

# Corporate Governance Report

VAT Group AG is committed to the highest principles of good corporate governance, aimed at ensuring transparency, achieving a balanced relationship between management and control, and safeguarding shareholder interests. VAT Group AG regularly reviews its corporate governance framework and discloses information on Corporate Governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Corporations, and the Swiss Code of Best Practice for Corporate Governance. In addition, VAT Group has implemented a Code of Conduct, setting out VAT Group's key principles.

To avoid duplication, some sections contain cross-references, in particular to the Annual Report 2018 published at <https://ir.vatvalve.com/ar2018/home.html>, the Compensation Report 2018 published at <https://ir.vatvalve.com/ar2018/compensation-report.html> and the Articles of Association of VAT Group AG, published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

For those disclosures under the SIX Swiss Exchange Directive on Information relating to Corporate Governance that are included in the notes to the consolidated financial statements, please consult the Consolidated Financial Statements 2018 of VAT Group AG published at <https://ir.vatvalve.com/ar2018/financial-statements.html>.

The financial year of VAT Group AG ends on December 31 of each calendar year.

## **1. Group structure and shareholders**

### **1.1 Group structure**

VAT Group AG, a stock corporation, was founded on February 25, 2016 (registration number CHE-202.223.983, LEI: 529900MVFK7NVALR7Y83) and its registered seat is at Seelistrasse 1, 9469 Haag, Switzerland. VAT Group consists of VAT Group AG (the ultimate holding company) and its subsidiaries in Switzerland and abroad: four production companies that can also hold a distribution function in Switzerland, Romania, and Malaysia; nine distribution companies in Europe, North America and Asia; and three holding and financing companies. An overview of this structure, with Company names, place of incorporation, share capital and VAT Group AG's participation is provided in the Consolidated financial statements 2018 of VAT Group AG on page 115.

VAT Group's operational structure is organized into three business segments aimed at delivering maximum value to customers: Valves, Global Service, and Industry. This structure is described in more detail in the segment information in the notes to the financial statements on pages 83 to 86.

### **1.2 Significant shareholders**

As of December 31, 2018, 15,456 shareholders were registered in VAT Group AG's share register. 19,796,054 shares (as defined below under 2.1) were held by minority shareholders, holding each less than 3% of VAT Group AG's share capital.

Disclosure notifications of significant shareholdings in VAT Group AG that were filed in 2018 with VAT Group AG and the SIX Swiss Exchange are available from the online publication platform of the SIX Swiss Exchange: <http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

As of December 31, 2018, VAT Group AG was notified of the following shareholders, representing 3% or more of the share capital of VAT Group AG:

**Name of shareholder**

	In % of total share capital
Rudolf Maag, Switzerland	10.34%
Georg Loening, USA	9.17%
Massachusetts Mutual Life Insurance Company, USA	8.23%
UBS Fund Management (Switzerland) AG, Switzerland	3.18%
Allianz SE <sup>1</sup> , Germany	3.10%

<sup>1</sup> Position for Allianz SE as per original filing dated November 8, 2018

During 2018, VAT was informed by the former main shareholder Partners Group<sup>1</sup> on January 19, 2018, that they had sold all their shares in VAT. In another filing, VAT was further informed on May 14, 2018 by Norges Bank that they reduced their position to below 3%; in addition to the information as per December 31, 2018 above, VAT was also informed by Allianz SE on January 31, 2019, that they had reduced their position in VAT shares to below the threshold of 3%, holding 897,523 shares or 2.98% of outstanding shares. Further details are available from the online publication platform of the SIX Swiss Exchange: <http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

VAT Group AG is not aware of any other person or institution holding, at the date of this report, directly or indirectly, on its own account or in concert with third parties, 3% or more of VAT Group AG's share capital.

**1.3 Lockup agreements**

The Management Shareholders<sup>2</sup> agreed to a three-year staggered lockup, with the last portion of shares being released on April 15, 2019.

**1.4 Cross-shareholdings**

VAT Group AG does not have any cross-shareholdings exceeding 5% of capital holdings or voting rights.

**2. Capital structure**

**2.1 Company's share capital**

The share capital of VAT Group AG amounts to CHF 3,000,000 divided into 30,000,000 registered shares with a nominal value of CHF 0.10 each. The shares are fully paid in. The shares have been listed on the SIX Swiss Exchange since the Company's Initial Public Offering on April 14, 2016. The VAT Group AG's International Securities Identification Number (ISIN) is CH0311864901, its market capitalization as of December 31, 2018 was CHF 2.6 billion with a free float as defined by SIX Swiss Exchange of approximately 90%. During 2018, the free float remained unchanged compared to a year ago.

VAT Group AG issues its registered shares only as uncertificated securities and registers them as book-entry securities. Shareholders have no right to request conversion of the form in which the registered shares are issued into another form. Shareholders may, however, at any time require from VAT Group AG the delivery of an attestation certifying their current shareholdings. Uncertificated securities may only be trans-

<sup>1</sup> Comprising Partners Group Client Access 8, L.P. Inc., Partners Group Barrier Reef, L.P., Partners Group Direct Inv. 2012 (EUR), L.P. Inc., St Peter Port, Guernsey GY1 1BT, Channel Islands, and Partners Group Private Equity (Master Fund), LLC, New York, NY 10036, USA, all of whose ultimate sole shareholder is Partners Group Holding AG, Zugerstrasse 57, CH-6341 Baar.

<sup>2</sup> This group, owning together less than 3%, includes 22 members of VAT Group management or of the Board of Directors and a legal entity, majority-owned by relatives of a member of the Board of Directors.

ferred by way of assignment, provided that they are not registered as book-entry securities. The transfer of book-entry securities and grants of security rights on book-entry securities have to be compliant with the Book Entry Securities Act. The transfer of book-entry securities or grants of security rights on book-entry securities by way of assignment are excluded.

