **Short-term variable compensation** in cash and over a performance period of one year to reward performance
- **Long-term variable compensation** in Performance Share Units over a performance period of three years based on the performance criteria of revenue growth and relative Total Shareholder Return to reward sustainable value creation and alignment with shareholders' interests
- **Pension and fringe benefits** to protect against risks

Short-term variable compensation 2023

The short-term variable compensation decreased compared to the previous year, which is due to changes in the Executive Board and the less precise achievement of the budget.

Long-term variable compensation (realized)

The transfer amount of the Performance Share Units (PSUs) and Restricted Stock Units (RSUs) granted in 2021 into shares to be transferred as at the end of 2023, based on the TSR ranking of DocMorris and the revenue target achieved amounted to 45.0 per cent.

1.3 Governance

Each year, the shareholders of DocMorris approve the maximum aggregate amounts of fixed compensation for the members of the Board of Directors and the Executive Board, as well as the amount of variable compensation for the Executive Board. Shareholders also have the opportunity to express their opinion on the Compensation Report in an advisory vote. In addition, the principles governing compensation are subject to the Articles of Association, which are also approved by the shareholders.

The Compensation and Nomination Committee supports the Board of Directors in establishing and reviewing the compensation policy and guidelines and in preparing proposals for submission to the Annual General Meeting of Shareholders on the compensation of the Board of Directors and the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

1.4 Summary of changes made in 2023

The following changes were implemented in 2023:

Short-term variable compensation plan	Inclusion of environment, social and governance measures with an overall weighting of 10 per cent of the performance measures in the STI.
Long-term variable compensation plan	Amendment to a fully performance based LTI plan with Performance Share Units (i.e., discontinuation of Restricted Share Units) and the implementation of clawback provisions.
Governance	Introduction of share ownership guidelines for the members of the Board of Directors and the members of the Executive Board.

2 Governance

2.1 Role of shareholders and compensation provisions in the Articles of Association

Under the Swiss “say on pay” provisions, shareholders of companies listed in Switzerland have a significant influence on the compensation of the Board of Directors and the Executive Board. First, the shareholders annually approve the maximum total amounts of compensation for the members of the Board of Directors and the Executive Board. In addition, the principles governing compensation are subject to the Articles of Association, which are also approved by the shareholders. The Articles of Association can be viewed [online](#). These include the rules for voting on compensation by the General Meeting of Shareholders (Art. 25), the principles of compensation and rules concerning the principles of performance-related compensation (Art. 27), the supplementary amount (Art. 26) and the granting of loans and credits (Art. 30). The corresponding provisions of the Articles of Association are summarised below:

Approval of compensation (Art. 25): The General Meeting of Shareholders approves the proposals of the Board of Directors regarding the total amounts for the maximum fixed compensation of the Board of Directors and for the maximum fixed, maximum long-term variable compensation as well as the short-term variable compensation of the Executive Board.

Supplementary amount for changes to the Executive Board (Art. 26): If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to cover new members of the Executive Board, the Company may pay a supplementary amount, which may not in total exceed 50 per cent of the last aggregate compensation amount approved.

Principles of compensation of the members of the Board of Directors and the Executive Board (Art. 27): The compensation of the non-executive members of the Board of Directors consists of fixed and variable compensation elements as well as further compensation elements and benefits. The compensation of the executive members of the Board of Directors and the members of the Executive Board consists of fixed and variable compensation elements as well as further compensation elements and benefits. Total compensation takes into account the position and level of responsibility of the recipient. Fixed compensation comprises the base salary or director’s fees, as applicable, and may comprise other compensation elements and benefits. Variable compensation takes into account the achievement of specific performance targets and may be awarded in cash or in equity-based instruments. The Board of Directors determines performance targets and other conditions such as grant, vesting, exercise, restriction and forfeiture conditions and periods.

Loans and credits (Art. 30): Loans and credits to members of the Board of Directors and the Executive Board may be granted on market conditions. The total amount of such outstanding loans and credits may not exceed the total annual compensation of that member.

2.2 Compensation and Nomination Committee

The Articles of Association specify that the Compensation and Nomination Committee consists of three members of the Board of Directors, each elected individually every year by the General Meeting of Shareholders. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

LEVELS OF RESPONSIBILITY

Decision on	CEO	CoB	CNC	Board of Directors	General Meeting of Shareholders
Compensation policy, including structuring of variable compensation			Recommends	Approves	
Performance criteria for the compensation of the members of the Executive Board	Recommends		Proposes	Approves	
Maximum total compensation of the Board of Directors and Executive Board			Recommends	Proposes	Approves (binding vote)
Individual compensation Chairman			Proposes	Approves	
Performance assessment and individual compensation CEO		Recommends	Proposes	Approves	
Individual compensation of the members of the Board of Directors			Proposes	Approves	
Performance assessment and individual compensation of the members of the Executive Board (excluding the CEO)	Recommends		Proposes	Approves	
Compensation Report			Recommends	Approves	Advisory vote

CEO = Chief Executive Officer, CoB = Chairman of the Board, CNC = Compensation and Nomination Committee

At the 2023 Annual General Meeting of Shareholders, Walter Oberhänsli (Chairman), Rongrong Hu and Florian Seubert were re-elected as members of the Compensation and Nomination Committee. The members of the Compensation and Nomination Committee serve for a term of one year ending at the end of the next Annual General Meeting of Shareholders (term of office). They are eligible for re-election. Provided that the current members are re-elected by the Annual General Meeting on 2 May 2024, Florian Seubert will take over as Chairman from this date.

As a rule, the meetings of the Compensation and Nomination Committee are held before the meetings of the Board of Directors, so that the proposals can be formulated and approved by the full Board. In addition, the Chairman of the Compensation and Nomination Committee reports to the Board of Directors on the Committee's activities after each meeting. The minutes of the Committee meetings are provided to the members of the Board of Directors. Members of the Executive Board may attend the meetings in an advisory capacity upon invitation, but are not present during the discussion and determination of their own compensation. The Compensation and Nomination Committee meets at least twice a year. In 2023 it held four meetings and considered, amongst other things, the recurring agenda items mentioned below. The meetings lasted one hour and 21 minutes on average. All members of the Compensation and Nomination Committee attended all meetings.

