

# VAT ANNUAL GENERAL MEETING 2022:

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**Tuesday, May 17, 2022, 10.00 am**  
**VAT Group AG, Seelistrasse 1, 9469 Haag SG**

**Dear shareholders,**

Due to the currently still present coronavirus and in line with COVID-19 Ordinance 3 of the Swiss Federal Council, VAT's Board of Directors decided that shareholders will not be allowed to attend the VAT Annual General Meeting in person on May 17, 2022.

The health and well-being of our employees, customers, suppliers and shareholders is of utmost importance to us and we therefore ask our shareholders to cast their votes via the Independent Proxy and submit questions on the agenda items in writing no later than May 6, 2022, to Michel Gerber, Head Communications & Investor Relations, Seelistrasse 1, 9469 Haag SG, or mail to [investors@vat.ch](mailto:investors@vat.ch). Submitted questions will be answered during the live webcast of the virtual AGM (see page 6) and will also be included in the AGM minutes to be published following the meeting.

We regret having to take this decision and are looking forward to returning to a normal AGM in 2023.

Haag, April 22, 2022



Dr. Martin Komischke  
Chairman of the Board of VAT

# Agenda and Proposals

## 1. Approval of 2021 Annual Report

**Proposal** The Board of Directors proposes that the Annual General Meeting approves the 2021 Annual Report, the statutory financial statements of VAT Group AG and the consolidated financial statements for the 2021 financial year and acknowledges receipt of the audit report.

## 2. Appropriation of Results and Distribution of a Dividend

### 2.1. Appropriation of Results

**Proposal** The Board of Directors proposes that the Annual General Meeting approves that the accumulated gains of CHF 367,473,172 (comprising retained earnings of CHF 253,316,794 carried forward from the previous year and the gain for the period 2021 of CHF 114,156,378) be carried forward.

### 2.2. Dividend Distribution

**Proposal** The Board of Directors proposes to the Annual General Meeting to pay a dividend of CHF 5.50 per registered share, CHF 5.25 from accumulated gains and CHF 0.25 from reserves from capital contributions.

If this proposal is approved, the distribution from accumulated gains and from reserves from capital contribution will be made on May 24, 2022. The CHF 0.25 paid from reserves from capital contribution will be free of Swiss federal withholding tax and will not be subject to income tax for Swiss resident individuals holding shares as a private investment. The last trading day with entitlement to receive a distribution is May 18, 2022. The shares will be traded ex-dividend as of May 19, 2022.

## 3. Discharge of the Members of the Board of Directors and the Group Executive Committee

**Proposal** The Board of Directors proposes that the Annual General Meeting grants discharge to all members of the Board of Directors and of the Group Executive Committee (GEC) for the 2021 financial year in a single vote.

## 4. Elections

### 4.1. Re-election of the independent Chairman of the Board of Directors and further independent Members of the Board of Directors

4.1.1. Re-election of Martin Komischke as independent member of the Board of Directors and Chairman of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Martin Komischke as independent member of the Board of Directors and independent Chairman of the Board of Directors until the end of the next Annual General Meeting.

4.1.2. Re-election of Urs Leinhäuser as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Urs Leinhäuser as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.3. Re-election of Karl Schlegel as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Karl Schlegel as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.4. Re-election of Hermann Gerlinger as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Hermann Gerlinger as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.5. Re-election of Libo Zhang as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Libo Zhang as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.6. Re-election of Daniel Lippuner as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Daniel Lippuner as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.7. Election of Maria Heriz as independent member of the Board of Directors

**Proposal** The Board of Directors proposes that the Annual General Meeting elects Maria Heriz as a new independent member of the Board of Directors until the end of the next Annual General Meeting.

A short CV of Maria Heriz is available in Appendix A.