## **2.2 Conditional and authorized capital**

According to art. 3a of the Articles of Association<sup>3</sup>, VAT Group AG's share capital of CHF 3,000,000 may be increased by a conditional capital of up to CHF 150,000, i.e. up to 5% of the share capital, by issuing up to 1,500,000 fully paid-in registered shares with a nominal value of CHF 0.10 each, upon the exercise of option rights or in connection with similar rights regarding shares (including restricted stock units) granted to officers and employees at all levels of the Company. The preemptive rights and the advance subscription rights of the shareholders are excluded. The acquisition and subsequent transfer of registered shares is limited under art. 5 of the Articles of Association. The conditions for the allocation and exercise of the option rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

VAT Group AG does not have any authorized share capital.

## **2.3 Changes in share capital**

There have been no changes in the share capital during the reporting year.

## **2.4 Participation certificates, profit-sharing certificates, preference shares and modified voting rights**

As of December 31, 2018, VAT Group AG has not issued any participation certificates or profit-sharing certificates, nor has it issued any preference shares or shares with increased, limited, privileged or restricted voting rights.

## **2.5 Own shares**

As of December 31, 2018, VAT Group AG held 15,264 of its own shares. None of its subsidiaries held any shares in VAT Group AG.

## **2.6 Transfer restrictions and nominee registrations**

Persons acquiring registered shares will on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Swiss Financial Market Infrastructure Act. Entry in the share register as shareholder with voting rights is subject to the approval of VAT Group AG and may be refused if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account.

A resolution of the shareholders' meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for the easement or abolition of the restriction of the transferability of the registered shares.

Persons not expressly declaring themselves to be holding shares for their own account (nominees) will be entered in the share register with voting rights without further inquiry up to a maximum of 3% of the share capital outstanding at that time. Above this limit, registered shares held by nominees will be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and

<sup>3</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

shareholdings of the persons for whose account he is holding 0.5% or more of the share capital outstanding at that time and provided that the disclosure requirement stipulated by the Swiss Financial Market Infrastructure Act (FMIA) is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements. Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction are considered as one shareholder or nominee. VAT Group AG may in special cases approve exceptions to these restrictions. No such cases were approved in 2018.

### 2.7 Convertible bonds and options

VAT Group AG has neither convertible bonds nor options regarding its shares outstanding.

## 3. Board of Directors

### 3.1 Members of the Board of Directors

The Articles of Association<sup>4</sup> provide that the Board of Directors shall consist of a minimum of three members, including the Chairman of the Board of Directors who is appointed by the meeting of shareholders. The Board of Directors currently consists of six non-executive members (including the Chairman).

Only Heinz Kundert (Vice Chairman of the Board of Directors) has held executive functions in VAT Group AG and of its Group companies during the last three business years prior to December 31, 2018. Namely, Heinz Kundert was CEO of VAT Group AG from June 2015 to March 13, 2018 and registered in affiliated VAT Group companies during this period.

Other than as disclosed below, none of the members of the Board of Directors has or had any significant business connection with VAT Group AG or any of its Group companies during the three years prior to December 31, 2018.

### Board of Directors

Name	Age	Position	Year of 1 <sup>st</sup> election
Martin Komischke	61	Chairman	2017
Heinz Kundert <sup>1</sup>	66	Vice-Chairman	2018
Hermann Gerlinger	65	Member	2017
Urs Leinhäuser	59	Member	2016
Karl Schlegel	65	Member	2016 <sup>3</sup>
Libo Zhang <sup>2</sup>	48	Member	2018

1 Since AGM in May 2018; Alfred Gantner was Vice-Chairman until the AGM in May 2018.

2 Since AGM in May 2018; Ulrich Eckhardt was a Member of the Board of Directors until the AGM in May 2018.

3 From 2014 until 2016 Member of the Board of Directors of VAT Holding AG

### 3.2 Background, other activities and functions

As of December 31, 2018, the members of the Board of Directors were:

**Dr. Martin Komischke, Chairman, was born in 1957 and is a German citizen. Martin Komischke was re-elected as Chairman of the Board of Directors of VAT Group AG at the AGM in May 2018.**

From 2004 to 2016, Martin Komischke served as CEO of HOERBIGER Holding AG, following his function as Head of the Strategic Business Unit "Drive Technology" and member of the Executive Board from 1996 to 2003. Before that, he held various functions at Kolbenschmidt AG and Mannesmann-Sachs AG.

In 2018, Martin Komischke served as Chairman of the Board of HOERBIGER Holding AG (since 2016). He was also a member of the Board of Directors of Stäubli Holding AG (since 2016), a member of the Supervisory Board of Aixtron SE (since 2013) and the Vice President of the Board of Trustees of HOERBIGER Foundation (since 2016).

Martin Komischke holds a degree and a doctorate in electrotechnics and mechanical engineering from the University of Aachen.

**Heinz Kundert, Vice-Chairman, was born in 1952 and is a Swiss citizen. Heinz Kundert was elected to the Board of Directors of VAT Group AG at the AGM in May 2018. From June 2015 to March 13, 2018, he was CEO of VAT Group AG.**

Heinz Kundert has extensive experience in the semiconductor industry. Beginning in 1981, Mr. Kundert served in various management positions in Asia for Balzers AG (which later became Balzers & Leybold), a division of Oerlikon-Bührle AG (later renamed Unaxis Holding AG), a global supplier of thin-film equipment for various applications. In 1991, he subsequently became the Head of Oerlikon-Bührle's Electronic Equipment Business Unit, and then, in 1995, he assumed responsibility for Balzers Process Systems. From 1999 to 2004, Heinz Kundert served as COO and then CEO of Unaxis Holding AG (later renamed OC Oerlikon AG). At Oerlikon-Bührle AG, Mr. Kundert participated in the acquisition of Leybold AG and the divestments of Pfeiffer AG and Inficon AG. Thereafter, Heinz Kundert worked as a strategy consultant until 2015. Between 2002 and 2015, Heinz Kundert served on the Board of Directors of SEMI International, a global semiconductor industry association serving the manufacturing supply chain for the micro- and nanoelectronics industries, in San Jose, CA, USA, and was elected Vice President in 2005. In 2005, he was also appointed President of SEMI Europe in Berlin.

