

Compensation Report

COMPENSATION REPORT



Colleen Goggins
Chairwoman of the
Compensation Committee

Our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders' interests.

Letter from the Chairwoman of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors and the Compensation Committee, I am pleased to introduce SIG Combibloc Group's ("SIG") Compensation Report for the year ended 31 December 2019. This report on compensation completes our business, financial, and corporate governance reports and explains SIG's compensation system and its governance, as well as how the performance of SIG impacts the variable compensation of the Group Executive Board.

The Compensation Committee can now look back on one full term of service after the IPO in September 2018. 2019 was characterised by implementing our performance-based Long-Term Incentive plan ("LTIP") under which the first grant occurred. This fosters the alignment of the participating Group Executive Board members and the key managers with our shareholders and is a key element to reflect the principle of "pay for performance" in our compensation framework. Further details of our LTIP are provided in Section 5. The Compensation Committee also educated itself on recent developments in compensation, legal, and governance-related matters pertaining to Swiss-listed companies.

The purpose of SIG's compensation framework is to attract, engage, and retain executives and employees, to drive performance and to encourage behaviours that are in line with SIG's values as well as with the long-term interests of shareholders. The Compensation

Committee regularly assesses, reviews and develops the compensation framework at SIG to ensure that it is fulfilling its purpose, reflecting the performance and culture of the Company, and aligning the interests of different stakeholders.

At the upcoming Annual General Meeting, we will ask the shareholders to approve prospectively in binding votes the maximum aggregate amount of compensation for the Board of Directors until the next Annual General Meeting in 2021 and the maximum aggregate amount of compensation for the Group Executive Board for the year 2021. Further, this Compensation Report will be submitted for a non-binding, consultative vote of the shareholders.

We will continue an open and regular dialogue with our shareholders as we continue to further develop the compensation system. We are confident that this report includes all relevant information and that our remuneration system rewards performance in a balanced and sustainable manner and aligns well with shareholders' interests.

On behalf of SIG, the Compensation Committee and the entire Board of Directors, I would like to thank you, our shareholders, for your contributions and continued trust in SIG.

Colleen Goggins
Chairwoman of the Compensation Committee

Compensation Report continued

1. Introduction

This Compensation Report has been prepared in compliance with Swiss laws and regulations, including the Ordinance against Excessive Compensation of Listed Stock Companies. The report is in line with the Directive on Information relating to Corporate Governance of SIX and also takes into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*.

The Compensation Report contains the following information:

- A description of the compensation governance and compensation framework at SIG
- The compensation of the members of the Board of Directors (“Board”) for 2019
- The compensation of the Group Executive Board for 2019

2. Compensation governance

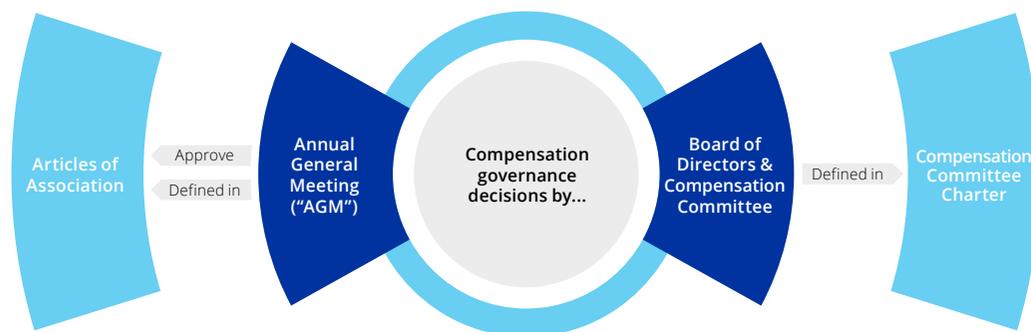


Figure 1: Compensation governance at SIG

The compensation governance structure at SIG involves three primary bodies, as depicted in Figure 1: (1) the Board, (2) the Compensation Committee (“CC”), acting in an advisory capacity for the Board and (3) SIG’s shareholders at the Annual General Meeting (“AGM”). The Compensation Committee Charter and the Articles of Association outline and define the roles and responsibilities of these bodies. The Articles of Association contain the following relevant provisions on compensation:

- **Principles for the compensation of the members of the Board and the Group Executive Board (Art. 24 to 26)**

Members of the Board of Directors receive fixed compensation, while members of the Group Executive Board receive fixed and variable compensation. The variable compensation may include short-term and long-term variable compensation components. These are governed by quantitative and qualitative performance criteria that take into account the performance of SIG.

- **Compensation approvals by the General Meeting (Art. 27)**

The AGM has the authority to approve the maximum aggregate amount of compensation for the Board of Directors for the ensuing term of office and the maximum aggregate amount of compensation for the Group Executive Board for the following year.

- **Supplementary amounts available for members joining the Group Executive Board or being promoted within the Group Executive Board to CEO after the relevant approval of compensation by the AGM (Art. 27, para. 4)**

SIG is authorised to pay compensation to such members of the Group Executive Board without further approval even in excess of the maximum aggregate amount approved by the AGM for the relevant year, provided that the sum of such excess amount is not greater than 40% of the approved maximum aggregate amount of compensation for the Group Executive Board for such year.

- **Retirement benefits (Art. 30)**

SIG may establish or join one or more independent pension funds for occupational pension benefits. Instead or in addition, SIG may directly offer retirement benefits (such as pensions, purchase of health care insurances, etc.) outside of the scope of occupational pension benefit regulations to members of the Group Executive Board and may pay them out after retirement.

The Articles of Association can be found on our homepage for investors www.sig.biz/investors/en/governance/articles-of-association or download the document directly here: cms.sig.biz/media/5241/aoa-sig-combibloc-group-ag.pdf.

Compensation Report continued

The roles of the Compensation Committee and the AGM are described in more detail in the following paragraph. The general split of responsibilities and authorities between the Board, the Compensation Committee and the AGM is illustrated in Figure 2.