#### **4.2. Re-election and election of the Members of the Nomination and Compensation Committee**

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects or elects individually the following persons each as members of the Nomination and Compensation Committee until the end of the next Annual General Meeting:

4.2.1. Re-election of Martin Komischke as member of the Nomination and Compensation Committee

4.2.2. Election of Urs Leinhäuser as member of the Nomination and Compensation Committee

4.2.3. Election of Hermann Gerlinger as member of the Nomination and Compensation Committee

4.2.4. Election of Libo Zhang as member of the Nomination and Compensation Committee

#### **5. Re-election of the Independent Proxy**

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects Roger Föhn, attorney-at-law, Kalchbühlstrasse 4, 8038 Zurich, as Independent Proxy from May 18, 2022, until the end of the next Annual General Meeting.

#### **6. Re-election of the Statutory Auditors**

**Proposal** The Board of Directors proposes that the Annual General Meeting re-elects KPMG AG, St.Gallen, as Statutory Auditors for the financial year 2022.

#### **7. Compensation**

##### **7.1. Consultative Vote on the Compensation Report for the Financial Year 2021**

**Proposal** The Board of Directors recommends that the Compensation Report 2021 contained in the Annual Report be approved (consultative vote).

**Explanations** The Compensation Report incorporates the basic principles for the compensation of the Board of Directors and the Group Executive Committee, as well as the remuneration awarded to the members of these two bodies for the financial year 2021. The Board of Directors is submitting the Compensation Report to shareholders for a consultative vote. The Compensation Report can be found on pages 59 to 73 of the Annual Report. The Annual Report can be accessed on the internet at <https://ir.vatvalve.com/en/annual-report-2021/downloadcenter>.

## **7.2. Approval of actual Short-Term Variable Compensation (STI) of the Group Executive Committee (GEC) for the Financial Year 2021**

**Proposal** The Board of Directors proposes that the shareholders approve the actual amount of CHF 926,955 for the short-term variable compensation of the GEC for the financial year 2021.

**Explanations** Pursuant to the Articles of Association, shareholders annually approve the effective short-term variable compensation amount of the GEC for the previous financial year.

VAT Group reported another set of record results in 2021. Strong demand, especially in the semiconductor industry, coupled with further market share gains and operational measures to boost capacity and productivity drove record orders, net sales, EBITDA, EBITDA margin, net income and free cash flow. This was achieved despite persistent challenges posed by the global COVID-19 pandemic and some significant supply constraints. Net sales in 2021 increased 30% to CHF 901 million, with an EBITDA margin of 34.2%. While the EBITDA, free cash flow and specification wins targets outperformed, the individual performance ranged from 111% to 124% of target for the GEC members in office. There was no discretion applied by the Board when determining the final performance achievements for 2021.

The effective short-term variable compensation amount of CHF 926,955 for the GEC for the financial year 2021 is disclosed in the Compensation Report 2021 on pages 70 ff.

## **7.3. Approval of the Maximum Aggregate Amount of Fixed Compensation of the GEC for the Financial Year 2023**

**Proposal** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of CHF 2,500,000 for the fixed compensation of the GEC for the financial year 2023.

**Explanations** Pursuant to the Articles of Association, shareholders annually approve the maximum aggregate amount of fixed compensation of the GEC for the next financial year.

The compensation policy of VAT is designed to support the business strategy of the company and to motivate executives to achieve the long-term goals of the company. The compensation of the GEC members is well balanced between fixed and variable compensation components, as well as between short-term and long-term incentives, so that their interests are aligned to those of our shareholders.

The amount of CHF 2,500,000 for the fixed compensation has been calculated on the basis of the compensation structure disclosed in the Compensation Report for four GEC members. It includes annual base salaries for the GEC, estimated social security costs and a reserve for unforeseen circumstances. The proposed amount is 26% higher than the total amount approved for the previous year by the Annual General Meeting 2021, mainly because it has been determined based on the non-binding assumption that the GEC will consist of four members. The compensation structure for the GEC is not expected to change and is described on pages 70 to 72 of the Compensation Report 2021. The fixed compensation actually paid to GEC members in financial year 2023 will be disclosed in the Compensation Report 2023, which will be submitted to a consultative vote by the shareholders at the Annual General Meeting in 2024.