The Compensation and Nomination Committee may engage the services of an external consultant in compensation matters from time to time. In 2023, the Compensation and Nomination Committee sought advice from HCM International Ltd. as an external, independent compensation consultant. This firm holds no other appointments from DocMorris. In 2023 Pricewaterhouse Coopers AG provided advice to the Executive Board in relation to compensation disclosure matters. This firm holds additional appointments (e.g. tax advisory) from DocMorris. The Compensation and Nomination Committee may also consult internal experts on compensation issues, such as the Chief Executive Officer, the Chief Financial Officer and the Chief People Officer.

2.3 Determination procedure and disclosure of compensation

Benchmarking of the Board of Directors

Every two to three years the compensation of the Board of Directors is compared with standard practice at other Swiss listed companies. Last in-depth review of the compensation of the Board of Directors was carried out in 2021 and resulted in increased compensation levels with effect from 1 January 2022. In light of the considerable structural transformation of the Company, the Board of Directors has resolved to schedule the forthcoming benchmarking review for 2025. This timing would facilitate a more appropriate evaluation of the competitiveness of our compensation practices for the Board of Directors.

Peer group for the compensation benchmarking in 2021

Also	Belimo	Bossard	Bucher Industries	Bystronic
Dätwyler	Dormakaba	Emmi	Forbo	Galenica
Inficon	Interroll	Landis+Gyr	LEM	Medacta
OC Oerlikon	Schweiter Technologies	SFS	Siegfried	Stadler Rail
Sulzer	Tecan	Ypsomed		

Benchmarking of the Executive Board

Every two to three years the Compensation and Nomination Committee benchmarks the compensation of Executive Board against the compensation paid by comparable listed companies and European e-commerce companies. Companies with comparable market capitalisation and revenue are taken into account. Last in-depth review of the compensation of the Executive Board was last carried out in 2021. Given the evolving company situation, characterized by significant structural transformation and strategic realignment, the Compensation and Nomination Committee has decided to conduct the forthcoming benchmarking review in 2025. This decision will enable a more accurate assessment of the competitiveness of our compensation practices, encompassing both structure and overall amounts, for the Executive Board.

Peer group for the compensation benchmarking in 2021

AO World	APG SGA	Arbonia	Ascom	Bobst
	Burckhardt			
Bossard	Compression	Burkhalter	Bystronic	Comet
Dätwyler	Delticom	Hawesko	Huber+Suhner	Inficon
Interroll	Kardex	Komax	Kudelski	Metall Zug
Rieter	Schweiter Technologies	Siegfried	SRP	u-blox
Zooplus				

The Compensation and Nomination Committee used the peer group data as a basis to analyse the compensation of the CEO and the Executive Board and to set the target compensation of the individual members of the Executive Board for the year under review.

Performance management process

The actual compensation of the individual members of the Executive Board is based on the Company's success and their individual performance. Individual performance is assessed as part of the annual performance management process. In determining individual performance, the achievement of individual goals and the fulfilment of tasks within the framework of the corporate values and the expected management skills are taken into account. The individual performance assessment and the Company's success form the basis for determining the variable compensation.

3 Compensation of the members of the Board of Directors

3.1 Principles of compensation for the Board of Directors

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. Therefore, they receive for their work only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

3.2 Compensation structure

The compensation system for the Board of Directors is primarily intended to ensure it acts independently in overseeing the Executive Board. Board members therefore receive only a fixed fee for their services for each term of office. The basic compensation (retainer) is paid 70 per cent in cash and 30 per cent in registered shares of the Company with a three-year vesting period. In addition to the basic compensation they receive cash compensation for serving on various committees. The size of the fee reflects the function (chair, vice-chair or member) and memberships and functions in the Board's committees and is not discretionary. Depending on the role, the following compensation is paid:

Compensation for the Board of Directors for 2023

In CHF 1,000 (gross p.a.)	Total compensation	Of which in cash	Of which in shares
Chair	340	238	102
Vice Chair	180	126	54
Director	130	91	39

The following compensation is paid solely in cash for serving on committees (for 2023):

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chair	40
Committee member	20

The cash payment and the transfer of shares are made after the Annual General Meeting of Shareholders. Shares are released in the event of liquidation or a change of control. In all other instances, the shares remain blocked. The Company may reimburse members of the Board of Directors for expenses in the form of reimbursement of actual expenses incurred and/or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation. Individual members are insured with the DocMorris pension fund, if required by law.

No additional outlays were incurred for individual members of the Board during the year under review.

Share ownership guideline for members of the Board of Directors

Members of the Board of Directors are required to build up and maintain a minimum amount of DocMorris shares within five years of their appointment to the Board of Directors (or within five years of the implementation of the guideline).

Role	Minimum shareholding
Members of the Board of Directors including the Chair of the Board	100% of total annual base salary

To calculate whether the minimum shareholding requirement is met, all shares are taken into account, regardless of whether they are blocked or not.

3.3 Compensation paid to the Board of Directors in 2023

This section was audited by the auditors in accordance with the requirements under the Code of Obligations.

For 2023, the members of the Board of Directors received fixed fee of CHF 1,034,000 (2022: CHF 1,031,000), compensation of CHF 171,000 for serving on committees (2022: CHF 192,000) and social security contributions of CHF 107,000 (2022: CHF 70,000). Of the total compensation of CHF 1,312,000 (2022: CHF 1,293,000), CHF 306,000 (2022: CHF 315,000) was awarded in the form of shares with a blocking period of three years. The fixed compensation for members of the Board of Directors was unchanged from the previous year. The table below shows the compensation paid to members of the Board of Directors in 2023.

