

Compensation Report

Introduction

This Compensation Report describes the principles of remuneration at INFICON. The report is prepared in accordance with the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Corporations of November 20, 2013 (hereinafter referred to as "Ordinance"). The report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by economieuisse and complies with Chapter 5 of the Appendix to the SIX Swiss Exchange Guidelines concerning information on corporate governance. This compensation report is in line with the Articles of Incorporation. The Articles of Incorporation are available online at <https://ir.inficon.com/Corporate%20Governance/>

Unless indicated otherwise, all information refers to the financial year closed on December 31, 2021. In this Report, all share-based payments are calculated and disclosed with reference to the year of allotment (grant date). All other compensation is disclosed according to the accrual principle, i.e. the compensation is reported in the period (i.e. financial year) in which it is recorded in the financial statements.

Compensation Highlights of the Board of Directors and Group Management

in T CHF	2021	2020
Board of Directors	733	734
	800	800
Number of members	5	5
Group Management	1,842	1,463
	3,500	3,500
Number of members	2	2

■ Actual compensation ■ Approved compensation AGM

1 Remuneration Policy

INFICON is a globally active Group. Its remuneration policy follows general market practices. It also considers the individual performance. This ensures the Group's ability to hire and retain the right talents. Individual remuneration corresponds to the scope of responsibilities, reflects the specific requirements of a position, the needed personal skills, the individual performance, and the Group's economic success. INFICON's remuneration policy is generally performance oriented and includes a variable component for all staff.

The Compensation and Human Resources Committee (hereinafter referred to as "CHR Committee") reviews the principles of the remuneration policy annually. Based on a proposal of CHR Committee, the Board of Directors decides on the level of compensation for the Members of the Board and Group Management annually, once the Board has received the audited financial results. The CHR Committee consists of three Members of the Board of Directors – currently Beat Siegrist (Chairman), Dr. Richard Fischer and Dr. Reto Suter.

2 Board of Directors Compensation

The compensation to the members of the Board of Directors consists of a fixed yearly cash element that makes up 2/3 of the total compensation and a defined share allotment that accounts for 1/3 of the total compensation. The compensation includes contributions to the Swiss social security and unemployment insurance. The shares are subject to a 3-year mandatory holding period. The number of shares allotted is calculated based on the average share price on the fifth trading day following the Ordinary Annual General Meeting. The cash component of the remuneration is paid out to the Members of the Board of Directors on the basis of the term of office. The allocation of shares takes place five days after the Annual General Meeting for the following period of office.

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Board Compensation overview

in TCHF	Annual Board fees	Cash 2/3	Shares 1/3 (*)
Board Chair	189.0	126.0	63.0
Board Vice Chair	141.0	94.0	47.0
Chair AC Committee	120.0	80.0	40.0
Chair CHR Committee	120.0	80.0	40.0
Board Member	94.5	63.0	31.5

(*) Shares at market value. Final amount of shares is subject to roundings.

Neither attendance fees nor flat rate expenses are paid. Direct incurred expenses such as e.g. for travel and accommodation are reimbursed.

The CHR Committee annually proposes the total compensation levels for the Chairman and the other Members of the Board. The CHR Committee bases its judgement on Committee Member's experience. If needed, the CHR Committee may use external compensation surveys and professional insights. The Board of Directors then deliberates on the level of the total compensation for the Members of the Board. The total amount of the compensation is finally proposed to the Ordinary Annual General Meeting for the term of office until the closing of the following Ordinary Annual General Meeting of Shareholders.

The total compensation paid to the Board of Directors conforms to conferred responsibilities and market conditions.

3 Compensation to Members of Group Management

Based on a proposal of the CHR Committee, the Board of Directors asks the Ordinary Annual General Meeting annually for the approval of the compensation for Group Management.

The CHR Committee bases its judgement on Committee Member's experience and, if deemed necessary, by external compensation benchmarks.

Elements and structure of compensation

The compensation for the Members of Group Management consists of the following elements:

Structure of Compensation

Purpose	Element	Period
Base Salary	Fixed compensation	
	Cash	
	Car allowance	continuous,
Benefits	Social security insurance, pension plan	monthly
	Variable compensation	
Short-term goal achievement	1 Cash bonus	1 year
	2 Compensation in shares	3 years
Long-term incentive	3 CEO long-term incentive	4–7 years
	<i>Shareholder alignment</i>	

The compensation system for Members of Group Management is structured as follows:

	Fixed compensation	Variable compensation			LTI share plan
	Base salary	Cash bonus	Share plan	Range	
		Target ⁽¹⁾	Target ⁽¹⁾	min-max ⁽²⁾	Range
CEO	100%	45%	45%	0–200%	0–2 MCHF
Other members	100%	40%	40%	0–200%	—

(1) 100% target achievement, all percentages are based on base salary

(2) Total variable compensation (cash and shares) capped at 200% of annual base salary

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Variable compensation

The variable compensation reflects the individual performance and the Group's financial results.