	CEO	Compensation Committee	Board of Directors	AGM
Compensation principles (Articles of Association)			Approval (subject to AGM approval)	Approval (in case of changes, binding vote)
Compensation strategy and guidelines		Proposal	Approval	
Key terms of compensation plans and programmes for members of the Board of Directors and Group Executive Board		Proposal	Approval	
Total compensation for members of the Board of Directors		Proposal	Approval (subject to AGM approval)	Approval (binding vote)
Total compensation and benefits for members of the Group Executive Board		Proposal	Approval (subject to AGM approval)	Approval (binding vote)
Employment and termination agreements for the CEO		Proposal	Approval	
Employment and termination agreements for members of the Group Executive Board	Proposal	Review	Approval	
Compensation Report		Proposal	Approval	Approval (consultative vote)
Individual total compensation of the CEO		Proposal	Approval	
Individual total compensation of other members of the Group Executive Board	Proposal	Review	Approval	

Figure 2: Authority table regarding compensation

Role of the shareholders (AGM) – shareholder engagement

In line with SIG's Articles of Association, particularly Art. 11 and Art. 27, the Board will submit three separate compensation-related resolutions for shareholder approval at the 2020 AGM, as illustrated in Figure 3:

	AGM 2020		AGM 2021	
Board vote (Binding)		Vote at AGM 2020	Maximum aggregate amount for the term AGM 2020 – AGM 2021	
Group Executive Board vote (Binding)			Vote at AGM 2020	Maximum aggregate amount for FY 2021
Report vote (Consultative)	Vote at AGM 2020	Compensation Report FY 2019		
	2019	2020	2021	2022

Figure 3: Overview of votes at the 2020 AGM

Compensation Committee – activities during 2019

The Compensation Committee consists of three independent, non-executive Board members who are elected annually and individually by the Annual General Meeting for a one-year term until the following Annual General Meeting. The main role of the Compensation Committee is to assist the Board in fulfilling its responsibilities relating to the compensation of the members of the Board and the Group Executive Board of SIG. It supports the Board in discharging its duties, sets guidelines regarding the compensation of the members of the Board, the Chief Executive Officer ("CEO"), and the other members of the Group Executive Board, proposes the maximum aggregate amount of compensation to be awarded, and prepares the related motions for the Annual General Meeting.

The Compensation Committee Chairperson ensures that the Board members are kept informed in a timely and appropriate manner of all material matters within the Compensation Committee's area of responsibility.

Compensation Report *continued*

The Compensation Committee Chairperson convenes the meetings of the Compensation Committee as often as any business affairs of SIG require, but at least three times a year. In 2019, the Committee held six meetings. The topics covered are described in Figure 4. Details on the Compensation Committee members are provided in the Corporate Governance Report included elsewhere in the 2019 Annual Report. All members of the Committee had full meeting attendance during the reporting year.

	Agenda Item	January	February	May	July	September	December
Principles and design of compensation plans	Market intelligence (recent developments in compensation, legal, governance landscapes)				o		
	Long-term incentive framework for 2020 and onwards to enlarge participants group				o	o	o
Compensation Group Executive Board	Short-term Incentive Plan – Target achievement 2018 – Target setting 2019 – General target framework review including KPI measures 2020	o	o			o	o
	Long-term Incentive Plan – Target setting for grant 2019 and approval of plan participants		o				
	Review target compensation for the CEO and the Group Executive Board for 2020 Proposal to the Board of Directors						o
Compensation Board of Directors	Review compensation for the Board of Directors and Proposal to the Board of Directors						o
General framework	Shareholding Guidelines Assessment		o				
	General review of policies and partial update					o	o
Communication	AGM invitation including determination of the maximum amounts of compensation for the Board of Directors (for the term AGM 2019 to AGM 2020) and the Group Executive Board (year 2020)		o				
	Analysis of the compensation voting results of the AGM and the proxy advisers feedback			o	o		
	Compensation Report		o				o

Figure 4: Topics covered by the Compensation Committee in 2019

A performance review of members of the Board and of the Group Executive Board was conducted by the Nomination and Governance Committee with the members of the Compensation Committee in attendance, so that close coordination was ensured.

Compensation Report continued

The Compensation Committee may ask members of the Group Executive Board, one or more senior managers in the human resources function and third parties to attend meetings in an advisory capacity and may provide them with all appropriate information. The Chairperson of the Board and the CEO did not attend the meeting when their own compensation was discussed. The Chairperson of the Compensation Committee reported to the Board after each meeting on the substance of the meeting. All documents and the minutes of the Compensation Committee meetings are available to all members of the Board and all members of the Board may attend any committee meetings as guests. The Compensation Committee regularly holds private sessions (i.e. without the presence of members of the Group Executive Board, senior managers or third parties). The Compensation Committee may decide to consult external advisers for specific compensation matters. In 2019, the Compensation Committee mandated different external consultants for specific advisory services. One of these external advisers is part of one of the big four accounting firms (however not our external auditor). Separate practice groups of this firm were retained to advise the Group on certain compensation unrelated matters in 2019.

3. Compensation principles

The compensation framework of SIG reflects the commitment to attract, engage and retain top talents globally. SIG's overall compensation framework is long-term in nature and designed to reward outperformance and effectively address underperformance, with performance defined relative to targets and, in some case, relative to peers. SIG endeavours to make its compensation principles simple and transparent for the benefit of shareholders, Board and management. The compensation principles are illustrated in Figure 5.

Objectives and Principles	<ul style="list-style-type: none"> • Be competitive to attract and retain top talent and at the same time be reasonable in terms of amount and composition • Be balanced in terms of weight between base salary, STIP and LTIP • Be long-term as well as simple and transparent • Be developed to reward outperformance and effectively tackle underperformance • Be fully compliant with relevant laws and regulations
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Figure 5: SIG compensation framework, objectives and principles

To assess SIG's compensation system not only from an internal equity perspective but also from an external competitiveness perspective, regular market benchmark

analyses are conducted by the Compensation Committee regarding the level as well as the structure of the compensation of the Board and the Group Executive Board.

For the Board, Swiss-listed industrial companies are considered the most relevant reference market for compensation comparison, reflecting the specific governance regime and regulatory aspects of the Swiss market¹. For the Group Executive Board, a broader industry-related European comparator group is considered appropriate to assess compensation practices, structure and pay levels given SIG's international footprint and reflecting the recruiting². In both cases, size criteria apply.

A benchmark analysis for the Group Executive Board was conducted in 2019 using the same comparison groups as in the previous benchmark to ensure consistency. The Committee will continue to review the compensation packages with regards to level and structure for the Board as well as the Group Executive Board on a regular basis. Similarly, the composition of the respective comparison group will also be reviewed regularly.

Figure 6 provides an overview of the compensation elements for the Board and the Group Executive Board:

		Board of Directors	Group Executive Board
Fixed compensation elements	Annual base salary		
	Annual base fee		
	Annual committee fee		
	Pension benefits/other benefits		
Variable compensation elements	Short-term incentive plan		
	Long-term incentive plan		

Figure 6: Overview of compensation elements

Additional details for all the compensation elements are included later in the report.

1 The comparison group used for the most recent compensation benchmarking analysis of the Board consisted of the following Swiss listed industrial companies: ARYTZA, Barry Callebaut, BKW, Bucher, Clariant, DKSH, dormakaba, Dufry, Flughafen Zuerich, Geberit, Georg Fischer, OC Oerlikon, SFS Group, Straumann, Sulzer, Sunrise, Vifor Pharma.
 2 The comparison group used for the compensation benchmarking analysis of the Group Executive Board conducted in 2019 consisted of the following comparators: Aalberts, AMS, ARYTZA, Barry Callebaut, BKW, Bucher, Clariant, DKSH, DMG MORI, dormakaba, Duerr, Dufry, Flughafen Zuerich, GEA; Georg Fischer, IMI, Kingspan, OC Oerlikon, PRC, SFS Group, Spirax-Sarco, Straumann, Sulzer, Vifor Pharma, Weir.

