

Remuneration Report

Note

PricewaterhouseCoopers AG as statutory auditors have audited the Remuneration Report according to Clause 17 of the Ordinance against Excessive Compensation ("OaEC"). The audit was limited to the information contained in the sections II/1 lit.a, II/2 (Table "Compensation Executive Board 2018"), II/2 lit.g, II/2 lit.h and II /3 all marked as "audited information".

I. ASCOM REMUNERATION POLICY

1. Corporate Governance as basis of the remuneration policy

Remuneration is a part of Corporate Governance (see also pages 20 to 41 of the Annual Report) and Corporate Governance is a key topic for Ascom. Both the Board of Directors and Management are committed to good Corporate Governance in order to ensure sustainable development of the Company. According to the Articles of Association, it is a major task of the Compensation Committee to prepare the resolution of the Board of Directors concerning the compensation of the members of the Board of Directors and the members of the Executive Board to be approved by the Annual General Meeting.

Basic rules and regulations to be followed are set out in:

- Swiss Code of Obligations
- Ordinance against Excessive Compensation with respect to stock exchange listed companies ("OaEC")
- Listing Rules of SIX Swiss Exchange (LR)
- Articles of Association of Ascom Holding AG (dated 15 April 2015)
- Organizational Regulations of Ascom Holding AG (dated 21 August 2017)
- Share Registration Guidelines (dated 21 August 2017)
- Ascom Code of Ethical Business Conduct (dated 15 February 2012)
- Swiss Code of Best Practice for Corporate Governance

The Articles of Association and the Organizational Regulations of Ascom Holding AG are available on the Company website: www.ascom.com/Investor-Relations/Governance/Directives-and-guidelines.html

2. Remuneration principles for the Board of Directors

a) Legal background

According to Article 20b of the Articles of Association, the compensation of the members of the Board of Directors shall be adequate, competitive and performance-oriented and shall be set in line with the operative and strategic goals, the success of the Company, as well as the long-term interests of the shareholders.

b) Compensation structure

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations). The members of the Board of Directors receive a fixed fee without a variable component, and this fee is paid in cash. No other remuneration is paid. Members of the Board of Directors receive no severance payment.

The fees for members of the Board of Directors are reviewed on an annual basis and are set by the full Board of Directors subject to the approval of the Annual General Meeting. The assessment of the fees is based on external (e.g. benchmark to other international stock-listed technology companies with similar market capitalization) and internal criteria (e.g. workload, request of availability). Committee work, additional meetings or special projects are not compensated with an additional fee and no attendance fees are paid out either.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Board of Directors for all necessary expense, also in form of lump sum expense recoveries within the amount accepted by the tax authorities.

c) Board fees

The fees for the members of the Board remained unchanged since the Annual General Meeting 2017:

- Chairman of the Board: Annual gross remuneration of CHF 200,000
- Member of the Board: Annual gross remuneration of CHF 100,000

In addition, all Board members are encouraged to build up an investment over time of Ascom shares in the value of an annual Board compensation.

d) Mandates outside the Ascom Group

Article 20d of the Articles of Association defines the mandates outside the Ascom Group:

- Members of the Board of Directors may occupy or exercise four additional positions against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Board of Directors may occupy or exercise five uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- The Chairman of the Board of Directors may exercise a total of up to three positions in other publicly traded companies.
- In addition to these mandates, members of the Board of Directors may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the instructions of the Company.

The Company requires that each member of the Board discloses all activities. Based on this, all members of the Board of Directors comply with this regulation. The mandates outside the Ascom Group are listed in the Corporate Governance part (p. 27).

3. Remuneration principles for the Executive Board

a) Legal background

According to Article 20b of the Articles of Association, the compensation of the members of the Executive Board shall be adequate, competitive and performance-oriented and shall be set in line with the operative and strategic goals, the success of the Company, as well as the long-term interests of the shareholders.

The Company may pay to the members of the Executive Board in addition to a fixed compensation a performance-related compensation in cash. The amount of such compensation is dependent on the qualitative and quantitative goals and parameters determined by the Board of Directors, in particular the overall result of the Company and the individual contribution of the respective member.

The amount of the performance-related compensation of a member of the Executive Board (excluding any possible allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) cannot exceed the fixed compensation of such member.