The following table shows the key performance indicators and their respective weighting.

Key performance indicators for the Group Management (as a percent of base salary)

	Weighting Chief Executive Officer	Weighting Group Management
Operating Income	72%	64%
Asset Management	4%	4%
Cost Control	4%	4%
Individual Performance	10%	8%
Total	90%	80%

The financial performance-based bonus depends on the annual results of operating income, asset management, and cost control, weighted for 72% for Group Management and 80% for the CEO. The financial performance-based bonus criteria must meet a certain minimum threshold for eligibility.

The individual performance goals, weighted 10% for the CEO respectively 8% for the Group Management, are based on individual performance objectives. These personal goals also include an objective related to our ESG (Environmental, Social and Governance) initiatives.

For Group Management Members, the total target variable compensation is at 80% of the base salary and 90% for the CEO. The total variable annual compensation is capped at 200% of the annual base cash compensation.

50% of the variable compensation is paid in cash (table "Structure of Compensation – 1 Cash bonus"). It serves as an incentive to achieve short-term goals.

Another 50% is provided by shares (table "Structure of Compensation – 2 Compensation in shares"). The variable share program is a long-term incentive and aims at establishing a long-term relationship with the enterprise in line with the shareholders' interests. These shares are subject to a three-year blocking period. In 2021, the share plan for the Group Management was

adapted and aligned to the plan for the Board of Directors. 50% shares with a three-year holding period replaced the former split into 25% shares and 25% restricted shares (allocation over four years).

The composition and amount of the variable compensation are in accordance with the sector and labor market. They are periodically reviewed.

The Board of Directors – following preparation and recommendation by the CHR Committee – determines the metrics for the specific target bonus as well as the range between maximum and minimum variable compensation. The achievement levels of the financial performance goals are calculated based on the annual result after the closing of the financial year. The achievement levels of the individual performance are determined by the CHR Committee and the proposal is submitted to the Board of Directors.

The following table shows the 2021 performance indicators and achievements for the CEO.

Key performance indicators and achievement for the CEO (as a percent of base salary)

	Target weighting	Achieved weighting
Operating Income	72%	116%
Asset Management	4%	5%
Cost Control	4%	8%
Individual Performance	10%	9%
Total	90%	138%

This achievement results in a total variable compensation of TCHF 628 for the CEO, 50% in cash and 50% in shares with a three year blocking period.

In 2019, a long-term incentive plan was introduced for the CEO (table "Structure of Compensation – 3 CEO long-term incentive"). The Board of Directors and CHR Committee have established performance targets, levels and achievement criteria, as well as other conditions and deadlines. The amount of the long-term remuneration is variable and can amount to a maximum of MCHF 2 gross (excluding social security contributions). The amount of the remuneration depends on the timing of the occurrence of the specified operating

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income goal. The remuneration is granted only once, is share-based and can be paid out in 2022 at the earliest. The agreement is valid until 2025 at the latest. This long-term remuneration was proposed to and approved by the Annual General Meeting held in 2019.

The average share price on the fifth trading day following the Ordinary Annual General Meeting will serve as the calculation base to establish the number of shares. For Group Management, the base salary increased by 0.7% in 2021. The variable compensation was adjusted according to the financial performance and the individual performance goals.

4 Authority and Determination of Compensation

INFICON's CHR Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations and its Articles of Incorporation.

The CHR Committee prepares the recommendations submitted to the Board of Directors for compensation for the Board of Directors and Group Management.

The CHR Committee consists of at least three members of the Board of Directors. They are elected by the Ordinary Annual General Meeting of the Shareholders for a term of office that runs until the end of the next Ordinary Annual General Meeting of the Shareholders. Re-election is allowed.

The CHR Committee constitutes itself. It appoints its chairperson from among its Members. The Board of Directors has issued rules on the organization and decision-making powers of the CHR Committee.

The CHR Committee has the following duties and competencies in particular to prepare and submit to the Board of Directors:

1. The determination of compensation principles for Group Management;

2. The total amounts of compensation for the Board of Directors and Group Management;
3. The fixed and variable compensation of Group Management;
4. Amendments and changes to the Articles of Incorporation in respect to the system of compensation .

The compensations of the Board of Directors and the fixed and variable compensations of Group Management are subject to approval by the Ordinary General Meeting of the Shareholders.

5 Severance Compensations

No severance payments have been contractually defined for members of the Board of Directors or the Group Management. For the financial year 2021 no severance compensations were paid.

6 Employment Contracts

The Company may enter into fixed-term or open-ended employment contracts with the Members of the Group Management. Fixed-term employment contracts shall have a maximum duration of one year; a renewal is allowed.

The employment contracts for Members of Group Management stipulate no provision for unusually long notice periods or contract terms. Open-ended employment contracts for Members of Group Management have a notice period of a maximum of twelve months and make no provisions for unusually long notice periods or contracts terms.