## **7.4. Approval of the Maximum Aggregate Amount of Long-Term Incentive (LTI) Compensation of the GEC for the Financial Year 2023**

**Proposal** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of CHF 2,000,000 for the long-term incentive (LTI) compensation of the GEC for the financial year 2023.

**Explanations** Pursuant to the Articles of Association, shareholders annually approve the maximum aggregate amount of LTI compensation of the GEC for the next financial year.

The amount of CHF 2,000,000 for the LTI has been calculated on the basis of the compensation structure disclosed in the Compensation Report for four GEC members. The proposed amount is 18% higher than the total amount approved for the previous year by the Annual General Meeting 2021, mainly because it has been determined based on the non-binding assumption that the GEC will consist of four members. The compensation structure for the GEC is not expected to change. The LTI is granted in form of Performance Share Units (PSU) that vest over a three-year period, conditionally upon the fulfillment of performance and employment conditions during the vesting period. The amount submitted to vote assumes a maximum vesting level of 200% and does not factor in the share price evolution during the vesting period. The LTI compensation actually to be granted to the GEC members in financial year 2023 will be disclosed in the Compensation Report 2023, which will be submitted to a consultative vote by the shareholders at the Annual General Meeting in 2024.

### 7.5. Approval of the Maximum Aggregate Amount of Compensation of the Board of Directors from the Annual General Meeting of 2022 to the Annual General Meeting of 2023

**Proposal** The Board of Directors proposes that a maximum aggregate amount of compensation of CHF 1,350,000 of the Board of Directors be approved for the term of office from the Annual General Meeting 2022 to the Annual General Meeting 2023.

**Explanations** Pursuant to the Articles of Association, shareholders annually approve the maximum aggregate amount of compensation of the Board of Directors for the term of office until the next Annual General Meeting of shareholders.

In order to strengthen their independence, members of the Board of Directors of VAT receive a fixed compensation, delivered in cash (70%) and restricted shares (30%), as well as lump sum expenses. Members of the Board of Directors do not receive any performance-related compensation. Any pension participation required to comply with local regulation, is financed by the board members at their own expense.

The proposal is an overall increase in the maximum aggregate amount of 23% compared to the prior period, to bring compensation levels closer to market median. The amount considers an increase in membership for the Audit and Technology Committee by one member. In terms of compensation structure, the Board chair will no longer be eligible for committee fees. The chair's contribution to the committees will be reflected in the overall Board chair retainer. The compensation for the vice-chair will be significantly increased to differentiate between the roles of vice-chair and Board members. For all members of the Board of Directors, the compensation for additional tasks will be discontinued. Such compensation was not utilized in the past and is not considered good practice.

#### Structure and levels of Board compensation AGM 2022 until AGM 2023

Fixed basic fee	Cash compensation	Share-based compensation	Lump sum expenses In CHF (gross)
Board chair	224,000	96,000	1,500
Board vice-chair	112,000	48,000	1,500
Board member	77,000	33,000	1,500

Committee fees	Cash compensation	Share-based compensation
Committee chair	17,500	7,500
Committee member	10,500	4,500

The amount of CHF 1,350,000 has been calculated for seven members of the Board of Directors on the basis of the compensation structure outlined above and includes a reserve for unforeseen circumstances. Further details on the compensation for the Board of Directors can be found on page 70 of the 2021 Compensation Report. The compensation actually paid will be disclosed in the 2022 and 2023 Compensation Reports, which will be submitted to a consultative vote by the shareholders.