Currently, Heinz Kundert serves on the Board of Directors of Camox GP Ltd, an investment fund (since 2014), and on the Advisory Board of the Fraunhofer Society in Germany (since 2010).

Heinz Kundert holds a federal certificate of mechanical engineering and a degree in industry management from ITA Switzerland as well as a degree in business management from the FAH I University of St. Gallen.

**Dr. Hermann Gerlinger was born in 1953 and is a German citizen. Hermann Gerlinger became a member of the Board of Directors of VAT in May 2017.**

Between 2001 and 2016, Hermann Gerlinger was CEO of Carl Zeiss SMT GmbH and from 2006 to 2016 also member of the Executive Board of Carl Zeiss AG. Before that, he held various functions for ZEISS AG.

In 2018, Hermann Gerlinger served as advisor to the Executive Board of Carl Zeiss AG (since 2017), as member of the Supervisory Board of Siltronic AG (since 2011) and as member of the Advisory Board of the German National Metrology Institute (PTB) (since 2015).

Hermann Gerlinger holds a degree and a doctorate in physics and astronomy from the University of Würzburg.

**Urs Leinhäuser was born in 1959 and is a Swiss citizen. Urs Leinhäuser became a member of the Board of Directors of VAT Group AG in March 2016.**

From 1995 to 1999, Urs Leinhäuser was Head of Corporate Controlling at Georg Fischer AG and later CFO of Georg Fischer's Piping Systems Division. Between 1999 and 2003, he was CFO of Mövenpick Holding AG. From 2003 until 2011, he was CFO and Head Corporate Center at Rieter Holding AG. After the spin-off of Autoneum Holding AG from Rieter Holding AG in 2011, Urs Leinhäuser was CFO and Deputy CEO of Autoneum Holding AG until 2014. Since 2014, Urs Leinhäuser is self-employed and since 2016 he is partner (respectively from 2017 managing partner) at Adulco GmbH.

Currently, Urs Leinhäuser serves on the Board of Directors of Ammann Group Holding AG (since 2013), Burckhardt Compression Holding AG (since 2007) and Liechtensteinische Landesbank AG (since 2014). Since 2017, he is Chairman of the Board of Directors of Avesco AG.

Urs Leinhäuser holds a degree in business administration from the University of Applied Sciences, Zurich.

**Karl Schlegel was born in 1953 and is a Swiss citizen. He became a member of the Board of Directors of VAT Group AG in March 2016.**

Karl Schlegel served as CEO of Hamilton Medical AG between 1997 and 2003. Between 2004 and 2013, he was the CEO of VAT Group. From 2014 to 2016, he was a member of the Board of Directors of VAT Holding AG.

Karl Schlegel was a member of the foundation Board of Stiftung Arwole (a charity for individuals with disabilities from 2014 to 2018).

Karl Schlegel holds a Bachelor of Science degree from the medical engineering department of the University of Applied Sciences and Technology Buchs (NTB) and an Executive MBA from the University of St. Gallen.

**Dr. Libo Zhang was born in 1970 and is a German citizen. She became a member of the Board of Directors of VAT Group AG in May 2018.**

Prior to joining VAT Group AG, Libo Zhang has been the CFO of Borgward Group AG, Germany, a German auto manufacturer. Nonetheless this mandate ended end of 2018. Before that, she was an independent finance and controlling consultant based in Switzerland. From 2010 to 2015, she held various senior financial management positions in Germany and Asia at SGL Group, a leading global manufacturer of carbon-based products, including regional CFO and senior manager of corporate development, mergers and acquisitions. For more than ten years prior to that, she held senior positions in finance and commercial operations in the German engineering and aerospace sector.

Currently, Libo Zhang serves on the Scientific Advisory Board of CIC Controlling GmbH in Dortmund, Germany.

Libo Zhang holds a Dr. in Economics and an MBA from Georg-August University in Göttingen, Germany.

### 3.3 Mandates and other permitted activities

According to art. 23 of the Articles of Association<sup>5</sup>, the members of the Board of Directors may have, as a member of the Board of Directors or any other superior management or administrative body, up to six mandates in publicly traded companies, up to ten mandates in private companies and up to 20 mandates in other commercial legal entities. Mandates are activities in the superior management or administrative bodies in legal entities that are obliged to register themselves in a Swiss commercial register or a foreign equivalent and which are not controlled by VAT Group AG, do not control VAT Group AG or do not constitute pension funds insuring employees of the VAT Group. Board members may also exercise up to ten mandates of any function in associations, charity foundations and employee assistance foundations.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

### 3.4 Election and term of office

Each member of the Board of Directors, including the Chairman, has to be elected, and may only be removed by a shareholders' resolution. The maximum term of office for a member of the Board of Directors is one year. In this context, a year means the time period between one ordinary shareholders' meeting and the next or, if a member is elected at an extraordinary shareholders' meeting, between such extraordinary shareholders' meeting and the next ordinary shareholders' meeting. Re-election is allowed as long as the relevant member has not completed the age of 72 at the time of re-election and has not served on the Board of Directors for more than nine years. The Board of Directors appoints the secretary who does not need to be a member of the Board of Directors.

### 3.5 Powers and duties

The Board of Directors is entrusted with the ultimate direction of VAT Group AG's business and the supervision of the persons entrusted with VAT Group AG's management. It represents VAT Group AG towards third parties and manages all matters which have not been delegated to another body of VAT Group AG by law, the Articles of Association<sup>5</sup> or by other regulations.