Compensation Report continued

4. Compensation framework for the Board of Directors

Compensation approach for the Board of Directors

To underline the role of the Board to perform independent oversight and supervision of SIG, the entire compensation of the Board is fixed and does not contain any variable pay component.

The compensation for the members of the Board of Directors is composed of two components: a fixed annual base fee and fixed annual committee fee(s) for assuming the role of the Chairperson of a Board Committee or as a member of Board committees. Only ordinary members of the Board are entitled to the additional committee fees. The compensation of the Chairperson of the Board consists of the annual base fee only. Required employee social security contributions under the relevant country's applicable law are included in the compensation. No additional compensation components such as pension entitlements, lump-sum expenses or attendance fees are awarded to the members.

The amount of the annual base fee and annual committee fees for the Chairperson and the members of the respective committees are illustrated in Figure 7.

	Annual base fee (in CHF, gross)	Annual committee fees (in CHF, gross)					
		Audit and Risk		Compensation		Nomination and Governance	
		Chair	Member	Chair	Member	Chair	Member
Chairperson	550,000			Not entitled			
Ordinary member	175,000	50,000	25,000	40,000	15,000	40,000	15,000

Figure 7: Overview of the Board of Director's fees

The individual sum of the annual base fee and, where applicable, the annual committee fee per member is to be paid 60% in cash and 40% in either SIG blocked shares or Restricted Share Units ("RSUs"), entitling the respective Board member to receive SIG shares upon vesting of the RSUs. Dividend equivalents are paid to those members of the Board opting for RSUs, as a substitute for dividends, if any, paid on shares. In order to simplify the payout process, the Compensation Committee discussed adjustments to the Board of Director's compensation approach. Details are outlined in Section 8 of this Compensation Report.

The equity component is intended to further strengthen the long-term focus of the Board in performing its duties. Both the cash and share elements are paid out in arrears on a quarterly basis in four equal instalments. A three-year blocking/vesting period is applied to the shares and RSUs, expiring at the third anniversary of each respective grant. This approach is illustrated in Figure 8.

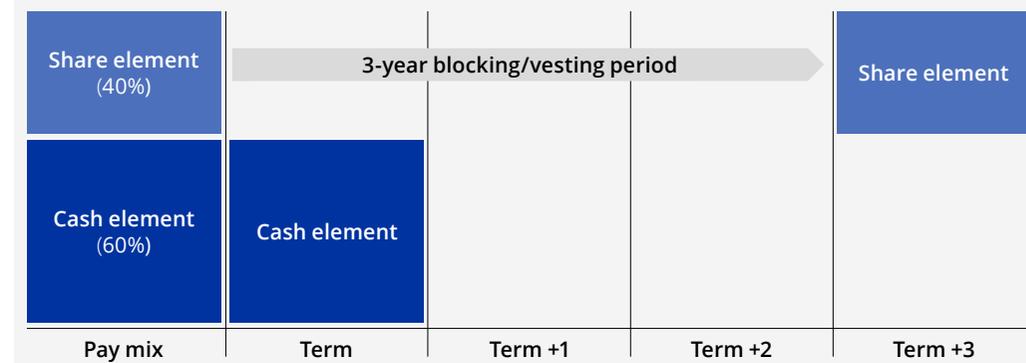


Figure 8: Compensation approach of the Board of Directors

Shareholding Guidelines for the Board of Directors

In order to further strengthen the long-term focus of the members of the Board and to increase the alignment of their interests with those of SIG's shareholders, Shareholding Guidelines are in place. Over a three-year period from the first equity grant date, the members of the Board (including the Chairperson) are expected to build up an investment in SIG worth the equivalent of 100% of their annual base fees. All blocked or unblocked shares and vested or unvested entitlements to shares (such as RSUs) received as a compensation, and shares acquired privately, either outright or beneficially, by the Board member or his or her immediate family members count toward meeting this threshold.

In the event that the Shareholding Guidelines are not met by a member of the Board at the end of the build-up period, non-fulfilment consequences, including sale restrictions on equity instruments received as compensation, would apply until the Shareholding Guidelines are met.

Compensation Report continued

Compensation awarded to the Board of Directors (Audited)

Table 1 summarises the compensation for 2019 of the seven non-executive members of the Board. Nigel Wright and David Mansell (until he retired at the AGM 2019) are associated with Onex Corporation, the major shareholder of SIG, and waived any form of compensation for their services on the Board in 2019.

Table 1: Total compensation of the Board of Directors in 2019 (1 January to 31 December) including information of the prior year

Members of the Board of Directors on 31 December 2019	Board membership	ARC ¹	CC ²	NGC ³	Settled in cash, CHF ⁴	Settled in shares, CHF ⁵	Social security payments, CHF ⁶	Total compensation earned in 2019, CHF	Total compensation earned in 2018, CHF ⁸
Andreas Umbach	Chair				330,000	220,012	36,847	586,859	147,262
Matthias Währen	●	Chair			135,000	90,005	12,501	237,506	59,584
Colleen Goggins	●		Chair		129,000	86,002	14,118	229,120	56,924
Werner Bauer	●	●		●	129,000	86,002	11,897	226,899	56,924
Wah-Hui Chu	●		●	●	123,000	82,013	13,411	218,424	54,264
Mariel Hoch	●	●	●		129,000	86,002	15,054	230,056	57,729
Nigel Wright	●			Chair	–	–	–	–	–
David Mansell ⁷					–	–	–	–	–
Total					975,000	650,036	103,826	1,728,865	432,687

1 Audit and Risk Committee.

2 Compensation Committee.

3 Nomination and Governance Committee.

4 Represents gross amounts paid, prior to any deductions such as employee social security and income withholding tax for services rendered from 1 January until 31 December 2019.

5 Represents gross amounts settled either in blocked shares or in RSUs, prior to any deductions such as employee social security and income withholding tax for services rendered from 1 January until 31 December 2019. The number of blocked shares/RSUs is determined by dividing each Board member's individual compensation amount for one award cycle by the average closing price of the SIG share of the last ten trading days immediately preceding each award date. For the December payment the average closing price of the SIG share of the first ten trading days of the month December applied.