Name, function ¹⁾	Fixed gross compensation in cash		Fixed gross compensation in shares		Committee fee in cash		Social security contributions ²⁾		Total ³⁾⁴⁾	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1,000 CHF										
Walter Oberhänsli ⁵⁾ (Chair since 28 April 2022)	238	159	101	70	51	41	42	13	432	283
Prof. Stefan Feuerstein (Vice Chair since 28 April 2022)	126	163	53	72	27	40	11	18	217	293
Dr. Thomas Schneider (Vice Chair until 28 April 2022)	-	30	-	13	-	13	-	3	-	59
Prof. Dr. Volker Amelung ⁵⁾ (Director until 28 April 2022)	-	30	-	13	-	18	-	8	-	69
Prof. Dr. Andréa Belliger ⁵⁾ (Director)	91	91	38	40	20	27	18	18	167	176
Rongrong Hu (Director since 28 April 2022)	91	61	38	27	20	13	15	10	164	111
Dr. Christian Mielsch (Director)	91	91	38	40	33	20	21	-	183	151
Florian Seubert (Director)	91	91	38	40	20	20	-	-	149	151
Total	728	716	306	315	171	192	107	70	1,312	1,293

1) As at 31 December 2023, six members of the Board of Directors were in office (31 December 2022: six members).

Dr Thomas Schneider and Prof. Dr. Volker Amelung stepped down from the Board of Directors at the Annual General Meeting of Shareholders on 28 April 2022. At the same time, Rongrong Hu was elected to the Board. Walter Oberhänsli (former Executive Director and CEO) was elected as Chairman and non-executive director. Prof. Stefan Feuerstein served as Chairman until 28 April 2022 and then took on the position of Vice Chairman.

2) Includes social security contributions where they result in a benefit entitlement. Additional amounts that do not result in an increased benefit entitlement are not included (additional amounts not included in the above amount in 2023: CHF 33,705; in 2022: CHF 19,073).

3) The relevant fair value on the day of allocation of CHF 38.94 (2022: CHF 120.60) per share is the closing share price of that day on the Swiss stock exchange; this may differ slightly from the contractually determined amount of the fee in shares because the number of shares allocated under the share-based fee is set using the volume-weighted average daily closing price for the 20 days prior to the allocation of the shares.

4) For disclosure in the Compensation Report, the accrual principle was applied to all compensation elements.

Grants are reported in the Compensation Report for the year for which they are awarded.

5) The committee fees include a Board of Director's fee for a subsidiary on a pro rata level.

At the Annual General Meeting of Shareholders on 28 April 2022, the shareholders approved a maximum total amount of fixed compensation for the Board of Directors for 2023 of CHF 1,330,000. The compensation for 2023 granted to the Board of Directors and as disclosed in the table above is within the maximum authorised total amount.

Compensation to former members of the Board of Directors and loans

No compensation was paid to former members of the Board of Directors during the reporting year. No compensation was paid to related parties to the members of the Board of Directors. A loan was

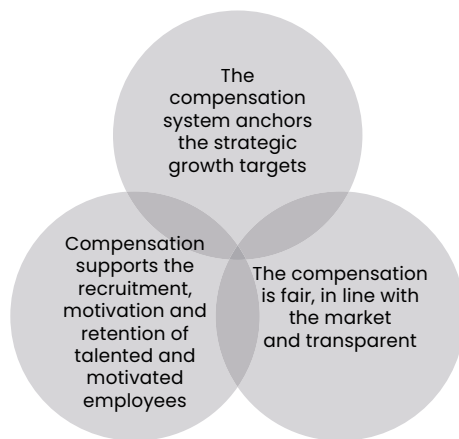
granted to Walter Oberhänsli during the reporting year. At the end of the reporting year, the outstanding loan amount is CHF 300.000. No loans outstanding to members of the Board of Directors, former members of the Board of Directors or related parties that were not at market terms.

4 Compensation of the members of the Executive Board

4.1 Principles of compensation for the Executive Board

The value and success of DocMorris largely depends on the quality and commitment of its employees. Its compensation policy pursues the goal of recruiting, motivating and retaining qualified individuals for the Group. The performance-related and share-based components are also designed to align the way of thinking and acting with shareholders' long-term interests.

The compensation system is based on the following principles:



4.2 Compensation structure

The compensation system for the Executive Board is aligned with the corporate strategy and linked to the relevant key performance indicators for the variable compensation elements. This allows the compensation of the members of the Executive Board to be determined transparently and based on performance. The Board of Directors decides on targets.

Criteria such as position, responsibility, experience and market data are used to determine the compensation of the Executive Board. The individual compensation of the members of the Executive Board consists of an annual base salary and short-term and long-term variable, performance-related compensation, as well as pension and fringe benefits (company car).

The Company may reimburse members of the Executive Board for expenses in the form of reimbursement of actual expenses incurred and/or an expense allowance within the limits permissible for tax purposes. This does not count as compensation.

COMPENSATION STRUCTURE

Element	Purpose	Instrument	Performance criterion	Performance period	Determinants
Annual base salary	Recruitment, retention, motivation	Cash compensation	–	–	Position, qualification, market rates
Short-term variable compensation	Rewarding performance	In cash	Revenue, EBITDA, ESG and individual targets	1 year	Financial result, sustainable goals and qualitative performance
Long-term variable compensation	Rewarding sustainable value creation, alignment with shareholders' interests	Performance Share Units	Share price targets, relative Total Shareholder Return	3 years	Success of the Group, share price performance, competitive position
Pension and fringe benefits	Protection against risks	Pension plan, insurance plans, fringe benefits	–	–	Market rates and legal requirements

Annual base salary

Base salaries are determined in line with the scope and responsibilities of a given position and the qualifications required to perform the job, comparison against market and the personal qualifications, experience and performance of each member of the Executive Board. Payment is made monthly in cash. To ensure market competitiveness the base salaries of the Executive Board are reviewed regularly, taking into account the Company's income, the results of the peer group analysis, market performance, the economic environment and personal performance.