The Board of Directors has the following non-transferable and irrevocable duties:

- ultimately directing VAT Group AG and issuing the necessary directives,
- determining the organization,
- organizing the accounting, the internal control system (ICS), the financial control and the financial planning as well as performing a risk assessment,
- appointing and recalling the persons entrusted with the management and representation of VAT Group AG and granting signatory power,
- ultimately supervising the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, regulations and directives,
- preparing the annual report, as well as the shareholders' meeting and implementing the latter's resolutions,
- preparing the compensation report,
- informing the judge in the event of overindebtedness,

<sup>5</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

- passing resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and regarding the amendments to the Articles of Association entailed thereby,
- passing resolutions confirming increases in share capital regarding the preparation of the capital increase report and regarding the amendments to the Articles of Association entailed thereby,
- examining compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors,
- executing the agreements pursuant to Articles 12, 36 and 70 of the Swiss Merger Act.

If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint, for the time period until the conclusion of the next ordinary General Meeting, a substitute who must be a member of the Board of Directors.

### 3.6 Meetings of the Board of Directors

According to the Organizational Regulations<sup>6</sup>, the Board of Directors meets at the invitation of the Chairman as often as required to fulfill its duties and responsibilities, but at least quarterly, or whenever a member or the CEO indicating the reasons requests so in writing. If the Chairman of the Board of Directors does not comply with such a request within ten working days, the Vice-Chairman of the Board of Directors will be entitled to convene such meetings.

Resolutions of the Board of Directors are passed with the majority of the votes cast. In the case of a tie, the Chairman has a casting vote. To validly pass a resolution, at least the majority of the members of the Board of Directors must attend the meeting or be present by telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Absent members cannot be represented. A resolution in writing is permitted, provided that no member of the Board of Directors requests oral deliberation. No quorum is required for confirmation resolutions and amendments of the Articles of Association<sup>7</sup> in connection with capital increases or measures related thereto pursuant to Articles 651a, 652e, 652g and 653g of the Swiss Code of Obligations. If a conflict of interest is believed to exist, a member of the Board of Directors shall abstain from voting upon all matters involving the interest at stake.

The three members of the Group Executive Committee attended all meetings of the Board of Directors in an advisory capacity. The members of the Group Management Board can attend the meetings of the Board of Directors at which the strategy of VAT Group or other specific topics related to their responsibilities were on the agenda.

### 3.7 Committees of the Board of Directors

In compliance with the Articles of Association<sup>7</sup>, the Board of Directors issued Organizational Regulations<sup>6</sup> that govern tasks and areas of responsibility of the Board of Directors and its Committees as described in this section 3. They are regularly reviewed and updated.

The Board of Directors established the Audit Committee (AC) and the Nomination and Compensation Committee (NCC) which aim to strengthen and support VAT Group AG's corporate governance structure. In addition, the VATmotion Committee and the Technology Committee (TC) were introduced in 2017.

The Committees may conduct or authorize investigations within their areas of responsibility; if necessary, they may involve external experts.

The table below outlines the Committee memberships of the current members of the Board of Directors as of December 31, 2018.

<sup>6</sup> The Organizational Regulations of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/organizational-regulations-of-vat-group-ag>.

<sup>7</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.



## Board of Directors

	Audit Committee (AC)	Nomination and Compensation Committee (NCC)	VATmotion Committee	Technology Committee
Martin Komischke	–	Chairman	Chairman	–
Heinz Kundert	–	Member	–	–
Libo Zhang	Member	–	–	–
Hermann Gerlinger	–	–	Member	Chairman
Urs Leinhäuser	Chairman	–	Member	–
Karl Schlegel	–	Member	Member	Member

### 3.8 Audit Committee (AC)

In accordance with the AC charter<sup>8</sup>, the AC consists of at least two members of the Board of Directors. The members of the AC and the AC Chairman are appointed by the Board of Directors. The term of office of the members of the AC is one year. Re-appointment is possible.

The AC is currently chaired by Urs Leinhäuser who is supported by Libo Zhang.

The AC assists the Board of Directors in fulfilling its duties to supervise management. In particular, the AC has the following duties:

- evaluating the external auditors, with regard to the fulfillment of the necessary qualifications and independence according to the applicable legal provisions, and making proposals to the Board of Directors concerning the choice of the external auditors,
- assessing the work performed by the external auditors and, upon request of the CFO, approving the budget for auditing fees,
- examining, reviewing and approving the accounting policies and the auditing plan of the internal and external audit,
- approving the necessary non-audit-specific services provided by the external auditors,
- organizing and evaluating the work of the internal audit and issuing recommendations to the Board of Directors,
- reviewing the outcome of the annual accounts (including material items not shown on the annual balance sheet) of VAT Group AG and the VAT Group with the external auditor and the relevant members of the Group Executive Committee as well as issuing the necessary applications and recommendations to the Board of Directors,
- discussion of the outcome of the annual audits and the reports of the internal audit with the external auditors and issuing the necessary applications and recommendations to the Board of Directors,
- interviewing the Group Executive Committee and the external and internal auditors regarding major risks, contingent liabilities and other responsibilities of the VAT Group as well as evaluating the respective measures taken by the VAT Group and issuing recommendations to the Board of Directors,
- assessing and assuring the cooperation of the external and the internal auditors and issuing recommendations to the Board of Directors,
- generally assessing the yearly business expenses of the members of the Group Executive Committee and issuing recommendations to the Board of Directors.

<sup>8</sup> The AC charter of VAT Group AG is published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/audit-committee-charter-of-vat-group-ag>.