6 Employer social security contributions.

7 Mandate until AGM 2019.

8 Payments are pro rata amounts for the shorter time period between IPO and December 2018.

Compensation Report continued

Assessment of compensation paid to the Board of Directors

The compensation levels for the members of the Board of Directors remained unchanged in 2019 relative to the post-IPO period in the prior year. Given the fact that the compensation in 2018 was paid only for the period from the IPO on 28 September 2018 until year-end 2018 (three months) while the compensation for 2019 reflects a full year of service, the compensation figures in Table 1 rose accordingly.

For a reconciliation of the approved and granted amounts, see Figure 9.

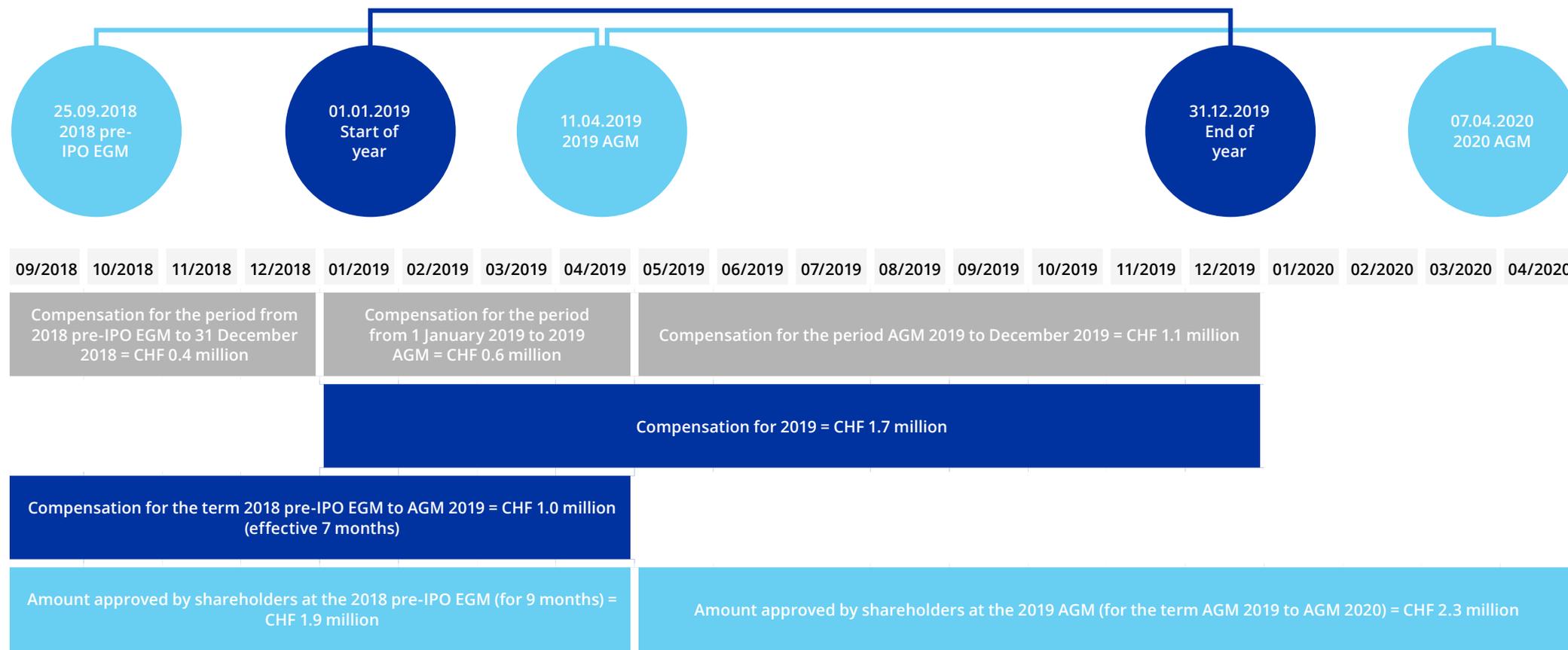


Figure 9: Reconciliation of compensation of the Board of Directors

Compensation Report continued

Shareholdings of the Board of Directors (Audited)

Table 2 shows the shareholdings of the Board as of 31 December 2019. Since the Shareholding Guidelines foresee a build-up period for members of the Board of three years after the first equity grant starting from 2019, adherence will be assessed for the first time in 2022.

Table 2: Shareholdings of the Board of Directors as of 31 December 2019 including information of the prior year

	Number of directly or beneficially held shares ¹	RSUs ⁷	Number of indirectly held shares	Total shareholdings including RSUs 31 Dec. 2019	Total shareholdings 31 Dec. 2018
Andreas Umbach	67,529	-	-	67,529	48,888
Matthias Währen	20,960	-	-	20,960	13,333
Colleen Goggins	-	7,287	23,820 ²	31,107	23,820 ²
Werner Bauer	22,842	-	23,820 ²	46,662	39,375 ⁵
Wah-Hui Chu	8,888	6,949	23,820 ²	39,657	32,708 ⁵
Mariel Hoch	7,287	-	-	7,287	-
Nigel Wright	-	-	106,422 ³	106,422	170,634 ³
David Mansell ⁴	n/a	n/a	n/a	n/a	62,379 ³
Total	127,506	14,236	177,882	319,624	391,137⁶

1 Ordinary registered shares of SIG Combibloc Group AG, including blocked shares.

2 Shares are held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which holds ordinary registered shares of SIG Combibloc Group AG (for further details see section 6) (figures rounded).

3 Indirectly attributable through minority investment in affiliates of Onex Corporation, the major shareholder (figures rounded).

4 The mandate of David Mansell ended at the AGM 2019 so that the Shareholding Guidelines no longer apply for him.

5 Thereof 23,820 shares held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which holds ordinary registered shares of SIG Combibloc Group AG (for further details see section 6) (figures rounded).

6 Thereof 86,664 shares directly or beneficially held; 304,473 shares held indirectly.

7 The RSUs will be converted into SIG shares after a three-year vesting period.

5. Compensation framework for the Group Executive Board

Compensation approach for the Group Executive Board

Compensation of the members of the Group Executive Board is provided through the following main components: Annual base salary and pension benefits/other benefits, which together form the fixed compensation component, a short-term incentive plan ("STIP") and a long-term incentive plan ("LTIP"), which together form the variable compensation component. The first grant under the LTIP occurred in 2019. This compensation framework, fully implemented in 2019, is presented in Figure 10. Compensation principles are generally reviewed every two to three years and were last reviewed by the Compensation Committee in 2019.