Short-term variable compensation

Short-term variable compensation is a performance bonus that recognises the Group's or segment's financial performance, the Groups's environmental, social and governance (ESG) measures and employees' individual performance in a given financial year. Through this variable compensation, employees participate in the Group's success and are rewarded for their individual performance. The target value of short-term variable compensation is expressed as a percentage of the annual base salary and is 68 per cent for the CEO and between 34 per cent and 66 per cent for the other members of the Executive Board. The performance bonus can be a total of zero up to a maximum of 150 per cent of the target value.

The targets established by the CEO are set by the Board of Directors at the beginning of each year at the request of the Compensation and Nomination Committee and assessed at the end of the financial year based on the actual results achieved. To measure the short-term variable components, the financial targets of the Group or segments are 50 per cent, Group ESG measures are weighted 10 per cent and individual targets are weighted 40 per cent.

Group's and segment's performance

The financial measures during the year under review continued to be revenue and earnings targets. These have been selected because they represent the main value drivers for the Company and reflect the expansion of the business and market share (in terms of revenue) and operational profitability. Revenue is weighted 20 per cent and the earnings target is weighted 30 per cent of all short-term variable compensation measures.

Group’s environmental, social and governance performance

In alignment with the sustainability approach of DocMorris, the following four ESG measures were implemented in the short-term variable compensation as of 2023 onwards with an overall weight of 10 per cent. The ESG measures cover the following elements:

- Healthier people: launching care pathways and becoming a leading digital health ecosystem
- Sustainable planet: optimizing logistics and reducing CO2 emissions by 4.2 per cent p.a.
- Caring company: achieving compensation equality and fairness and introducing cultural principles
- Reliable partnerships: increasing the number of industry partners and convince all suppliers to sign our supplier code of conduct

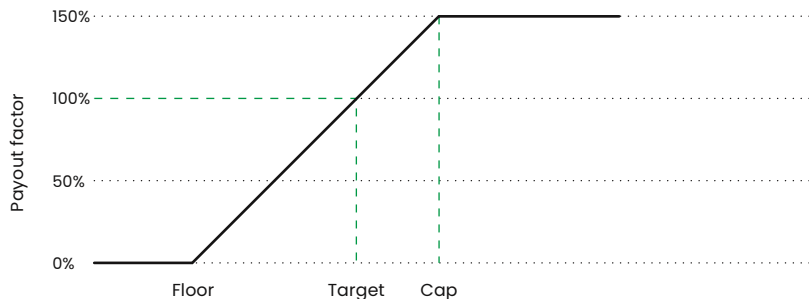
Individual performance

Individual performance includes personal and collective measures which are set as part of the annual performance management process comprising financial and non-financial targets. Individual financial measures include specific key performance indicators, break-even measures etc. Non-financial measures relate to tasks within the framework of the corporate values and individual qualitative performance.

OVERVIEW OF PERFORMANCE MEASURES

		Measure	Weighting
Short-term variable compensation	Group and segment financial performance	Revenue	20%
		EBITDA	30%
	Group ESG measures	Healthier people, sustainable planet, caring company, reliable partnerships	10%
		Other Group and segment financial targets, corporate values, individual qualitative measures, etc.	40%
Individual performance			

For each target, an expected level of performance (target) is defined based on the budget and strategy. A minimum threshold of target achievement, below which no variable compensation is paid, and a maximum threshold of target achievement, above which the variable compensation is capped, are determined as well. The payout amount between minimum threshold, target and maximum threshold is interpolated linearly. It is at the discretion of the Board of Directors to adjust variable compensation upwards and downwards, if necessary, on the basis of individual, qualitative performance of the individual members of the Executive Board.



Targets are not published as disclosure would provide insight into DocMorris’s forward-looking strategy and lead to a competitive disadvantage. The short-term variable compensation for the reporting year is paid in cash after approval by shareholders at the Annual General Meeting of Shareholders held the following year. Details on the payment of short-term variable compensation can be found in the notes to the compensation table.

Long-term variable compensation (performance-based share plan)

The performance-based share plan is intended to enable the members of the Executive Board and selected executives of DocMorris and its subsidiaries to participate in the Company's sustainable and long-term growth. In the performance-based share plan, the performance criteria are concentrated on entrepreneurial focus directed to the share price and the competition. As of 2023, the RSUs, which previously counted one-third of the long-term variable compensation were discontinued and replaced by PSUs. From 2023 onwards, the long-term variable compensation is therefore based entirely on the future performance of DocMorris over a period of three years. The performance conditions are divided equally into challenging share price targets and relative Total Shareholder Return (TSR). In addition to the forfeiture provisions already in place, clawback provisions were introduced. No further changes were made to the performance-based share plan for allocations for the year under review.

The performance-based share plan

- a) supplements the short-term variable compensation component, which is based on the annual achievement of targets, with a long-term compensation component;
- b) helps align the interests of executives with those of shareholders;
- c) anchors the strategic growth targets in compensation;
- d) is intended to be an attractive incentive instrument compared with competitors and have a strong impact on retention.

At the request of the Compensation and Nomination Committee, the Board of Directors determines the amount of individual grants for the financial year in Swiss francs depending on the role and the influence on long-term success and taking into account individual performance and strategic considerations. Under this plan, the shares to be transferred are allocated to participants in Performance Share Units (PSUs). The PSUs are blocked for a period of three years. The total amount in Swiss francs granted to members of the Executive Board for the grant year is approved by the shareholders at the Annual General Meeting of Shareholders prospectively for the grant year in accordance with the Articles of Association. In principle, if a participant joins during the year no PSUs are granted. However, the Board of Directors reserves the ability to make a reduced grant of PSUs, provided this remains within the limits of what is permitted by law and under the Articles of Association.

Role	CEO	Other members of the Executive Board
Target (nominal amount of grant)	67% of annual base salary	Between 36% and 60% of annual base salary
Maximum opportunity	166% of target	166% of target

Conditions of transfer

At the end of a performance period of three years (starting on 1 January of the reporting year and ending on 31 December three years later), after the Annual General Meeting of Shareholders at which the annual financial statements for the last year of the performance period are approved, the PSUs are converted into shares. At that point, the number of shares to be transferred is calculated by multiplying the number of PSUs granted by the target achievement factor. The target achievement factor for the PSUs is based half on the performance achievement of the relative TSR and half on the performance achievement of the share price target. The target achievement factor is restricted to a lower limit of 0 and an upper limit of 2.