According to Article 20b Section 3 of the Articles of Association, the Company may also allocate, beside cash compensation, equity securities, conversion rights, option rights or other rights with equity securities as underlying to the members of the Executive Board as part of their total compensation ("long-term incentive"). In case of an allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying, the amount of the compensation is equal to the value of the securities or, respectively, the rights allocated, determined as at the time of the allocation (grant) in accordance with the accounting standards applied by the Company for its consolidated accounts. The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of the fixed compensation.

b) Appointment of members of the Executive Board

As members of the Executive Board are considered the CEO and each further person who is explicitly appointed as such by the Board of Directors.

As of 31 December 2018, the Executive Board consisted of four members: CEO, CFO, COO, and Chief Sales & Marketing Officer (Executive Vice President Marketing & Business Development until 30 September 2018).

c) Determination of the remuneration of the Executive Board members

The remuneration package of the members of the Executive Board consists of three parts:

▪ Base salary

Fixed compensation in cash including social benefits: according to market benchmarks of the peer group (other international stock-listed technology companies with similar market capitalization)

▪ Short-term incentive (performance-related variable compensation)

- Cash payment dependent on the quantitative goals and parameters such as net revenue and EBITDA margin as determined by the Board of Directors. The goals shall be in line with the yearly budgets of the Company.
- Moreover, an individual performance factor has been introduced. An excellent performance leads to a multiplication of the short-term incentive (STI) with the factor 1.2, while a very good performance leads to a multiplication with the factor 1.1. A good performance leads to a multiplication with the factor 1.0. On the other hand, a "to be improved" performance leads to a multiplication with the factor 0.9. No STI will be paid to managers with underperformance.
- The total performance-related variable compensation (excluding any possible allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) cannot exceed the fixed compensation.

▪ Long-term incentive

- **Share matching plan (2013–2018):** The Board of Directors decided in 2013 to introduce a share matching plan as a long-term incentive instead of options. The share matching plan consists of a performance-related and a retention part. During a defined subscription period, the members of the Executive Board as beneficiaries have the opportunity to buy Company shares at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan. The beneficiaries may get – up to 65% of the number of their investment shares – matching shares in addition, provided that defined mid-term profitability targets are achieved (“performance-related part”). In any case, the beneficiaries receive 35% of the number of their investment shares as matching shares after a three-year vesting period for free (“retention part”), if their employment contract with Ascom has not been terminated at this point of time. In addition, beneficiaries may get up to 50% of the number of their investment shares as matching shares, provided that defined mid-term growth targets (CAGR over a certain period) are achieved. As a maximum, the Company will honor each investment share with 1.5 matching shares. The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of the fixed compensation.
- **Performance Stock Units Plan (since 2019):** The Board of Directors decided to introduce a different version of a long-term incentive as of 2019. To further recognize and reward members of the Executive Board (and selected senior managers) for sustainable value creation for the company and its shareholders, a new long-term incentive was developed and approved by the Board of Directors. The PSU Plan foresees annual issuance of Performance Stock Units (“PSU”) with the first allocation in 2019. The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of the fixed compensation. One PSU represents the conditional right to receive a fraction between 0% and 200% of an Ascom share subject to the fulfillment of certain vesting conditions. Vesting of the PSUs occurs on the third anniversary of the respective date of grant. Vesting conditions are, both, the achievement of performance targets as well as an unterminated contractual relationship with the company. Performance targets are represented by equally weighted three-year net income fully diluted Earnings per Share (“EPS”) and three-year relative Total Shareholder Return (“TSR”) measured against the Swiss Performance Index Extra (“SPI EXTRA”) and expressed as a percentage points difference. The award forfeit fully or partly if employment ceased before the vesting date. Furthermore, the PSU plan is subject to malus and clawback provisions. The respective plan rules provide the Board of Directors with absolute discretion to recoup (or cause the forfeiture if not yet vested or awarded) fully or partly any award under the restated financial result and/or for reasons linked to an individual’s behavior.