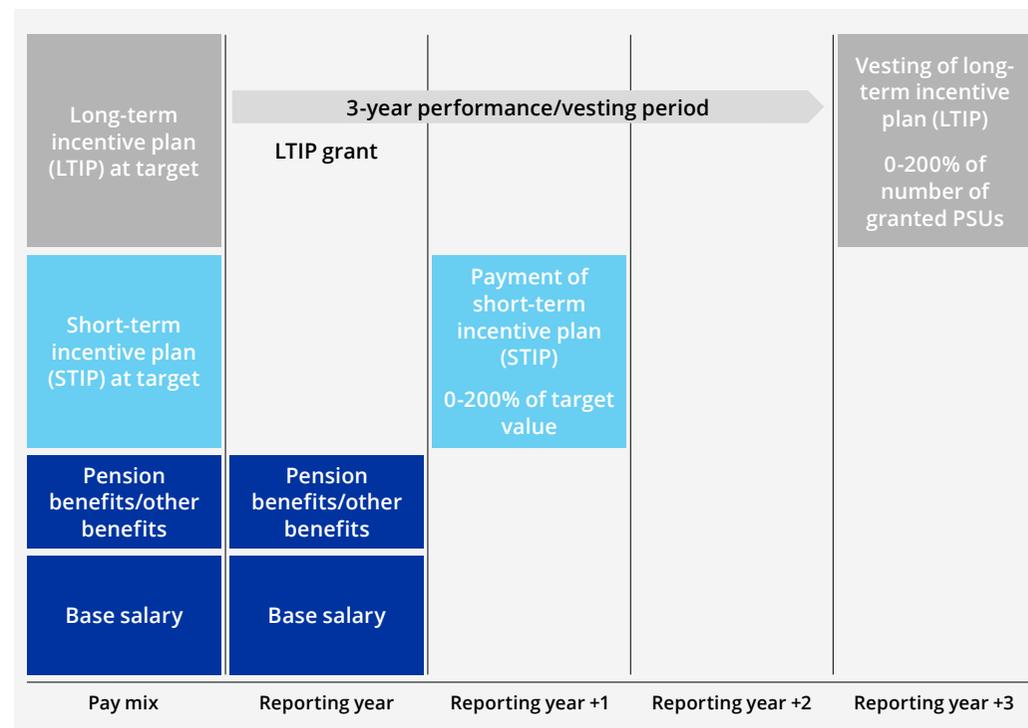


Figure 10: Illustrative overview of compensation framework of the Group Executive Board in 2019

Compensation Report continued

Fixed compensation components:

Annual base salary

The base salary is the main fixed compensation component paid to the members of the Group Executive Board at SIG. It is paid in cash in twelve equal monthly instalments unless local law requires otherwise. The level of base salary is determined by the specific role performed and the responsibilities accepted thereunder. It rewards the experience, expertise and know-how necessary to fulfil the demands of a specific position. In addition, the market value of the role in the location where the Company competes for talent is considered.

Pension benefits/other benefits

As the Group Executive Board is international in its nature, the members participate in the benefit plans available in the country of their employment contract. Pension benefits are provided through SIG's regular pension plan. Members of the Group Executive Board who are under a foreign employment contract receive benefits in line with local current market practice. Besides the pension coverage, benefits mainly include insurance and health care plans. In addition to this, the Group Executive Board members are also provided with certain executive perquisites and benefits in kind according to competitive market practice in the country of their employment (e.g. company cars). The fair value of these benefits is part of compensation and disclosed in Table 3.

Members of the Group Executive Board with a Swiss employment contract also receive a lump-sum cash payment as reimbursement for business and representational expenses, in accordance with the expense policy document approved by the cantonal tax authority of Schaffhausen.

Variable compensation components:

The variable compensation consists of a short-term incentive and a long-term incentive component.

Short-term incentive plan ("STIP")

Under the STIP, the members of the Group Executive Board are rewarded for the achievement of pre-defined annual financial targets for key performance indicators ("KPIs") derived from SIG's business strategy. In 2019, the STIP framework remained unchanged. The targets are determined by the Board, based on the recommendation of the Compensation Committee each year in advance, following a robust process. To calibrate the achievement curve for the following year, a target achievement level is identified based on the budget of the respective year. Minimum and maximum performance achievement levels are defined considering, among other metrics, the previous year's performance level as well as the notion that higher payouts should require proportionally higher levels of performance achievement, which leads to non-linear achievement curves. To determine the payout, the performance against each KPI will be assessed individually in a range from 0% to 200% and then combined according to the assigned weightings (see Figure 11). The overall payout is capped at 200% of the target amount and can fall to zero should the minimum performance achievement level not be attained.

Eligible participants who have particular regional responsibilities have KPIs reflecting their regional as well as group performance. The same weighting is assigned to group and regional KPIs for members who have such responsibilities. Other Group Executive Board members' performance, including the performance of the CEO and CFO, is assessed based on group level only.

Compensation Report continued

In 2019, the target individual short-term incentive equals 100% of the base salary for the CEO and between 66% and 82% of the base salary for other members of the Group Executive Board. The framework is also illustrated in Figure 11.