In order to further promote a rapid recovery of DocMorris's share price and thus to increase value creation for shareholders, the Board of Directors has made an adjustments to the long-term variable compensation from 2023 onwards. The performance condition of sales growth was replaced by challenging share price targets. Thus, PSUs for the share price target will only be converted into shares if the DocMorris share price has increased to at least CHF 60 at the end of the three-year performance period. The maximum conversion rate of one PSU into two shares is if the DocMorris share price increases to above CHF 100 with linear interpolation within the price range of CHF 60 and CHF 100. This evolution of the PSU plan anchors the strategic initiatives, including the break-even programme (incl. refinancing) and the expansion of the digital health ecosystem, which DocMorris has under-

taken to support the transformation, and aligns the final payout under the long-term variable compensation with the shareholders' experience.

TSR refers to the share price performance plus notionally reinvested gross dividends during the performance period. To calculate target achievement, the TSR performance of DocMorris is compared to the TSR performance of the companies in the STOXX® Europe 600 Retail and an individual peer group.

Individual peer group

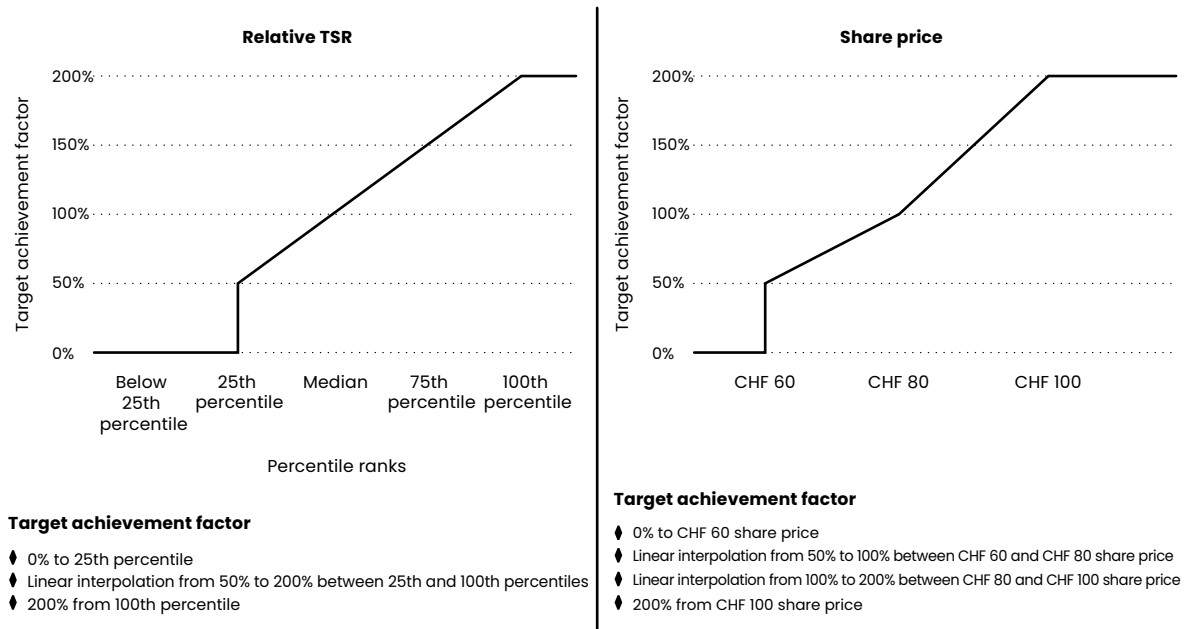
AO World	ASOS	Boohoo	Delivery Hero	Delticom
Home24	Just Eat Takeaway	Ocado	Redcare	Scout24
Spotify Technology	Trivago	Zalando		

TSR performance is measured using one-month moving averages to smooth share price fluctuations around the reference date. The TSR performance of the companies in the STOXX® Europe 600 Retail and the individual peer group calculated in this way is ranked for each group. The relative positioning of DocMorris is determined using the ranking achieved. If the positioning of DocMorris is at the median (50th percentile), this is equivalent to a target achievement factor of 1.0. If the positioning of DocMorris is at the 25th percentile, the target achievement factor is 0.5; positioning below the 25th percentile results into an achievement factor of zero. If DocMorris is positioned at or above the 100th percentile, the target achievement factor is 2.0. Target achievement for rankings in between is calculated by linear interpolation. The total target achievement factor for relative TSR is then calculated applying a 50 per cent weighting to each target achievement factor from the comparison with the STOXX® Europe 600 Retail and with the individual peer group. The internal financial targets are not disclosed. Disclosure of the targets would provide an insight into the DocMorris forward-looking strategy and thus lead to a competitive disadvantage for the Group. After transfer, the shares are no longer subject to a vesting period and the members of the Executive Board may freely dispose of them.

Instrument	Performance Share Units	
	Measures the relative three-year share price performance against an individual peer group (50%) and the STOXX® Europe 600 Retail (50%)	Measures the absolute three-year share price performance
Purpose		
Weighting	50% of the grant	50% of the grant
Performance condition	Relative TSR	Share price
Other condition	Employment relationship without notice during the vesting period	

Payout arrangements

At the time of transfer, the performance of the relative TSR and the share price are measured and set in line with the two payout factors as follows:



In the event of a delisting, acquisition of the majority of the shares or winding up of DocMorris, for whatever reason, the plan will be terminated early by the Board of Directors and all PSUs granted will be converted and transferred, on a pro rata temporis basis of the grant year.

In the event of termination of employment due to the disability or death of the participant, the PSUs granted will be converted within one month of notification and transferred as shares, provided the grant thereof has already been approved by the Annual General Meeting of Shareholders. Granted PSUs that have not yet been approved by the Annual General Meeting of Shareholders will not be converted and transferred as shares until the Annual General Meeting of Shareholders has approved. Granted PSUs are adjusted on a pro rata temporis basis to the starting year and multiplied by a target achievement factor of 1.0.