The Board of Directors decided to introduce the new long-term incentive plan in 2019 after the Annual General Meeting 2019. The maximum amount of the value of allocation of equity securities (long-term incentive) of CHF 850,000 (at the moment of allocation) for the Executive Board (4 members) for the business year 2019 as decided by the Annual General Meeting 2018 will be fully respected.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Executive Board for all necessary expense, also in form of car allowances and other lump sum expense recoveries within the amount accepted by the tax authorities.

d) System of CEO Compensation

Salary part	Target salary CEO
Long-term incentive Until 2018: share matching plan From 2019: Performance Stock Units	Until 2018: Opportunity to invest investment shares up to a maximum of CHF 325,000 From 2019: Performance Stock Units with the value of CHF 325,000 (achievement of performance targets as vesting condition)
Variable compensation (performance-related)	Minimal variable salary: CHF 0 Target variable salary: CHF 325,000 Maximal variable salary: CHF 650,000
Fixed compensation (base salary)	CHF 650,000

e) Number of external mandates and functions

Article 20d of the Articles of Association define the mandates outside the Ascom Group:

- Members of the Executive Board may occupy or exercise – subject to the approval of the Board of Directors – one additional position against compensation in the highest managing or supervising body of other entities that are obliged to be entered into the commercial register or a comparable foreign register and that are neither controlled by nor that control the Company.
- In addition, members of the Executive Board may occupy or exercise three uncompensated positions in the highest managing or supervising body of such entities, whereby expense recovery is no compensation.
- In addition to these mandates, members of the Executive Board may occupy or exercise not more than five positions in several different companies that form the same group of companies or positions that are held based on the instructions of the Company.

The members of the Executive Board comply with this regulation. The mandates outside the Ascom Group are listed in the Corporate Governance part (p. 36).

f) Employment agreements with members of the Executive Board

According to Article 20c of the Articles of Association, employment agreements with members of the Executive Board that form the basis of the compensation for the respective members are entered into for a fixed term of not more than one year or an indefinite term with a termination period of not more than 12 months as per the end of each calendar month.

All members of the Executive Board comply with this regulation.

g) Pension payments

According to Article 20c of the Articles of Association, the members of the Executive Board receive pension payments from the occupational pension scheme in accordance with the domestic or foreign occupational welfare law or pension regulations applicable to them, including possible supplementary benefits.

Pension payments outside the occupational pension scheme to a member of the Executive Board by the Company, an affiliate of the Company or any third party are admissible to the extent of not more than 25% of the annual total compensation of the person concerned, as far as the respective person is not affiliated to a Swiss or foreign benefit institution.

4. Approval Mechanism

a) Statutory approval mechanism

According to Article 20e of the Articles of Association, the General Meeting votes annually, separately and in a binding manner on the maximum total amounts proposed by the Board of Directors for:

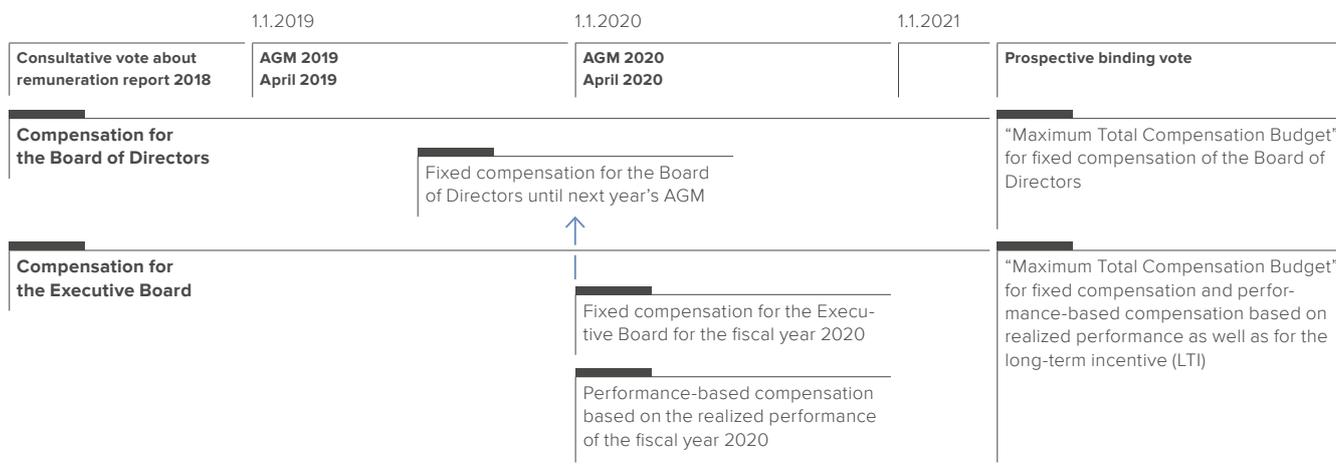
- The compensation of the Board of Directors for the year of office following the ordinary General Meeting until the next ordinary General Meeting
- The fixed compensation of the Executive Board for the next fiscal year (1 January–31 December) following the ordinary General Meeting
- The variable and other compensation of the Executive Board (including the allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) for the same approval period

In addition, the Board of Directors submits the remuneration report for the business year prior to the Annual General Meeting for a consultative vote. The Annual General Meeting 2018 approved in a consultative non-binding vote the Remuneration Report 2017 with a majority of 97.6%.