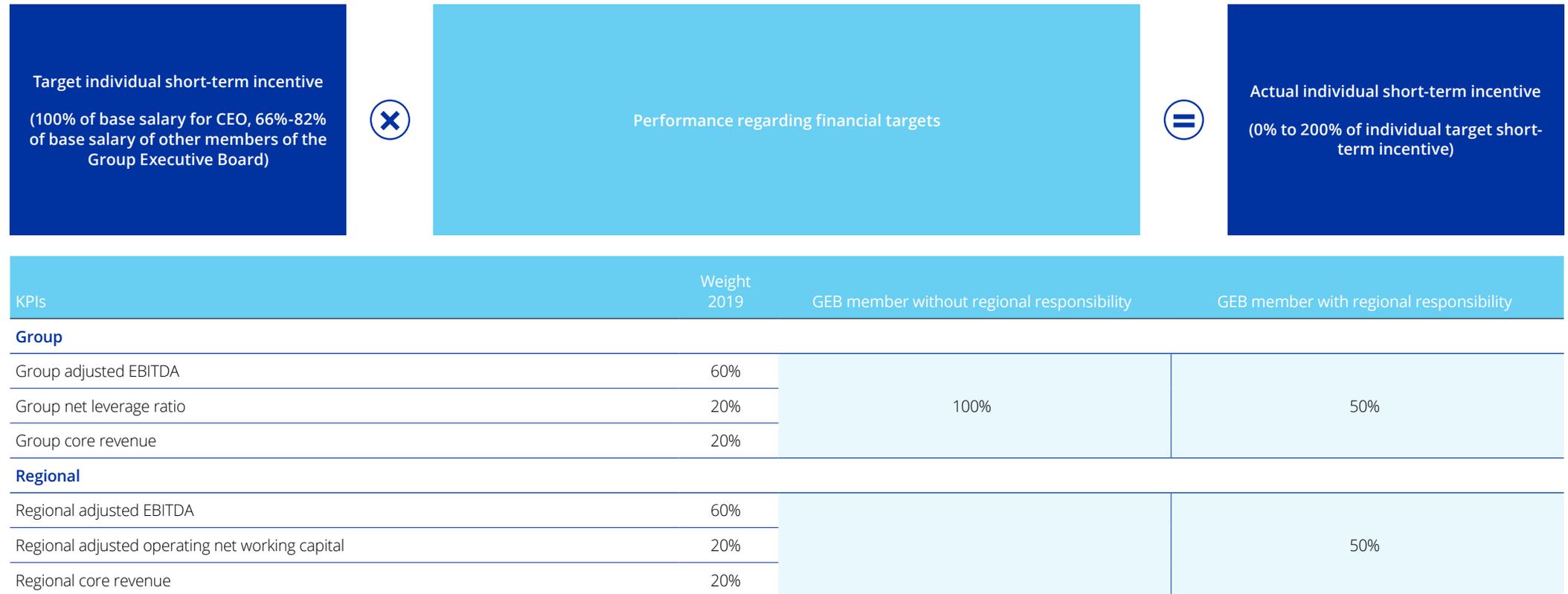


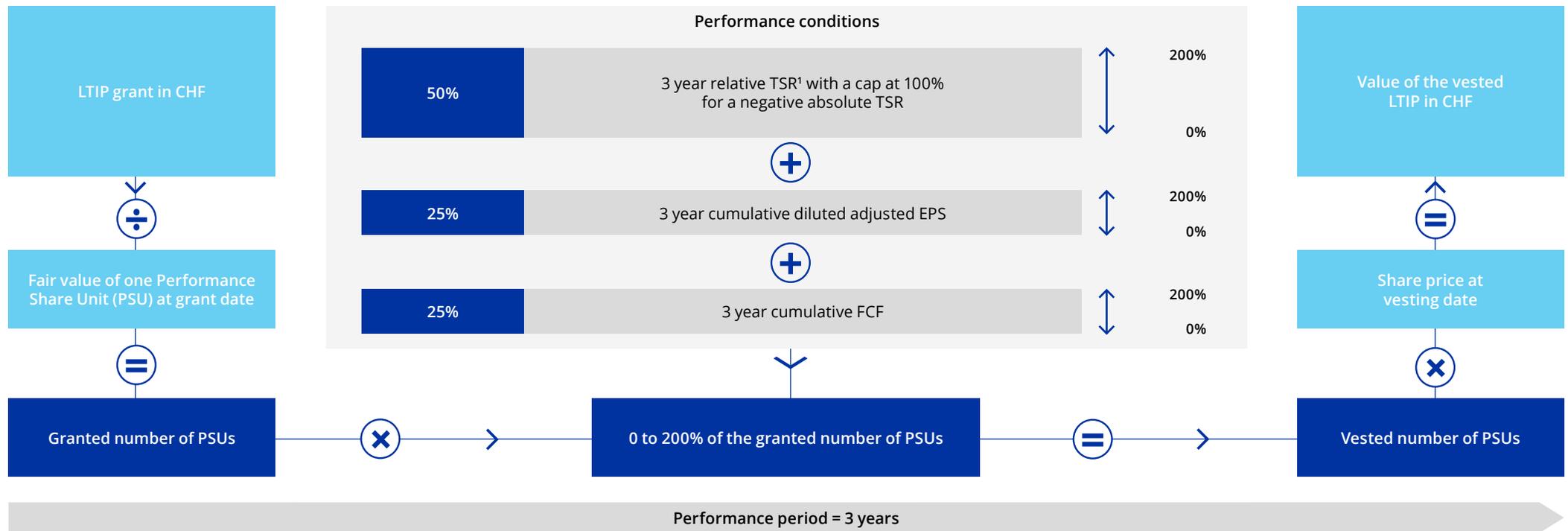
Figure 11: Overview of the Group Executive Board STIP compensation framework in 2019

Compensation Report continued

Long-term incentive plan ("LTIP")

Since 2019, members of the Group Executive Board participate in SIG's long-term success via the LTIP. This LTIP completes the compensation landscape at SIG by offering executives the opportunity to participate in the long-term success of SIG, thereby reinforcing their focus on longer-term performance and aligning their interests with those of shareholders. The following provides an outline of the plan specifics.

The mechanics behind the LTIP are illustrated in Figure 12. At the beginning of each three-year performance period, a certain number of Performance Share Units ("PSUs") is granted to each participant, which represents a contingent entitlement to receive SIG shares in the future. The number of granted PSUs depends on (i) the individual LTIP grant level in CHF, determined by the Board each year but never exceeding 200% of the base salary of any member of the Group Executive Board, including the CEO, and (ii) the fair value of one PSU at the grant date. In 2019, the LTIP grant in CHF amounted to 183% of the base salary for the CEO and between 108% and 161% of the base salary for other members of the Group Executive Board.



¹ SPI® Industry Industrials (Return) Index.

Figure 12: Overview of the principles of the LTIP

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After the three-year performance period, a certain number of the granted PSUs vest, depending on the performance of SIG over the period. The number of PSUs vesting in SIG shares may vary between 0% and 200% of granted PSUs and is based on the achievement of the following three weighted KPIs.

Relative total shareholder return (TSR)	Earnings per share (EPS)	Free cash flow (FCF)
50%	25%	25%
Total shareholder return measured relative to the SPI® ICB Industrials (Return) Index	SIG's cumulative diluted adjusted earnings per share	SIG's cumulative free cash flow

To determine the multiple of the granted PSUs ultimately vesting in shares, the performance against each KPI will be assessed individually in a range from 0 to 200% and then combined according to the assigned weightings. This means that a low performance in one KPI can be balanced by a higher performance in another KPI. Overall, the combined vesting multiple will never exceed 200%. If the performance of each of the three KPIs lies below the respective minimum performance requirement, the resulting combined vesting multiple would be 0% and consequently no PSUs would vest. Additionally, if the absolute TSR falls below zero over the period, the vesting factor of the relative TSR metric would be capped at 1.0.

In setting the targets, the Compensation Committee has been supported by an external, independent adviser. Investors' return expectations on market value, stock risk profile, investment projections and current profitability levels were taken as a starting point and translated into EPS and FCF targets, using multifactor valuation models and statistical analyses in order to establish an appropriate link between LTIP payouts and the value created for investors. The results of the outside-in approach were assessed against historical company performance, as well as equity analysts' expectations and strategic plan as suggested by management, to reinforce the Compensation Committee's and Board's confidence in the overall quality and robustness of the EPS and FCF targets. The Compensation Committee discussed different options for target setting and the corresponding vesting curves for each KPI and submitted a recommendation to the Board, which approved the respective vesting curves for the 2019 grant.