If employment is terminated by DocMorris or a subsidiary without the participant having given any grounds for termination by their performance, conduct or due to retirement age, the standard provisions regarding the conversion date and target achievement factor remain unchanged. However, the granted PSUs are adjusted on a pro rata temporis basis to the starting year. The same applies in the event of termination of the participant’s employment for cause.

If employment is terminated by DocMorris or a subsidiary because the participant has given grounds for termination by their performance and conduct, for cause or is terminated by the participant without cause, the PSUs are forfeit without compensation.

Clawback provisions

Clawback provisions apply to the performance-based share plan. In case of restatements of the accounts due to failure to comply with accounting standards or fraud and/or breaches of the law or internal regulations, or in cases of individual misconduct, the Board of Directors may claw back shares allocated within three years of the year in which the restatement occurred or the fraudulent behaviour took place.

Anti-hedging and anti-pledging provisions

PSUs granted under the plan are not tradable and may not be assigned, pledged or transferred. Hedging against price risks is also forbidden.

Share ownership guideline for the members of the Executive Board

Members of the Executive Board are required to build up and maintain a minimum amount of DocMorris shares within five years of their nomination to the Executive Board or within five years of the implementation of the guideline:

Role	Minimum shareholding
CEO	200% of annual base salary
Members of the Executive Board	100% of annual base salary

To calculate whether the minimum shareholding requirement is met, all vested shares are taken into account, regardless of whether they are blocked or not. However, unvested PSUs as well as blocked RSUs from the previous long-term variable compensation plan are excluded.

Pension benefits

The purpose of pension benefits is to provide security for employees and their dependants in the event of retirement, sickness, inability to work and death. The members of the Executive Board participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local competition and legal conditions; they at least meet the legal requirements of the countries concerned. Members of the Executive Board with a Swiss employment contract are members of the DocMorris pension plans open to all employees in Switzerland. These comprise a basic pension from the ALSA PK collective foundation, which insures salaries up to CHF 132,300 per year, plus a supplementary pension (1e pension) from the PensFlex collective foundation, which insures basic salaries above this limit up to the legally permitted maximum. Members of the Executive Board with a foreign employment contract receive pension insurance commensurate with the market and their position.

Fringe benefits

Members of the Executive Board also receive expenses in line with the expenses regulations and a company car as a fringe benefit. Other benefits may be provided as part of international assignments (including tax compensation). The value is estimated at fair market value and included in the compensation tables. Any gifts or Board of Directors fees of subsidiaries are also included in this position.

Employment contracts

The members of the Executive Board are employed under permanent employment contracts with individual notice periods up to a maximum of 12 months. The members of the Executive Board are not entitled to any contractual sign-on or severance payments or special change of control provisions, except for the accelerated vesting of the long-term compensation plan as explained above. Under the Articles of Association of DocMorris, employment contracts may contain competition and poaching bans up to a maximum of one year and specificity compensation up to one year's salary.

4.3 Compensation paid to the members of the Executive Board in 2023

This section was audited by the auditors in accordance with the requirement under the Code of Obligations.

In 2023 the members of the Executive Board received total compensation of CHF 6,554,000 (2022: CHF 7,431,000). This amount includes annual base salaries of CHF 2,775,000 (2022: CHF 3,469,000), short-term variable compensation of CHF 1,355,000 (2022: CHF 1,446,000), long-term compensation of CHF 1,568,000 (2022: CHF 1,496,000), fringe benefits of CHF 195,000 (2022: CHF 138,000) and pension benefits of CHF 661,000 (2022: CHF 883,000).

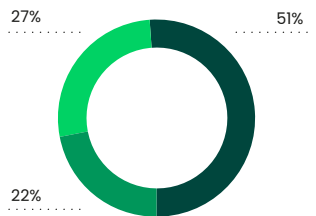
The table below shows the fixed and variable compensation and the total compensation allocated to the members of the Executive Board for 2023 and 2022. The former CEO Walter Oberhänsli stepped down from his position at the end of April 2022 and Walter Hess took over as CEO as of May 2022.

Executive Board ¹⁾	Variable compensation													
	Annual base salary in cash		Short-term in cash ²⁾		Long-term in shares ³⁾				Fringe benefits ⁴⁾		Pension benefits ⁵⁾		Total	
	2023	2022	2023	2022	PSU		RSU		2023	2022	2023	2022	2023	2022
CHF 1,000														
Total compensation of the Executive Board	2,775	3,469	1,355	1,446	1,568	953	-	543	195	138	661	883	6,554	7,431
Of which: CEO ⁶⁾	700	617	442	277	470	199	-	166	30	13	195	173	1,837	1,445

- 1) On 31 December 2023, five members of the Executive Board were in office. The total compensation of the member of the Executive Board who stepped down in the year under review includes contractual obligations during their notice period. As at 31 December 2022 seven members of the Executive Board were in office. Of these, two new members joined or were promoted to the Executive Board during the year, and one member was promoted within the Executive Board.
- 2) For 2023 performance year, the members of the Executive Board received up to 33 per cent of their target annual short-term variable compensation in form of DocMorris shares. These shares were allocated to the members of the Executive Board on 18. December 2023.
- 3) The nominal target value of the performance-based share plan granted in 2023 for the performance period 2023 to 2025 and in 2022 for the performance period 2022 to 2024. In 2022, this included additional PSUs and RSUs for a member of the Executive Board depending on qualitative target achievement in 2021, due to expansion of the role within the Executive Board.
- 4) Including all other compensation and benefits such as company cars, expenses in connection with assignments and Board of Directors fees from subsidiaries.
- 5) Includes social security contributions where they result in a benefit entitlement. Additional amounts that do not result in an increased pension entitlement are not included (additional amounts not included in the above amount in 2023: CHF 278,906, of which CHF 107,562 relates to the CEO; in 2022: CHF 364,769 of which CHF 88,356 relates to the CEO).
- 6) Highest total compensation: Walter Hess, CEO.