As far as a total amount approved for the compensation of the Executive Board is insufficient to compensate members of the Executive Board appointed or promoted within the Executive Board after the respective resolution of the General Meeting until the beginning of the following Approval Period, the Company may use an additional amount pursuant to Article 19 OaEC in addition to the previously approved total compensation for the Executive Board for the respective Approval Period. Such an additional amount is only available within the following limits: for the CEO an amount which is not more than 20% higher than the compensation of its predecessor and for a member of the Executive Board an amount which is not more than 20% higher than the amount available on average for members of the Executive Board (excluding the CEO) for the Approval Period. The General Meeting does not vote on the used additional amount.

According to Article 20e of the Articles of Association, the Company is entitled to compensate recoverable claims, which a newly appointed member of the Board of Directors or member of the Executive Board would have had towards his or her previous employer or principal, if this member had not changed the company. The recoverability of the claims has to be examined by an independent expert.

Ascom Compensation Approval Mechanism



b) Level of decision authority

Type of compensation	Compensation Committee	Full Board of Directors	Annual General Meeting
Compensation Board of Directors			
Maximum compensation for the Board of Directors for the period until the next Annual General Meeting	Recommendation	Proposal to the Annual General Meeting ¹	Approval
Individual compensation for the members of the Board of Directors in the reporting year	Proposal	Approval ¹	–
Compensation Executive Board			
Maximum compensation for the members of the Executive Board (fixed compensation, variable compensation, long-term incentive) for the fiscal year following the Annual General Meeting	Recommendation	Proposal to the Annual General Meeting	Approval
Individual compensation for the CEO (fixed compensation, variable compensation, long-term incentive) in the reporting year	Review, recommendation	Approval	–
Individual compensation (fixed compensation, variable compensation, long-term incentive) for the members of the Executive Board (without CEO) in the reporting year	Review of the CEO recommendation	Approval	–

¹ In any case of potential conflict of interest, the respective member of the Board of Directors shall abstain from voting.

c) Approvals of the Annual General Meeting 2018

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2018:

- Board of Directors: maximal amount of CHF 600,000 (for five members) for the period from the Annual General Meeting 2018 until the Annual General Meeting 2019 (subject to additional employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries); approved with a majority of 99.5%
- Executive Board (for four members) for the business year 2019:
 - Maximal amount of CHF 2,100,000 as fixed compensation (including contributions to pension funds and other social benefits and subject to additional employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries); approved with a majority of 99.4%.
 - Maximal amount of CHF 1,700,000 as variable compensation; approved with a majority of 99.2%.
 - Maximal amount of CHF 850,000 as long-term incentive; approved with a majority of 98.2%.

II. REMUNERATION IN FISCAL YEAR 2018

1. Board of Directors

a) Remuneration in fiscal year 2018 (audited information)

Members of the Board of Directors were paid a gross remuneration totaling CHF 600,000 in fiscal year 2018 (2017: CHF 722,500).

	2018	2018	2017	2017
	Gross remuneration including employee contributions to the Swiss social insurances	Employer contributions to the Swiss social insurances (AHV/IV/ALV)	Gross remuneration including employee contributions to the Swiss social insurances	Employer contributions to the Swiss social insurances (AHV/IV/ALV)
Andreas Umbach (Chairman since 19 April 2017)	200,000	12,139	176,667	10,827
Dr Valentin Chapero Rueda	100,000	6,225	105,833	6,588
Dr Harald Deutsch	100,000		105,833	–
Jürg Fedier ¹	100,000	6,225	70,833	4,409
Christina Stercken	100,000	–	105,833	–
Juhani Anttila ² (Chairman until 19 April 2017)			87,500	5,194
Dr J.T. Bergqvist ²			35,000	2,179
Urs Leinhäuser ²			35,000	2,179
Total	600,000	24,589	722,500	31,376

¹ Since Annual General Meeting 2017.