# Organizational Notes

## Documents

The **Summary Report 2021** is enclosed to this invitation. As of April 22, 2022, the **2021 Annual Report**, including the statutory financial statements of VAT Group AG and the consolidated financial statements for the 2021 financial year as well as the audit report, is available for inspection at the Company's headquarters at Seelistrasse 1, 9469 Haag (Rheintal). It can also be accessed online at <https://ir.vatvalve.com/en/financial-reports>. A printed version of the Annual Report can also be ordered by using the enclosed registration form or by sending an e-mail to [investors@vat.ch](mailto:investors@vat.ch). Further enclosed to this invitation are the **reply form** with the form for **proxy and instructions** to the Independent Proxy as well as a reply envelope.

## Independent Proxy

With regard to representation at the Annual General Meeting on May 17, 2022, the following applies:

Roger Föhn, attorney-at-law, Kalchbühlstrasse 4, 8038 Zurich, acts as **Independent Proxy**. If you wish to appoint Roger Föhn as your representative, please return your signed authorization and your instructions with the enclosed envelope. Instead of the written authorization, you may also give your authorization and instructions to the Independent Proxy electronically. Please refer to section 1 of the enclosed reply form for further details. The deadline for voting instructions to the Independent Proxy is May 13, 2022, 11.59 pm.

## Voting Rights of Shareholders

Only those shareholders whose names are on record in the share register of VAT Group AG with voting rights on **May 6, 2022** (effective date; closing of share register, 5.00 pm CEST), are entitled to exercise their voting rights.

## Live Webcast

The Annual General Meeting will be broadcast under <https://ccevent.eu/vat220517/> as a listen-only event. Questions on the agenda items submitted in writing to Michel Gerber, Head Communications & Investor Relations, Seelistrasse 1, 9469 Haag SG, or mailed to [investors@vat.ch](mailto:investors@vat.ch) by May 6, 2022, will be answered during the live webcast.

## Publication

The resolutions of the Annual General Meeting may be inspected from May 18, 2022, to June 10, 2022, and will be made available online at <https://ir.vatvalve.com/en/general-meeting>.

## Enclosures

- Summary Report 2021
- Reply form with form for proxy and instructions to the Independent Proxy
- Reply envelope

The Invitation to vote at the Annual General Meeting via the Independent Proxy is published in English and German. The German version shall prevail.

## Appendix A: CV of Proposed New Board Member

### Maria Heriz



Proposed Title and Function:  
Member of the Board of Directors

Year of Birth:  
1978

Nationality:  
Spanish, French

#### Professional Background

2018–present	Tektronix
01/2020–present	Vice President EMEA & India Global Sales Operations
09/2018–12/2019	Vice President EMEA Global Sales Operations
2015–2018	NXP
12/2016–09/2018	Vice President Sales, Mass Market & Distribution, EMEA
02/2015–11/2016	Senior Sales Director, Secure Identification Solutions
2001–2015	Texas Instruments
09/2013–02/2015	Northern & Western Europe Sales Director
12/2010–08/2013	Western Europe Sales Director
04/2010–12/2010	France & North Africa Sales Manager
09/2007–01/2010	Nokia Analog Worldwide Account Manager
06/2005–09/2007	Thomson Key Account Manager
05/2003–06/2005	Alcatel Technical Sales Engineer
09/2001–03/2003	European Graduate Leadership Program

“We’re extremely pleased to welcome Maria to the Board,” said Board chairperson Martin Komischke. “She brings us more than 20 years of senior management experience in the semiconductor industry, from engineering and R&D to sales, marketing and service. Her in-depth knowledge of the industry and her international experience will be important assets as VAT moves into its next stage of growth.”

“The semiconductor industry is extremely dynamic, where customer relationships and cutting-edge technology innovation are key,” Ms. Heriz said. “VAT has an outstanding track record in meeting the high demands of its customers with its leading market position, technology and people. I very much look forward to working with the other members of the Board to further strengthen VAT’s well-deserved reputation for value creation for all stakeholders.”

# Contact

For information on the Annual General Meeting:

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This Invitation to the Annual General Meeting  
is printed on FSC-certified paper.