Effective compensation of the Executive Board (excluding the highest-paid member)

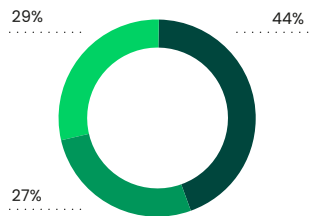
In per cent



■ Fixed annual base salary
■ Short-term variable compensation
■ Long-term variable compensation

Effective COMPENSATION of the highest-paid member of the Executive Board

In per cent



■ Fixed annual base salary
■ Short-term variable compensation
■ Long-term variable compensation

Explanation to the compensation table

- **Changes to the Executive Board:** As at 31 December 2023 the Executive Board consisted of five members, five of whom had been members for the whole year. During the year, Emanuel Lorini left DocMorris in connection with the sale of the Swiss business, Matthias Peuckert stepped down in November 2023. In the previous year, there were seven members of the Executive Board, five of whom had been members for the entire year.
- **Annual base salary:** The annual base salary in 2023 was lower than in the previous year due to the changes to the Executive Board.
- **Payment of short-term variable compensation:** The short-term variable compensation in 2023 was lower than in the previous year. Further information is provided below. When determining the effective short-term variable compensation for 2023, a one-off additional amount of CHF 20,000 was applied to one member.
- **Grant of long-term variable compensation:** The grant value of long-term variable compensation increased by 4.8 per cent compared to the previous year. This increase aims to partly balance the increased payout risk of the LTI program due to the discontinuation of RSU grants i.e. participants are granted only PSUs with vesting subject to explicit challenging performance condition.
- **Total variable compensation** amounted to 105 per cent of the average annual base salary or 81 per cent of average total fixed compensation (annual base salary plus amounts from fringe benefits and pension benefits). For the CEO Walter Hess, total variable compensation amounted to 130 per cent of the annual base salary and 99 per cent of total fixed compensation.
- **Fringe and pension benefits:** Fringe benefits and pension benefits were 16 percentage points lower than in the previous year.
- **Change in total compensation:** Total compensation paid to the Executive Board for 2023 amounted to CHF 6,554,000. This equates to a year-on-year decrease of 12 per cent.

Payment of short-term variable compensation

The measurement of short-term variable compensation payments is largely based on the performance of revenue and EBITDA at Group level compared to budget and qualitative factors. Consequently, the achievement of targets for short-term variable compensation for 2023 resulted in an effective payment of 81 to 100 per cent (2022: 80 to 111 per cent) for the Executive Board, and 93 per cent (2022: 108 per cent) for the CEO.

The short-term variable compensation decreased compared to the previous year, which is mainly due to changes to the Executive Board and the less precise achievement of budget.

Expressed as a percentage of fixed compensation for the year, the short-term variable compensation is equivalent to 35 to 62 per cent for the Executive Board and 63 per cent for the CEO. The degree of target achievement for short-term variable compensation for 2023 decreased year on year and amounted to 91 per cent in the year under review (previous year: 103 per cent). The effective short-term variable compensation per person for 2023 was decreased accordingly.

Overview of short-term variable compensation payments

Variable	Weighting	Target payout (100%)
Group financial targets		
Group revenue	20%	◆ 91%
Group EBITDA	30%	◆ 82%
Group ESG measures	10%	◆ 106%
Individual targets	40%	
Other Group and Segment financial targets, strategic initiatives, etc.		50% – 150%
Total	100%	The total payout for the Executive Board amounts to 91% (2022: 103%)

Conversion of long-term variable compensation

In 2023, the members of the Executive Board are granted a performance based share plan in the amount of CHF 1,568,000 in total. This is equivalent to 53,056 PSUs. The performance period for the PSUs will end on 31 December 2025, based on the trend in absolute share price and relative TSR between 2023 and 2025.

Transfer of PSUs and RSUs granted in previous years

Under the performance-based share plan for the performance period 2021 to 2023, a revenue target achievement factor of 0 per cent was achieved. The TSR target achievement factor was 35 per cent. A total of 590 shares will be paid out to the members of the Executive Board (including the CEO). Overall, the value of these shares as at 31 December 2023 was significantly below the value at grant.

The final amount of the PSUs and RSUs granted under the performance-based share plan 2021 (performance period 2021 to 2023) in shares to be transferred at the beginning of 2024, based on the TSR ranking of DocMorris compared to the peer group and the revenue target achieved was 45 per cent. No discretion was applied in determining the final amount.

Year of grant	Year of vesting	Allocation amount in per cent ¹⁾
2019	2021	156%
2020	2022	45.5%
2021	2023	45.0%
2022	2024	Outstanding ²⁾
2023	2025	Outstanding ²⁾

1) Allocation amount of the PSUs granted. Members of the Executive Board who join after the corresponding performance-based share plans have been granted are not entitled to take part in these allocations.

2) The performance period is not yet completed. The final amount to be allocated of the PSUs granted is available once the performance period is completed.

At the Annual General Meeting of Shareholders on 28 April 2022, the shareholders approved a maximum total amount of fixed compensation of CHF 3.90 million and at the 4 May 2023 a maximum total amount of long-term variable compensation of CHF 1.60 million for the Executive Board for 2023.

- Fixed compensation for 2023: This amount consists of the annual base salary, fringe benefits and pension benefits. The total compensation of CHF 3.45 million paid to the seven members of the Executive Board in 2023 as disclosed in the table above is within the maximum amount of CHF 3.90 million approved by the shareholders at the Annual General Meeting of Shareholders in 2022.
- Long-term variable compensation for 2023: A total amount of CHF 1.57 million was granted to the Executive Board in 2023 as disclosed in the table above. The amount is within the maximum amount of CHF 1.60 million approved for 2023 by the shareholders at the Annual General Meeting of Shareholders in 2023.

The short-term variable compensation of CHF 1.36 million awarded to the Executive Board for 2023 as disclosed in the table above will be submitted for approval by the shareholders at the 2024 Annual General Meeting of Shareholders.