² Until Annual General Meeting 2017.

The remuneration difference compared to the previous year is due to the decrease of the number of Board members and the reduction of the gross remuneration as of the Annual General Meeting 2017.

- According to Swiss law, the Company paid Swiss social insurance (AHV/IV/ALV) employer contributions for the members of the Board. These payments do not represent an additional remuneration for the members of the Board as they do neither constitute nor increase Swiss social insurance pension benefits due to the actuarial cap.
- No member of the Board of Directors received any additional remuneration as defined by Art. 663b^{bis} of the Swiss Code of Obligations.
- No remuneration was made to parties closely related to the Board of Directors.
- No members of the Board of Directors or closely related parties were granted any loans by the Company nor do such loans exist.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Board of Directors for all necessary expenses, also in form of lump sum expense recoveries within the amount accepted by the tax authorities. According to the Remuneration Regulations for Members of the Board (Annex 1 to the Organization Regulations), the annual lump sum expense recovery amounts to CHF 20,000 for the Chairman and to CHF 4,000 for a regular Board member.

b) Compliance with the decisions of the Annual General Meeting 2017

According to the Articles of Association, the shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2017: CHF 600,000 for the Board of Directors (five members) for the period from the Annual General Meeting 2017 until the Annual General Meeting 2018.

The remuneration amounting to CHF 600,000 paid to the five members of the Board of Directors in the period between the Annual General Meeting 2017 and the Annual General Meeting 2018 is in line with the approval of the Annual General Meeting 2017.

2. Executive Board

a) Members of the Executive Board

In 2018, the Executive Board consisted of the following members:

- Holger Cordes, CEO
- Anette Weber, CFO
- Claes Ödman, COO
- Francis Schmeer, Chief Sales & Marketing Officer
(former Executive Vice President Marketing & Business Development)

Compensation Executive Board 2018 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous	Pension contributions	LTI ⁵	Total
CEO	650,000 ¹	97,794 ¹	62,087 ⁴	68,917	211,885	1,090,683
CFO	326,500 ¹	39,298 ¹	–	31,439	60,697	457,934
COO	285,413 ²	34,295	1,091 ³	84,750	–	405,549
Chief Sales & Marketing Officer (former EVP Marketing & Business Development)	327,255 ¹	48,510 ¹	–	28,818	26,028	430,611
Total Executive Board in 2018	1,589,168	219,897	63,178	213,924	298,610	2,384,777

¹ Including the statutory employee contributions paid to the Swiss social insurance.

² = SEK 2,537,000.

³ Contributions to medical benefit plans.

⁴ Accommodation allowance.

⁵ Weighted average fair value of the matching shares at grant (1 investment share = CHF 17,852) assuming full achievement of all performance-related targets.

Compensation Executive Board 2017 (audited information)

in CHF	Basic salary	Variable salary component	Miscellaneous	Pension contributions	LTI ⁵	Total
CEO	650,000 ¹	29,250 ¹	62,097 ⁴	74,199	299,648	1,115,194
CFO (since 1 August 2017)	135,420 ¹	26,135 ¹	4,963 ⁴	11,666	93,730	271,914
COO	284,760 ²	10,251	1,096 ³	84,572	–	380,679
EVP Marketing & Business Development	320,000 ¹	13,320 ¹	–	33,061	9,013	375,394
Former CFO						
– in charge (until 31.7.2017)	189,583 ¹	37,917 ¹	–	21,757	–	249,257
– period after resignation (1.8.–31.12.2017)	135,417 ^{1,6}	27,083 ^{1,6}	–	15,540	–	178,040
Total Executive Board in 2017	1,715,180	143,956	68,156	240,795	402,391	2,570,478

¹ Including the statutory employee contributions paid to the Swiss social insurance.

² = SEK 2,520,000.

³ Contributions to medical benefit plans.

⁴ Accommodation allowance.

⁵ Weighted average fair value of the matching shares at grant (1 investment share = CHF 18,025) assuming full achievement of all performance-related targets.

⁶ Compensation according to employment contract.