### 3.9 Nomination and Compensation Committee (NCC)

In accordance with the NCC charter<sup>9</sup>, the NCC consists of at least three members of the Board of Directors. The members of the NCC are each elected by the shareholders' meeting. The term of office of the members of the NCC is one year. In this context, a year means the time period between one ordinary shareholders' meeting and the next or, if a member is elected at an extraordinary shareholders' meeting, between such extraordinary shareholders' meeting and the next ordinary shareholders' meeting. Re-election is possible. If there are vacancies on the NCC, the Board of Directors shall appoint substitutes from amongst its members for the remaining term of office.

The NCC is currently chaired by Martin Komischke who is supported by Heinz Kundert and Karl Schlegel.

The function of the NCC is to support the Board of Directors in establishing and reviewing a compensation strategy as well as in preparing the proposals to the shareholders' meeting regarding the compensation of the Board of Directors and the Group Executive Committee.

The NCC is responsible for preparing proposals to the full Board of Directors regarding:

- the compensation scheme of the VAT Group pursuant to the principles of art. 25 and 26 of the Articles of Association<sup>10</sup>,
- the determination of compensation-related targets for the executive management,
- the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO,
- the individual compensation (fixed and variable compensation) of the members of the executive management as well as their further terms of employment and titles,
- amendments to the Articles of Association with respect to the compensation scheme for members of the executive management,
- mandates pursuant to art. 23 of the Articles of Association and further additional occupation of the members of the executive management.

Further duties and responsibilities may be provided in the Articles of Association, the Organizational Regulations<sup>11</sup> such as the NCC charter<sup>9</sup> or law.

Further information about the NCC and its duties is provided in the Compensation Report on pages 63 to 64.

### 3.10 VATmotion Committee and Technology Committee

In accordance with the Organizational Regulations<sup>11</sup>, the Board of Directors can appoint committees to prepare and execute its resolutions and to supervise the Company. In 2017, the Board of Directors established the VATmotion Committee and the Technology Committee (TC).

The VATmotion Committee supports the full Board of Directors with regard to operational excellence measures. The VATmotion Committee is chaired by Martin Komischke who is supported by Hermann Gerlinger, Urs Leinhäuser and Karl Schlegel.

<sup>9</sup> The NCC charter of VAT Group AG is published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/ncc-charter-of-vat-group-ag>.

<sup>10</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

<sup>11</sup> The Organizational Regulations of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/organizational-regulations-of-vat-group-ag>.

In accordance with the TC Charter<sup>12</sup>, the TC consists of at least two members of the Board of Directors. It provides advice to the full Board of Directors in technological terms. It supports the management team in the development of the technology strategy and the evaluation of the Company's research, development and product portfolio. The Technology Committee is currently chaired by Hermann Gerlinger who is supported by Karl Schlegel.

### 3.11 Meetings of the Committees of the Board of Directors

According to the Organizational Regulations<sup>13</sup>, the meetings of the Committees are convened by their Chairman, usually ahead of each ordinary Board of Directors meeting, and are held as often as required (NCC at least three times a year).

In order to perform their duties, at least half of the Committee members have to be present in person or participate in electronic communications. In any case, a minimum attendance of two is required. Resolutions or motions to the Board of Directors must be passed by a majority of the votes cast. Abstentions from voting are regarded as non-delivered votes. Resolutions and motions to the Board of Directors may also be made in writing, unless a member requires oral deliberation. Upon the invitation of its Chairman and in consultation with the Chairman of the Board of Directors and, if applicable, the CEO, other representatives of the Group Executive Committee and other persons may participate in the Committee's meetings. If a conflict of interest is believed to exist, a member of the Committee shall abstain from voting upon all matters involving the interest at stake.

The Committees inform the Board of Directors at the following regular meeting of the Board of Directors, in case of urgency also immediately.

### 3.12 Overview of meetings in 2018

During 2018, the Board of Directors and the Committees conducted regular formal meetings and conference calls.

#### Formal meetings and conference calls

	BoD	AC	NCC	VATmotion Committee	Technology Committee
<b>Total number of meetings/calls in 2018</b>	5/5	6/2	4/0	5/0	3/0
Usual average duration, approx. (in hours)	4/1	2/1	2	2	2
Martin Komischke	5/5	-	3	5	-
Alfred Gantner (until 17 May 2018)	1/0	-/-	-	-	-
Heinz Kundert (from 18 May 2018)	3/4	-	2	-	-
Ulrich Eckhardt (until 17 May 2018)	2/1	3/1	2	-	-
Libo Zhang (from 18 May 2018)	3/4	3/1	-	-	-
Hermann Gerlinger	5/5	-	-	5	3
Urs Leinhäuser	5/5	6/2	-	4	-
Karl Schlegel	5/5	-	4	4	3
Internal Audit, PwC	-	2/0	-	-	-
External Audit, KPMG	-	3/1	-	-	-
External Advisors	-	-	2	-	-

The three members of the Group Executive Committee attended all meetings and calls of the Board of Directors and the meetings of the Committees as necessary. The Head Legal and Compliance joined all meetings

<sup>12</sup> The TC Charter of VAT Group AG is published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/tc-charter>.

<sup>13</sup> The Organizational Regulations of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/organizational-regulations-of-vat-group-ag>.

to act as secretary. External advisors attended two meetings of the NCC. VAT employees were invited to the respective meetings and calls occasionally when required.

In addition, the Board of Directors and the Committees held several informal meetings and calls (with and without VAT management and/or guests to discuss current subjects between formal meetings and calls).

### **3.13 Determination of areas of responsibility of Board of Directors and Group Executive Committee**

The Board of Directors is responsible for the ultimate direction of VAT Group AG as well as the supervision of the Group Executive Committee. The Board of Directors attends to all matters which are not delegated to or reserved for another corporate body of VAT Group AG by applicable laws, the Articles of Association<sup>14</sup> or the Organizational Regulations<sup>15</sup>. The Board of Directors is regularly informed about developments of VAT Group AG and the VAT Group and decides upon proposals and reports provided by the Committees or the Group Executive Committee.