Non-competition agreements are allowed for the period following termination of the employment contract. In compensation for such agreements, a compensation not exceeding the affected Member's last annual salary may be paid for up to one year.

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7 Compensations to the Board of Directors and Group Management

The compensation to Members of the Board of Directors and the aggregate compensation to Group Management shown in the tables below are gross values and based on the accrual principle.

a) Compensations 2021

Board of Directors

CHF 1,000	Base compensation in cash	Compensation in shares	*Other compensation	Total compensation
Dr. Beat E. Lüthi Chairman	126	64	32	222
Dr. Richard Fischer Vice Chairman	94	47	8	149
Vanessa Frey Member	63	32	8	103
Beat Siegrist Chairman of CHR Committee	80	41	9	130
Dr. Reto Suter (as of March 31, 2021) Chairman of Audit Committee	—	41	3	44
Dr. Thomas Staehelin (until March 30, 2021) Chairman of Audit Committee	80	—	5	85
Total	443	225	65	733
Approval by the Annual General Meeting 2021				800

* Other remuneration comprise payments mainly related to social insurance contributions.

Group Management

CHF 1,000	Fixed compensation			Variable compensation				Total compensation
	Base salary	*Other compensation	Total	Cash bonus	Com-pensa-tion in shares	*Other compensation	Total	
Lukas Winkler President and Chief Executive Officer	455	20	475	290	231	116	637	1,112
Total	765	40	805	465	369	203	1,037	1,842
Approval by the Annual General Meeting 2021								3,500

* Other compensations comprise payments mainly related to social insurance contributions and car allowances.

b) Compensations 2020

Board of Directors

CHF 1,000	Base compensation in cash	Compensation in shares	*Other compensation	Total compensation
Dr. Beat E. Lüthi Chairman	126	64	33	223
Dr. Richard Fischer Vice Chairman	94	47	11	152
Vanessa Frey Member	63	32	7	102
Beat Siegrist Chairman of CHR Committee	80	40	10	130
Dr. Thomas Staehelin Chairman of Audit Committee	80	40	7	127
Total	443	223	68	734
Approval by the Annual General Meeting 2020				800

* Other compensations comprise payments mainly related to social insurance contributions.

Group Management

CHF 1,000	Fixed compensation			Variable compensation			Total compensation	
	Base salary	*Other compensation	Total	Cash bonus	Com-pensa-tion in shares	*Other compensation		
Lukas Winkler President and Chief Executive Officer	455	20	475	150	160	107	417	892
Total	765	40	800	220	254	189	663	1,463
Approval by the Annual General Meeting 2020								3,500

* Other compensations comprise payments mainly related to social insurance contributions and car allowances.

The compensation to the Chairman and the other Board Members did not change compared with the previous year. The shares have been granted for the current term of office until the next Ordinary Annual General Meeting of the Shareholders. The allotment occurs five trading days after the Ordinary Annual General Meeting of the Shareholders (grant date). The total amount of compensation of TCHF 733 compares to an amount of TCHF 800 approved by the Ordinary Annual General Meeting of Shareholders. The difference mainly reflects higher amounts reserved for potential employer contributions for social security and unemployment insurance.

The base compensation to Group Management increased by 0.7% compared with the previous year. The difference in total compensation between the year 2021 and 2020 mainly reflects changes in variable performance-related compensation elements (cash bonus). The average share price on the fifth trading

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day after the Ordinary Annual General Meeting served as calculation base to establish the number of shares, which are allotted on July 1st. The variable compensation was adjusted according to the achievement of the financial and individual performance targets.

The total amount of compensation for Group Management of TCHF 1,842 compares to the maximum ceiling amount of TCHF 3,500 approved by the Ordinary Annual General Meeting of the Shareholders.

The differences reflect mainly two facts: The amounts reserved for the potential addition of further Members to Group Management as well as the amounts reserved for a potential disadvantage compensation have both not been required at all.

In 2021 the average employee pay, including variable compensation and social security contributions reached TCHF 112.8 and in 2020 TCHF 104.9.

This compared to the total compensation of the CEO in the amount of TCHF 1,112 in 2021 represents a factor of 9.9x (after a factor of 8.5x in 2020).

8 Compensations for Former Members of Governing Bodies

There was no compensation to former members of the Board of Directors.

9 Additional Fees and Remunerations

No additional fees or remunerations were paid to members of the Governing Bodies and their related parties.

10 Loans to Members of Governing Bodies

No loans were granted to current or former members of governing bodies and their related parties during 2021. No such loans were outstanding as of December 31, 2021.



Report of the Statutory Auditor

To the General Meeting of INFICON Holding AG, Bad Ragaz

We have audited the accompanying remuneration report of INFICON Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables a) and b) in section 7 on page 34 as well as sections 8 to 10 on page 35 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of INFICON Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

Benjamin Marte
Licensed Audit Expert

Zurich, 2 March 2022

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