According to Swiss law, the Company paid the following Swiss social insurance (AHV/IV/ALV) employer contributions for the members of the Executive Board:

in CHF	Employer contributions to the Swiss social insurances (AHV/IV/ALV)	
	2018	2017
CEO	42,584	51,609
CFO (since 1 August 2017)	20,725	8,450
COO	–	–
Chief Sales & Marketing Officer (former EVP Marketing & Business Development)	20,275	22,389
Former CFO		
– in charge (until 31.7.2017)	–	13,371
– period after resignation (1.8.–31.12.2017)	–	9,550
Total	83,584	105,369

These Swiss social insurance employer contributions do not represent an additional remuneration for the members of the Executive Board as they do neither constitute nor increase Swiss social insurance pension benefits due to the actuarial cap.

The Company paid for the COO employer contributions of CHF 32,958 (2017: CHF 39,892) to the Swedish social insurances. These contributions do neither constitute nor increase the pension benefits of the employee.

According to Article 20e of the Articles of Association, expense recovery is no compensation. The Company reimburses the members of the Executive Board for all necessary expenses, also in form of car allowances and other lump sum expense recoveries within the amount accepted by the tax authorities.

b) Fixed compensation

The basic salaries (including social benefits) paid to the members of the Executive Board in the 2018 financial year totaled CHF 1,589,168 (2017: CHF 1,715,180).

c) Short-term incentive (performance-related variable compensation)

▪ Principles

- Targets are defined at the beginning of each year in alignment with the budget targets by the Board of Directors. If all defined targets are achieved in full, the respective member of the Executive Board receives a predetermined percentage of the basic salary as a variable component (performance-related part). If the results fall short, no variable salary component is paid. In cases where the targets set are exceeded, the member of the Executive Board is paid a higher variable salary component (up to a maximum that is in line with the fixed compensation).
- The CEO receives a variable salary component of 50% of his basic salary on fully achieving all targets. In cases where the targets set are exceeded, the CEO is paid a higher variable salary component (performance-related part) up to 100% of the basic salary.
- The other members of the Executive Board receive a variable salary component of 40–50% of their basic salary on fully achieving all targets. In cases where the targets set are exceeded, they are paid a variable salary component (performance-related part) up to a maximum of 100% of their basic salaries.
- Performance-related variable compensation (excluding any possible allocation of equity securities, conversion rights, option rights or other rights with equity securities as underlying) cannot exceed the fixed compensation of a member of the Executive Board.

▪ **Performance-related targets 2018**

The Board of Directors set the performance targets for 2018 with the aim to incentivize profitable growth of the Group.

The performance-related variable compensation for the members of the Executive Board in 2018 was linked to the achievement of the following measurable quantitative targets (incl. weighting):

- Net revenue: 55%
- EBITDA: 45%

The members of the Executive Board received a variable compensation according to the achievement of the quantitative targets and to the performance factor as described. The variable salary component for the whole Executive Board amounts to CHF 219,897 in 2018 (2017: CHF 143,956) due to a slightly higher target achievement. The variable salary component will be paid in April 2019, following the approval of the 2018 financial statements at the Annual General Meeting.

d) Long-term incentive (share matching plan 2018)

The Board of Directors decided to introduce the Ascom share matching plan 2018. The members of the Executive Board may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved ("performance-related part"). In addition, they get 35% of the number of their investment shares as matching shares after a three-year vesting period for free ("retention part"), if their employment contract with Ascom has not been terminated at that point in time.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of Ascom achieved in fiscal year 2020. In order to receive additional matching shares, Ascom must achieve at least the pre-defined EBITDA margin target at the lower end in 2019. Every participant will receive the maximum of 65% of additional investment shares in case that the EBITDA margin of Ascom in 2019 reaches the upper level of the pre-defined EBITDA margin target or higher. In addition, beneficiaries may get up to 50% of the number of their investment shares as matching shares, provided that defined mid-term growth targets (CAGR over a certain period) are achieved. As a maximum, the Company will honor each investment share with 1.5 matching shares. The total value of the long-term incentive for a member of the Executive Board cannot exceed 50% of the fixed compensation.