The Board of Directors delegated the executive management of VAT Group AG and of the VAT Group to the Group Executive Committee acting under the leadership of the CEO, subject to applicable laws and the Articles of Association<sup>14</sup>. Further, the Board of Directors may delegate the preparation, proposal and execution of its resolutions or the supervision of certain projects and topics to one or several members of the Board of Directors, to a Committee, to the CEO, or to one of the members of the Group Executive Committee.

### **3.14 Information and control instruments vis-à-vis the Group Executive Committee**

Each Member of the Board of Directors can anytime require any information on each and all matters relating to VAT Group AG and its Group companies.

Meetings of the Board of Directors are attended by the CEO, COO and the CFO. At each meeting, the Board of Directors is to be informed by the attending members of the Group Executive Committee on the current course of business and significant business transactions. This includes, but is not limited to, a consolidated annual budget, monthly financial reporting, quarterly financial projections, profit and loss forecasts, monthly KPI reports and strategic risk management reports. Extraordinary events have to be reported immediately to the members of the Board of Directors by means of a circular, if necessary after prior information by phone, e-mail or fax. Any member of the Board of Directors may, anytime, require information or disclosure of business documents. Such requests are to be addressed in writing to the Chairman of the Board of Directors. As far as necessary for the completion of a task, each member of the Board of Directors may request the Chairman to provide him with accounts and files. Financial reports are submitted to the Board of Directors on a monthly basis. Full financial consolidation, including the cash flow statement, is performed on a monthly basis.

Based on the Organizational Regulations<sup>15</sup> of the Board of Directors, the AC has implemented a comprehensive system for monitoring and controlling the risks linked to the Company's business activities. This includes risk identification, analysis, control and periodical reporting to the AC. Operationally, the Group Executive Committee is responsible for controlling risk management. In addition, responsible persons are designated in the Company for significant individual risks and control activities, such as periodic internal audits of internal control systems (more details can be found in Section 8.1 herein).

<sup>14</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

<sup>15</sup> The Organizational Regulations of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/organizational-regulations-of-vat-group-ag>.

#### 4. Group Executive Committee

Subject to those affairs which lie within the responsibility of the Board of Directors according to Swiss law, the Articles of Association<sup>16</sup> and the Organizational Regulations<sup>17</sup>, the Board of Directors has delegated the executive management of VAT Group AG to the Group Executive Committee acting under the leadership of the CEO. The Group Executive Committee is mainly responsible for the financial and operational management and for the efficiency of the corporate structure and organization of the VAT Group AG.

##### 4.1 Members of the Group Executive Committee

The Group Executive Committee currently consists of three members, the CEO, CFO and COO, and is headed by the CEO.

The CEO is appointed and dismissed by the Board of Directors upon recommendation of the NCC. The other Group Executive Committee members are appointed and dismissed by the Board of Directors upon recommendation of the CEO and the NCC.

As of December 31, 2018, the members of the Group Executive Committee were:

**Michael (Mike) Allison, CEO, born in 1962, British citizen, joined VAT on January 1, 2018 and succeeded Heinz Kundert as CEO on March 13, 2018.**

Mike Allison joined Edwards in 2008 as Vice President of Global Sales & Services and, after the acquisition by Atlas Copco in 2014, became President of the Semiconductor division at Edwards/Atlas Copco. In this role and always having sustainable value creation in mind, Mike Allison achieved substantial business success and helped transform Edwards into one of the leading companies in the Semiconductor Vacuum sector. In addition to his roles at Edwards/Atlas Copco, Mike Allison also spent 20 years with KLA-Tencor where he had many significant roles including Executive Vice President and General Manager of Global Services, based in San Jose, USA. Other roles included significant positions in business strategy, sales, marketing and technical positions in Germany, UK and the USA.

Mike Allison is a member of the International Board of SEMI, the global industry association for the semiconductor equipment and material suppliers.

He holds a BSc Honors in Electrical & Electronic Engineering from Glasgow University.

**Andreas Leutenegger, CFO until December 31, 2018, was born in 1968 and is a Swiss citizen. Andreas Leutenegger joined the VAT Group AG as CFO in May 2015.**

Andreas Leutenegger started his career in 1994 in the audit department of KPMG in Zurich. Between 1999 and 2004, he served as a Corporate Controller and then Head of Corporate Reporting at Holcim Group and between 2004 and 2010 as CFO of Siam City Cement Public Company Limited, a member of the Holcim Group at the time. From 2010 until 2015, he was Head of Group Controlling at Holcim Group.

Andreas Leutenegger holds a master's degree in business administration from the University of St. Gallen, is a Swiss Certified Public Accountant and completed the Advanced Management Program (AMP 166) at Harvard Business School in 2004.

<sup>16</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

<sup>17</sup> The Organizational Regulations of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/organizational-regulations-of-vat-group-ag>.

**On 25 October 2018, VAT announced that, effective as of January 1, 2019, Dr. Stephan Bergamin, born in 1966, a Swiss citizen, was appointed as CFO of VAT Group AG, succeeding Andreas Leutenegger who left VAT Group AG by December 31, 2018.**

Stephan Bergamin joined VAT Group AG from Gearbulk Group, a specialized global cargo shipping company, where he was CFO from 2015 to 2018. Prior management positions include CFO roles at Goldbach, Cofely, the Steiner Group and companies within Swissair Group. He also worked in the corporate finance department at Credit Suisse as a finance consultant and project leader.

Stephan Bergamin holds a PhD in economics from the University of St. Gallen, specializing in Corporate Finance, and completed the Advanced Management Program (AMP 177) at Harvard Business School in 2009.

**Dr. Jürgen Krebs<sup>18</sup>, COO, was born in 1967 and is German citizen. Jürgen Krebs was appointed Chief Operating Officer of VAT Group AG as of June 1, 2017.**

Previously, Jürgen Krebs was Executive Vice President Operations and a member of the Group Executive Board at Hauni Maschinenbau AG, Hamburg, Germany, a position he held from 2004. Before that, Jürgen Krebs held various management positions at Heidelberg Druckmaschinen AG and Heidelberg Web Systems Inc.