Key Performance Indicators (KPIs)	Threshold (0% vesting)	Target (100% vesting)	Cap (200% vesting)
3 years relative TSR against SPI® ICB Industrials (Return) Index	-16% of median of index	+0% Median of index	+10% of median of index
3 years cumulative diluted adjusted EPS	64.6% of target	100% target as set by the Board of Directors	135.4% of target
3 years cumulative FCF	62.5% of target	100% target as set by the Board of Directors	137.5% of target

Figure 13: Overview of the vesting curve of the LTIP 2019

Other circumstances under which no PSUs vest include various forfeiture clauses relating to termination of employment during the performance period of the LTIP grant.

Compensation Report continued

Compensation mix

Figure 14 illustrates the compensation mix for the CEO and the Group Executive Board at target level. This compensation mix reflects SIG's high-performance orientation and it represents the Company's strong emphasis on aligning the interests of the Group Executive Board and the shareholders to create long-term shareholder value and profitable growth, by making a large part of compensation dependent on the achievement of long-term goals.

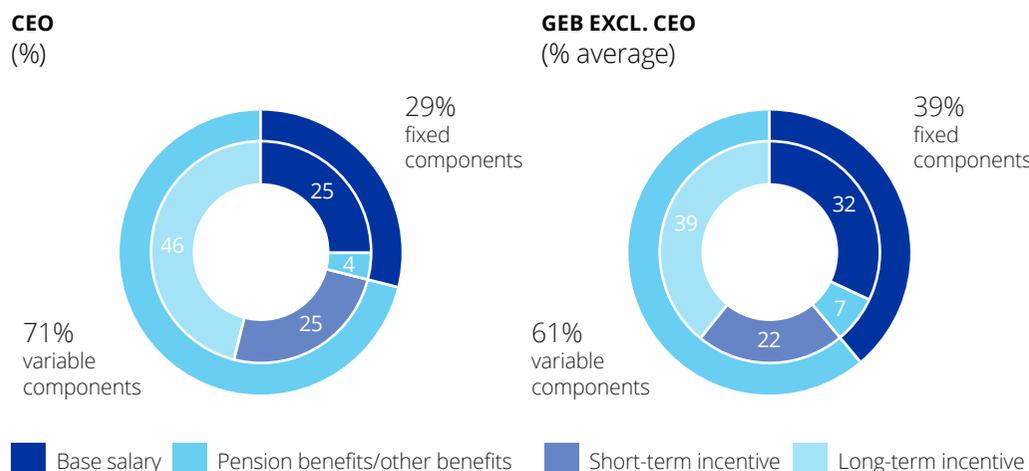


Figure 14: Overview of the compensation mix for the CEO and the Group Executive Board (excl. CEO) at target level

For the Group Executive Board members (excluding the CEO), the fixed components (including annual base salary and pension benefits/other benefits) vary between 33% and 42% (39% on average) of the total target compensation and the variable components vary between 58% and 67% (61% on average) of the package.

Employment conditions for the Group Executive Board

All members of the Group Executive Board have employment contracts of unlimited duration and a notice period of 12 months, ensuring compliance with the Swiss Ordinance Against Excessive Compensation in Listed Stock Companies and other applicable laws and regulations. The employment contracts provide, for a period of up to one-year post-termination, compensation for adherence to the non-compete clause. Such contracts do not include any severance payments, any change of control provisions other than accelerated vesting and/or unblocking of unvested share awards.

In case of a change of control, the LTIP will automatically terminate as of the date of the change of control (which will be defined by the Board if unclear). There are generally no special arrangements in place from which the Group Executive Board members (as well as the Board members) could benefit in divergence from other plan participants.

Shareholding Guidelines for the Group Executive Board

In order to reinforce the long-term focus of the members of the Group Executive Board and to sustain and increase the alignment of their interests with those of SIG's shareholders, Shareholding Guidelines have been issued. Over a five-year period from the first equity grant date in 2019, the members of the Group Executive Board are expected to build up an investment in SIG worth the equivalent of 100% of their annual base salary, or 200% for the CEO.

All blocked or unblocked shares as well as vested or unvested entitlements to shares (including RSUs but excluding PSUs) and shares acquired privately, either outright or beneficially, by the Group Executive Board member or his or her immediate family members count towards meeting these Shareholding Guidelines. In the event that the Shareholding Guidelines are not met by a Group Executive Board member at the end of the build-up period, non-fulfilment consequences, including sale restrictions on equity instruments received as compensation, would apply until the Shareholding Guidelines are met.

Compensation Report continued

Compensation awarded to the Group Executive Board (Audited)

Table 3 summarises the total compensation for the seven current members of the Group Executive Board in 2019. The total compensation for the Group Executive Board amounted to CHF 13.2 million.

Table 3: Total compensation of the Group Executive Board in 2019, including information of the prior year

CHF ¹	Group Executive Board (including the CEO) 2019	Group Executive Board (including the CEO) 2018	CEO, Rolf Stangl 2019	CEO, Rolf Stangl 2018
Annual base salary	3,214,722	3,105,302	875,000	856,250
Pension benefits	536,405	486,213	129,518	120,280
Short-term variable compensation ²	3,410,295	1,865,822	1,224,720	612,048
Long-term variable compensation ³	4,700,000	-	1,600,000	-
Other benefits ⁴	331,256	259,728	28,916	7,227
Social security contributions ⁵	966,097	443,409	303,876	114,631
Total regular compensation for the Group Executive Board	13,158,775	6,160,473	4,162,030	1,710,436
One-time awards including employer social security ⁶	-	2,886,455	-	1,817,398

1 Exchange rates 2019: EUR/CHF 1.11282; THB/CHF 3.20216; CNY/CHF 14.39436; BRL/CHF 25.23583. Exchange rates 2018: EUR/CHF 1.15485; THB/CHF 3.02613; CNY/CHF 14.79878; BRL/CHF 26.89541.
 2 Represents effective short-term variable compensation for 2019 for the seven current Group Executive Board members, which will be paid in 2020, after the publication of SIG's audited consolidated financial statements.
 3 Amount granted under the LTIP; the number of vested PSUs is subject to the achievement of the performance targets. The number of granted PSUs is equal to the participant's granted amount under the LTIP divided by the fair value of one PSU at the grant date (CHF 9.49, see note 31 of the consolidated financial statements for additional details).
 4 Comprises payments related to additional insurances, car benefits and other allowances and benefits.
 5 Employer social security contributions include estimates for the short-term incentive plan attributable to 2019 which will be paid in 2020 as well as for the long-term incentive plan at target level on accrual basis.
 6 IPO-related one-time award to selected members of the Group Executive Board in 2018.

Approved versus total regular compensation for the Group Executive Board

The total compensation for the Group Executive Board for 2019 of CHF 13.2 million (including social security contributions) is below the maximum aggregate compensation amount of CHF 18.0 million, which was approved at the Extraordinary General Meeting on 27 September 2018 (pre-IPO) for 2019.