In 2018, the CEO purchased 11,869 investment shares and the other members of the Executive Board in total purchased 4,858 investment shares. The fair value of a matching share at grant amounts to CHF 17.852 (weighted average fair value). Thus, the fair value of all matching shares allocated to the Executive Board amounts to CHF 298,610 whereof an amount of CHF 211,885 for the matching shares is allocated to the CEO, assuming full achievement of all performance targets.

e) Total compensation of the members of the Executive Board

The total compensation in 2018 for all members of the Executive Board amounted to CHF 2,384,777 (2017: CHF 2,570,478).

f) Highest compensation

The highest total remuneration within the Ascom Group was paid to the CEO. The remuneration for the CEO in 2018, consisting of the basic salary and the variable salary component, amounted to CHF 809,891 (including miscellaneous). The employers' pension contributions amounted to CHF 68,917. The value of the Matching Shares allocated to the CEO are valued at a total of CHF 211,885 based on the value at the time they were granted and assuming all performance targets will be achieved.

The total remuneration paid to the CEO in 2018 amounted to CHF 1,090,683 (2017: CHF 1,115,194).

g) Additional payments (audited information)

No members of the Executive Board received any additional payments as defined by Art. 663b^{bis} of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Executive Board.

The Company granted no members of the Executive Board or closely related parties any loans nor do such loans exist.

h) Severance payments (audited information)

Contracts of employment with members of the Executive Board provide for no special severance payment. The period of notice for members of the Executive Board is maximal 12 months.

In the event of a takeover and a delisting of the Company, the participants of the Ascom share matching plans shall receive the same number of matching shares as they hold investment shares at the date of the publication of the delisting.

i) Compliance with the decisions of the Annual General Meeting 2017

The shareholders approved the following maximum amounts for future compensations at the Annual General Meeting 2017 for the then five members of the Executive Board for fiscal year 2018:

- CHF 2,100,000 as fixed compensation (including contributions to pension funds and other social benefits)
- CHF 1,700,000 as variable compensation
- CHF 850,000 as long-term incentive

The Annual General Meeting 2017 approved a total amount of CHF 4,650,000 for the compensation of the Executive Board in 2018. The total compensation paid to the Executive Board in 2018 of CHF 2,384,777 is in line with the approved amount of CHF 4,650,000 by the Annual General Meeting 2017.

Reported compensation of the Executive Board during fiscal year 2018 compared to the amount approved by shareholders at the Annual General Meeting 2017

In CHF	Executive Board compensation earned during FY 2018 (4 members)	Maximum amount approved by shareholders at the 2017 AGM (4 members)	Amount within the amount approved by shareholders at the 2016 AGM and compensation ratio
Fixed compensation (including contribution to pension funds and other social benefits)	1,589,168	2,100,000	Yes 75.7%
Variable compensation (STI)	219,897	1,700,000	Yes 12.9%
Long-term incentive (LTI)	298,610	850,000	Yes 35.1%
Total compensation Executive Board¹	2,384,777	4,650,000	Yes 51.3%

¹ Including miscellaneous and pension contributions.

The corresponding reporting of the Executive Board compensation 2019 approved by the Annual General Meeting 2018 as well as the reporting of the compensation ratio will be disclosed in the Remuneration Report 2019.

3. Former members of the Executive Board (audited information)

In 2018, Bianka Wilson (former CFO until 31 July 2017) was paid an amount of CHF 146,038 (including CHF 16,036 for pension contributions) in compliance with commitments set down in her contract of employment. Moreover, the Company paid an employer contribution of CHF 11,191 to the Swiss social insurance according to Swiss law.

III. SHARE OWNERSHIP

Number of shares and options held in Ascom Holding AG as of 31 December 2018:

1. Board of Directors

All members of the Board of Directors and closely related parties, in total: 59,150 shares.

	Shares ¹
Andreas Umbach	48,750
Dr Valentin Chaperero Rueda	–
Dr Harald Deutsch	2,000
Jürg Fedier	4,400
Christina Stercken	4,000
Total Board of Directors	59,150

¹ Acquired by the Board members from the market.

No members of the Board of Directors or closely related parties hold any conversion or option rights.

2. Executive Board

All members of the Executive Board and closely related parties, in total: 57,458 shares.

	Shares ¹
Holger Cordes, CEO	46,900
Anette Weber, CFO	8,600
Claes Ödman, COO	–
Francis Schmeer, Chief Sales & Marketing Officer	1,958
Total Executive Board	57,458

¹ Acquired by the members of the Executive Board from the market.

No members of the Executive Board or closely related parties hold any conversion or option rights.

3. Share allotment in 2018

According to the provisions of the Ascom share matching plan 2015, Ascom Holding AG allotted 4,175 shares in 2018 to 15 remaining participants of the Ascom share matching plan 2015.