Jürgen Krebs holds an engineering degree from the Technical University of Kaiserslautern, Germany, and a PhD in Mechanical Engineering from the University of Auckland, New Zealand.

#### 4.2 Mandates and other permitted activities

According to art. 23 of the Articles of Association<sup>19</sup>, with the approval of the NCC, the members of the Group Executive Committee may have, as a member of the Board of Directors or any other superior management or administrative body, up to three mandates in publicly listed companies, up to five mandates in companies pursuant to art. 727 para. 1 number 2 of the Swiss Code of Obligations, and up to five mandates in other legal entities. Mandates are activities in the superior management or administrative bodies in legal entities that are obliged to register themselves in a Swiss commercial register or a foreign equivalent and which are not controlled by VAT Group AG, do not control VAT Group AG or do not constitute pension funds insuring employees of the VAT Group.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

#### 4.3 Management contracts

There are no management contracts with companies not belonging to the VAT Group.

#### 4.4 Transactions of members of the Board of Directors or the Group Executive Committee

Detailed information regarding related-party transactions with members of the Board of Directors and Group Executive Committee is provided on the website of SIX Swiss Exchange: <http://www.six-exchange-regulation.com/en/home/publications/management-transactions.html>.

<sup>18</sup> Registered under his 2<sup>nd</sup> forename as "Ernst Krebs" in the commercial register

<sup>19</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

## **5. Compensation of the Board of Directors and Group Executive Committee**

### **5.1 Compensation, shareholdings and loans**

Information on compensation and shareholdings of the members of the Board of Directors and the Group Executive Committee can be found in the Compensation Report starting on page 62. The provisions regarding the principles of performance-related compensation, the allocation of equity securities, participation plans, the additional amount for payments to members of the Group Executive Committee appointed after the vote on remuneration by the shareholders' meeting, as well as regarding loans, credits and pension benefits are set in art. 25 to 29 of the Articles of Association<sup>20</sup>. The rules regarding the approval of the remuneration by the shareholders' meeting are set in art. 12 of the Articles of Association<sup>20</sup>.

According to the Articles of Association<sup>20</sup> VAT Group AG may not grant loans, credits, pension benefits other than from occupational pension funds or securities to members of the Board of Directors or the Group Executive Committee; advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum of CHF 1,000,000 are not subject to this provision. See also information provided in the Compensation Report on page 63, 64, 65 and 70.

## **6. Shareholders' participation**

### **6.1 Voting rights restrictions**

The identity of the owners or beneficiaries shall be entered in the share register stating first/last name (company name), domicile (registered seat), address and citizenship.

Voting rights may be exercised only after a shareholder has been registered in VAT Group AG's share register as a shareholder with voting rights. In shareholders' meetings, each shareholder has equal rights, including equal voting rights. According to the Articles of Association<sup>20</sup> each share carries one vote. All shares are entitled to dividends. At shareholders' meetings, shareholders may be represented by a proxy appointed in writing, a representative by law or the independent proxy. The proxy need not be a shareholder. Under the Articles of Association<sup>20</sup> and after due consultation with the persons concerned, VAT Group AG is authorized to delete entries in the share register with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information. The person concerned has to be immediately informed about the deletion.

### **6.2 Independent proxy**

The provisions of the Swiss Ordinance against Excessive Compensation provide that the Board of Directors must ensure that the shareholders are able to electronically grant proxies and instruct the independent proxy on (i) agenda items included in the invitation to the shareholders' meeting, and (ii) new motions which were not disclosed in the invitation to the shareholders' meeting. The independent proxy is required to exercise the voting rights granted by shareholders only in accordance with shareholder instructions. Further, absent express voting instructions, the independent proxy is required to abstain from voting. If VAT Group AG does not have an independent proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next ordinary shareholders' meeting.

At the ordinary shareholders' meeting held on May 17, 2018, Mr. Roger Föhn of ADROIT, Kalchbühlstrasse 4, 8038 Zurich, Switzerland, was elected as the independent proxy for the term ending at the conclusion of the next ordinary shareholders' meeting.

### 6.3 Quorums required

No statutory quorums other than those defined by Swiss corporate law and the Swiss Federal Merger Act apply. Any article of the Articles of Association<sup>21</sup> providing for a greater voting requirement than is prescribed by law or the existing Articles of Association must be adopted by a qualified majority of at least two thirds of the represented share votes and the absolute majority of the represented shares par value. The Articles of Association do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting.

### 6.4 Convocation of shareholders' meetings

Shareholders may be convened by the Board of Directors or, if necessary, by a company's statutory auditor or liquidator. The Board of Directors is further required to convene an extraordinary shareholders' meeting within two months if resolved at a shareholders' meeting or requested by one or more shareholders representing in aggregate at least 10% of VAT Group AG's nominal share capital registered in the commercial register.

Registered shareholders with voting rights individually or jointly representing at least 5% of the share capital of VAT Group AG may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 calendar days before the date of the shareholders' meeting and shall be in writing, specifying the items and the proposals.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. To the extent the post or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post or e-mail. The notice shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the shareholders' meeting or that an item be included on the agenda.

### 6.5 Entry in the share register

The Articles of Association<sup>21</sup> do not specify the date by when shareholders have to be entered into the share register to participate in the shareholders' meeting. For organizational reasons, no shareholders will be registered 12 calendar days prior to the shareholders' meeting.

## 7. Change of control provisions

### 7.1 Duty to make an offer/Opting-out, opting-up

Under the Swiss Financial Market Infrastructure Act (FMIA), if a person acquires shares of a listed Swiss company exceeding more than 33⅓% of the voting rights, that person must make a takeover bid to acquire all of the other listed shares of that company. A company's Articles of Association may either eliminate this provision (opting-out) or may raise the relevant threshold to 49% (opting-up).