Assessment of actual compensation paid/granted to the Group Executive Board

In comparison to the previous year, the total compensation of the Group Executive Board, excluding the IPO-related one-time award in 2018, rose by 114%. This increase is caused primarily by the post-IPO implementation of the LTIP, performance-related aspects regarding the STIP as well as some exchange rate movements. There were no increases in base salaries nor in target STIP levels versus post-IPO. There are two main factors that impacted the increase in compensation to the Group Executive Board in 2019:

- SIG's operating performance in 2019 increased, the Group Executive Board 2019 STI achievement ranging from 85% to 142% in 2019 compared to a range of 61% to 89% in 2018
- Introduction of the LTIP in 2019

Figure 15 illustrates the 2019 actual compensation mix for the CEO and the Group Executive Board, which underlines the strong focus on the short- and long-term variable compensation elements.

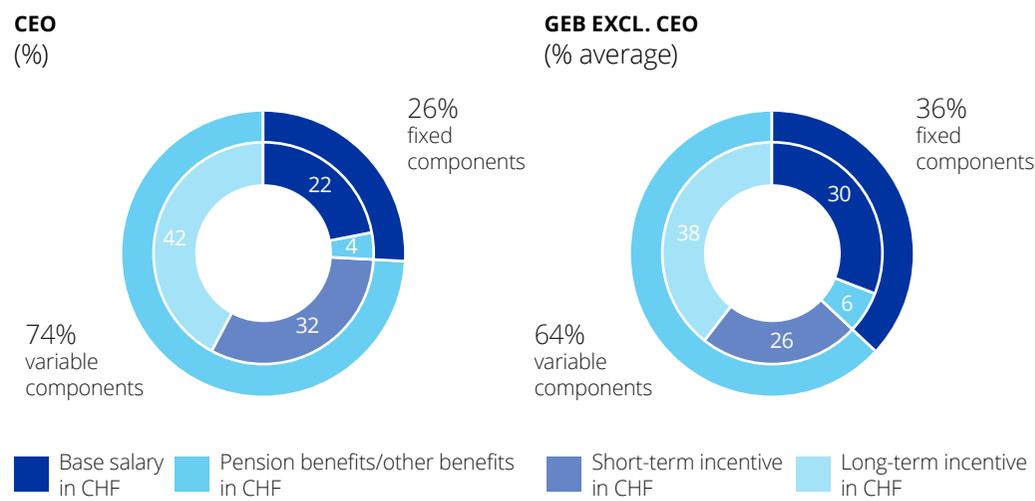


Figure 15: Overview of the actual compensation mix in 2019 for the CEO and the Group Executive Board (excl. CEO) (reflects the amount granted under the LTIP)

Compensation Report continued

Shareholdings of the Group Executive Board (Audited)

Table 4 shows the shareholdings of the Group Executive Board at 31 December 2019. Since the Shareholding Guidelines foresee a five-year build-up period for members of the Group Executive Board commencing with the first equity grant in 2019, compliance will be assessed for the first time in 2024.

Table 4: Shareholdings of the Group Executive Board as of 31 December 2019 including information of the prior year

	Total shareholdings 31 Dec. 2019 Number of indirectly ¹ , directly or beneficially held shares ²	Total shareholdings ² 31 Dec. 2018
Rolf Stangl	665,544 ³	1,065,471 ³
Samuel Sigrist	290,063 ³	464,362 ³
Markus Boehm	268,648 ³	549,703 ³
Ian Wood	84,225 ⁴	99,107 ⁴
Lawrence Fok	359,955 ³	509,612 ³
Martin Herrenbrück	134,633 ⁴	166,610 ⁴
Ricardo Rodriguez	263,702 ³	422,160 ³
Total	2,066,770	3,277,025

¹ Indirect ownership of shares can change in case of an exit, depending on the reason for resignation.

² Ordinary registered shares of SIG Combibloc Group AG.

³ Shares are held indirectly through partnership interests in Wizard Management I GmbH & Co. KG, which holds ordinary registered shares of SIG Combibloc Group AG (for further details see section 6) (figures are rounded).

⁴ Shares are held indirectly through partnership interests in Wizard Management II GmbH & Co. KG, which holds ordinary registered shares of SIG Combibloc Group AG (details see section 6) (figures are rounded).

Performance Share Unit Plan

In 2019, the PSU plan was introduced and the members of the Group Executive Board and certain other members of management were granted PSUs for the first time. Table 5 gives an overview of the first grant.

Table 5: Performance Share Unit overview

	2019
Grant date	01.04.2019
Vesting date	31.03.2022
Fair value of one PSU at grant date	CHF 9.49
Granted numbers of PSUs	537,414
Thereof granted to members of the Group Executive Board	495,263

6. Previous and discontinued compensation plans

Management Equity Plan (MEP)

In 2015, a Management Equity Plan ("MEP") was established for selected managers of SIG. The purpose of the MEP was to enable eligible managers to participate in the value creation of the Company and to align their interests with those of other shareholders. It was intended to generate returns to the eligible managers upon liquidity events. The shares in the Company are held by the managers via two limited liability partnerships. Table 2 and Table 4 show the shareholdings of the Board and the Group Executive Board at 31 December 2019. No further share purchases or awards under the MEP have been made in 2019 and there will be none in the future.

7. Loans granted to members of the Board of Directors or the Group Executive Board

SIG's Articles of Association do not allow for loans to be granted by the Group or its consolidated subsidiaries to members of the Board or the Group Executive Board. As a consequence, no loans were granted to or are outstanding from either Board or Group Executive Board members.

Compensation Report continued

8. Outlook for 2020

To create a stronger shareholder alignment and performance orientation within the leadership team below the Group Executive Board, the Compensation Committee recommended, and the Board of Directors approved, a new Equity Investment Plan, which will be implemented in 2020. With this new plan, SIG is committed to fostering strong shareholder alignment below the Group Executive Board level.

In 2019, the Compensation Committee reviewed the payment terms and conditions of the compensation for the Board of Directors. In order to ensure a leaner payment process, the Board of Directors has decided to forego the choice between blocked shares and RSUs. As of 1 January 2020, the equity element will be provided solely in the form of blocked shares. The overall compensation regarding level and structure will remain unchanged.



Report of the statutory auditor to the General Meeting of SIG Combibloc Group AG Neuhausen am Rheinfall

We have audited the remuneration report of SIG Combibloc Group AG for the year ended 31 December 2019. The audit was limited to the information according to articles 14-16 of the ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled 'audited' on page 61, page 63 and pages 69-70 of the remuneration report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the remuneration report of SIG Combibloc Group AG for the year ended 31 December 2019 complies with Swiss law and articles 14-16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Brüderlin

Audit expert
Auditor in charge

Manuela Baldisweiler

Audit expert

Basel, 20 February 2020