Ascom Holding AG allotted no further shares in 2018.

IV. LONG-TERM INCENTIVE PLANS

1. Ascom share matching plan 2016

The Board of Directors decided in its Board Meeting of 19 August 2016 to introduce a share matching plan 2016 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan.

Beneficiaries may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved. In addition, they get 35% of the number of their investment shares as matching shares after a three-year vesting period for free, if their employment contract with Ascom has not been terminated at this point in time.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of the Ascom core business achieved in fiscal year 2018. In order to distribute additional matching shares to the beneficiaries, Ascom must achieve at least the lower end of the pre-defined EBITDA margin target 2018. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of Ascom in 2018 reaches the upper end of the pre-defined EBITDA margin target or higher. As a maximum, the Company will honor each investment share with one matching share.

19 members of the Ascom senior management decided to participate and they purchased in total 42,630 investment shares. 7,989 investment shares were exercised or forfeited in the years 2016 and 2017. Out of the remainder of 34,651 investment shares, another 5,929 investment shares were exercised or forfeited in 2018. Thus, 28,722 investment shares still may qualify for matching shares.

2. Ascom share matching plan 2017

The Board of Directors decided in its Board Meeting of 21 August 2017 to introduce a share matching plan 2017 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan.

Beneficiaries may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved. In addition, they get 35% of the number of their investment shares as matching shares after a three-year vesting period for free, if their employment contract with Ascom has not been terminated at this point in time.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of Ascom achieved in fiscal year 2019. In order to distribute additional performance-related matching shares to the beneficiaries, Ascom must achieve at least the lower end of the pre-defined EBITDA margin target 2019. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of Ascom in 2019 reaches the upper end of the pre-defined EBITDA margin target or higher.

In addition, the beneficiaries (excluding members of the Executive Board) may get up to 50% of the number of their investment shares as growth-related matching shares provided that defined mid-term growth targets are achieved. In order to receive additional matching shares, the growth performance (CAGR 2019 over 2016) must achieve a certain range. Every participant will receive the maximum of 50% of additional investment shares in case the growth performance as defined reaches the upper end of this range.

As a maximum, the Company will honor each investment share with 1.5 matching shares (members of the Executive Board: 1.0 matching share).

19 members of the Ascom senior management decided to participate and they purchased in total 32,956 investment shares. 1,808 investment shares were exercised or forfeited in 2018. Thus, 31,148 investment shares still may qualify for matching shares.

3. Ascom share matching plan 2018

The Board of Directors decided in its Board Meeting of 28 August 2018 to introduce a share matching plan 2018 for the Ascom senior management as a long-term incentive. The beneficiaries had the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan.

Beneficiaries may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved. In addition, they get 35% of the number of their investment shares as matching shares after a three-year vesting period for free, if their employment contract with Ascom has not been terminated at this point in time.

The Board of Directors linked the mid-term profitability targets to the EBITDA margin of Ascom achieved in fiscal year 2020. In order to distribute additional performance-related matching shares to the beneficiaries, Ascom must achieve at least the lower end of the pre-defined EBITDA margin target 2020. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of Ascom in 2020 reaches the upper end of the pre-defined EBITDA margin target or higher.

In addition, the beneficiaries may get up to 50% of the number of their investment shares as growth-related matching shares provided that defined mid-term growth targets are achieved. In order to receive additional matching shares, the growth performance (CAGR 2020 over 2017) must achieve a certain range. Every participant will receive the maximum of 50% of additional investment shares in case the growth performance as defined reaches the upper end of this range.

As a maximum, the Company will honor each investment share with 1.5 matching shares.

15 members of the Ascom senior management decided to participate and they purchased in total 24,057 investment shares.

4. Investment shares held of 31 December 2018

Share matching plan	Matching date	Underlying yearly result	Number of outstanding investment shares	Maximum of matching shares
2016	30.06.2019	2018	28,722	28,722
2017	30.06.2020	2019	31,148	35,560
2018	30.06.2021	2020	24,057	36,085

As of 31 December 2018, 83,927 investment shares were purchased as investments in share matching plans. These investment shares may entitle the holder to a maximum of 100,367 matching shares according to the regulations of the share matching plans. The outstanding 100,367 contingent matching shares correspond in total to 0.28% of the total share capital of the Company.

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