<sup>21</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.



Art. 33 of VAT Group AG's Articles of Association<sup>22</sup> provide for a selective "opting-out" for the stated entities of Partners Group<sup>23</sup> and Capvis<sup>24</sup>, which are, when acting alone or in concert, exempted from the duties pursuant to the FMIA. This opting-out provision will automatically expire on December 31, 2020, meaning that if following such date any of the exempted persons (alone or acting in concert) newly exceeds the threshold of 33⅓% of the voting rights (whether exercisable or not), art. 135 FMIA will apply to that person as well. As neither Partners Group nor Capvis hold any shares in VAT Group AG as of December 31, 2018, this opting-out provision is currently not applicable.

## 7.2 Change of control

There are no change of control clauses for the members of the Board of Directors, except for the restricted shares, for which the three-year blocking period will be released in case of a successful takeover bid or the delisting of VAT Group AG. Information on the restricted shares is provided in the Compensation Report, page 69.

There are no change of control clauses for the members of VAT Group AG's Group Executive Committee or of senior management.

## 8. Audits

### 8.1 Internal Audit

Internal Audit is an independent function acting on behalf of the Board of Directors under the guidance and oversight of the AC. VAT Group AG chose to co-source with PricewaterhouseCoopers (PwC) in order to execute the individual audits and PwC has the responsibility to plan, execute and report the audits. According to the audit plan approved by the AC, the internal audit function conducts three audits a year and yearly issues a risk report to the Board of Directors.

### 8.2 External Audit

The external auditor is elected for a period of one year at the shareholders' meeting. KPMG AG, St. Gallen, was appointed as statutory auditor and group auditor in 2016 (and re-elected in 2017 and 2018), auditing the consolidated financial statements and the individual financial statements of VAT Group AG. Mr. Toni Wattenhofer was named lead auditor in 2016. The holder of this office changes every seven years, in accordance with Swiss law.

In 2018, aggregate audit fees for KPMG's audit of VAT Group AG and the VAT Group amounted to CHF 283,125.

KPMG rendered in 2018 additional services, in respect to compliance, tax returns and tax advice amounting to aggregate fees of CHF 127,710.

The Board of Directors is responsible for the supervision and control of the external audit process. Its remit includes reviewing internal and external audit reports; it is assisted by the AC when discharging this duty. The AC discusses the audit report results and evaluates their quality and comprehensiveness. The lead auditor in charge who represents the external auditor attended four meetings (in person or by telephone) of the AC in the year under review. An overview of meetings and attendance can be found in section 3.12 herein.

Once per year, the Board of Directors verifies the selection of potential auditors, in order to propose the preferred audit firm for election at the annual shareholders' meeting. Evaluating the effectiveness

<sup>22</sup> The Articles of Association of VAT Group AG are published at <http://www.vatvalve.com/InvestorRelations/investor-relations/corporate-governance/articles-of-association-vat-group-ag>.

<sup>23</sup> Comprising Partners Group Client Access 8, L.P. Inc., Partners Group Barrier Reef, L.P., Partners Group Direct Inv. 2012 (EUR), L.P. Inc., St Peter Port, Guernsey GY1 1BT, Channel Islands, and Partners Group Private Equity (Master Fund), LLC, New York, NY 10036, USA, all of whose ultimate sole shareholder is Partners Group Holding AG, Zugerstrasse 57, CH-6341 Baar.

<sup>24</sup> Comprising Capvis Equity III L.P., Capvis III Limmat L.P. (both acting through its general partner Capvis General Partner III Limited), and Capvis Equity IV L.P. (acting through its general partner Capvis General Partner IV Limited), St. Helier, Jersey JE2 3TE, Channel Islands

of the auditors, the AC considers in particular the following criteria: independence of both the audit firm and the lead auditor, qualification, including technical and operational competence, focus on significant risk areas, effectiveness and practicability of recommendations, efficiency of collaboration and transparency of communication.

The AC also examines the proportion between the external audit fees for the annual financial statements and the fees for additional non-audit services performed by the auditors quarterly.

### 9. Information policy

VAT Group AG engages in transparent, timely and regular communication with its shareholders, the capital markets and the general public.

VAT Group AG publishes its annual results, interim reports (semi-annually) and quarterly trading updates on the dates listed in the financial calendar published on the Investor Relations website at <http://www.vatvalve.com/InvestorRelations/investor-relations/financial-calendar>. The financial statements are prepared according to the International Financial Reporting Standards (IFRS). Printed annual reports are available upon request. All interim reports, Company press releases and ad hoc publications are also available on the VAT Group AG's website, as are subscription services for all such publications.

VAT Group AG convenes media and investor conferences on a regular basis. Press releases and ad hoc publications containing potentially price-sensitive information are published regularly and in accordance with the rules of the SIX Swiss Exchange. The SIX Swiss Exchange regulations can be found at <http://www.six-exchange-regulation.com>.

Information about the share price, annual results and interim reports, financial calendar, minutes of the annual shareholders' meeting, press releases as well as the Articles of Association are available at <http://www.vatvalve.com/InvestorRelations/Investor-relations>.

All upcoming dates can be found in the financial calendar on page 143 of this annual report.

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Ad hoc messages: <http://www.vatvalve.com/InvestorRelations/media/news/2018>

Financial Reports: <http://www.vatvalve.com/InvestorRelations/investor-relations/financial-reports>

Newsletter subscription: <http://www.vatvalve.com/InvestorRelations/investor-relations/newsletter>

Notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Board of Directors may designate further means for official publications. Notices of VAT Group AG to shareholders are to be made by official publications of VAT Group AG. Notices to shareholders may also be made in writing to the addresses of the shareholders recorded in the share register.