The variable compensation awarded to the Executive Board for 2022 disclosed in the table above was approved at the 2023 Annual General Meeting of Shareholders.

Loans and compensation to former members of the Executive Board and related parties

A former member of the Executive Board received a compensation for notice period and non-compete in the amount of CHF 413,000. No compensation was paid to related parties to the members of the Executive Board. No loans were granted to members of the Executive Board in the course of the financial year. There were no loans outstanding to members of the Executive Board nor were there loans outstanding to related parties to members of the Executive Board or former members of the Executive Board that were not on market terms.

5 Shareholdings

This section was audited by the auditors in accordance with the requirements under the Code of Obligations. As at 31 December 2023 the Board of Directors and the Executive Board held the shares listed below. Around six per cent of the shares held by members of the Board of Directors have a remaining blocking period of up to three years. Shares held by the members of the Executive Board are not subject to a blocking period. No cash was paid for the allocated shares in the reporting year.

Shareholdings Board of Director and Executive Board ¹⁾

	31 December 2023	31 December 2022
	Number of shares	Number of shares
Board of Directors		
Walter Oberhänsli (Chairman)	115,452	112,870
Prof. Stefan Feuerstein (Vice Chairman)	54,232	52,865
Prof. Dr. Andréa Belliger (Director)	3,065	2,078
Rongrong Hu (Director)	3,009	222
Christian Mielsch (Director)	10,987	10,000
Florian Seubert (Director)	3,903	2,916
Total	190,648	180,951
Executive Board		
Walter Hess (CEO)	36,517	35,919
Emanuel Lorini (Head Switzerland until 4 May 2023)	-	4,747
David Masó (Head Europe)	35,470	7,601
Kaspar Niklaus (Chief Operations Officer)	530	530
Madhu Nutakki (Chief Technology Officer)	0	0
Matthias Peuckert (Head Germany until 22 November 2023)	-	0
Marcel Ziwica (Chief Financial Officer)	45,421	44,830
Total	117,938	93,627

1) Includes shareholdings for related parties of the respective members.

6 External mandates

This section was audited by the auditors in accordance with the requirements under the Code of Obligations. At 31 December 2023, members of the Board of Directors and the Executive Board have the following external mandates according to Article 734e of the Code of Obligations.

Board of Directors

Name	Company	Function
Walter Oberhänsli	Foundation Ortsbild Steckborn, Steckborn	Co-Chairman
Prof. Stefan Feuerstein	Al Faisaliah Group's Electronics & Systems Company, Riyadh (SA)	Chairman of the Board
	Electronic Partner Handel SE, Düsseldorf (DE)	Chairman of the Board
	Haubrich Holding SE, Düsseldorf (DE)	Vice Chairman of the Board
	Kühnl + Schmidt Architekten AG, Karlsruhe (DE)	Chairman of the Supervisory Board
	UNIMO-Gerstner Group, Rotkreuz, Xanten (DE)	Member of the Shareholders' Council, including functions on the Executive Board and Board of Directors of various affiliated companies
	SINN GmbH, Hagen (DE)	Chairman of the Advisory Board
	Fondation E. et C. Renaud, Neuchâtel	Member of the Board of Trustees
	Worms University of Applied Sciences (DE)	Member of the Research Advisory Board
	Wellnest GmbH, Essen (DE)	Member of the Advisory Board
	Prof. Dr. Andréa Belliger	Aargauische Kantonbank, Aarau
ApoBank – Deutsche Apotheker- und Ärztebank, Düsseldorf (DE)		Member of the Health Policy Advisory Board
Association of the Institute for Communication & Leadership, Lucerne		Chairwoman
Engadin Tourismus AG, St. Moritz		Board Member
Gebert Rüt Foundation, Zurich		Board Member
Institute for Communication & Leadership, Lucerne		Managing Co-Director
Lernetz AG, Berne		Board Member
Lucerne University of Teacher Education		Member of the Executive Board (until 31.12.2023)
OES Online Education Solutions GmbH, Geiss		Managing Director
WAS Wirtschaft Arbeit Soziales of the canton of Lucerne, Lucerne		Board Member

Name	Company	Function
Rongrong Hu	Harvard Club of Switzerland, Zürich	Board Member
	People & Places AG, Horgen	Board Member
Dr. Christian Mielsch	Electronic Partner Handel SE, Düsseldorf (DE)	Board Member
	Haubrich Holding SE, Düsseldorf (DE)	Board Member
Florian Seubert	Attikon Finanz AG, Düsseldorf (DE)	Board Member
	AB1204 Capital GmbH, Brannenburg (DE)	Managing Partner
	AB1204 Verwaltungs GmbH, Brannenburg (DE)	Managing Partner
	Calibria Industrieholding GmbH, Gräfelfing (DE)	Chairman of the Advisory Board
	Eviva Espana GmbH, Brannenburg (DE)	Managing Partner
	Maxburg Capital Partners GmbH, München (DE)	Venture Partner

Executive Board

Name	Company	Function
Walter Hess	Hohlflex AG, Abtwil	Board member
	European Association of E-Pharmacies (EAEP), Berlin (DE)	President
	Praevmedic AG, Zurich	Chairman
	Sportsemotion AG, Gossau	Board member
	Sportsevision AG, Gossau	Board member
David Maso	ESADE and ISDI school for e-commerce and marketplace strategies, Barcelona (ES)	Associate teacher
	Lanjux10 SL, Barcelona (ES)	Administrator
Kaspar Niklaus	Neuroth Hörcenter AG, Zug	Board Member
	Unternehmergruppe Wettbewerbsfähigkeit (Group of Entrepreneurs Competitiveness), Zurich	Board Member
Madhu Nutakki	none	
Marcel Ziwica	Sunnehalde AG, Weinfelden	Board Member



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To the General Meeting of
DocMorris AG, Frauenfeld

Zurich, 20 March 2024

Report of the statutory auditor on the audit of the compensation report



Opinion

We have audited the compensation report of DocMorris AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 45, 53, 56 and 57-58 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert

/s/ Michael Britt

Michael Britt
Licensed audit expert