



# REMUNERATION REPORT

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# LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE



Dear Shareholders,

On behalf of the Board of Directors and the Remuneration Committee, I am pleased to introduce Medacta's Remuneration Report for the financial year ending December 31, 2021. This report follows a similar structure to the prior year's report. However, our open and regular dialogue with shareholders and proxy advisors led to some developments in disclosure that we believe improve transparency on how Medacta's performance results impact the variable incentive payments of the Group Executive Management. Transparency is key for us, so we continuously work to improve our disclosures.

The results reached in the Financial Year 2020, along with the resilience and proven ability to adapt to a new world, allowed the Board of Directors and the Group Executive Management to not extend the compensation cut measure for the Financial Year 2021. Medacta operations in 2021 were still affected by the COVID-19 pandemic, with last quarter developments that were challenged by a worldwide surge of COVID-19 cases that stalled operations. Despite the challenging market conditions, Medacta continued executing its strategy, with an impressive 20.0% growth rate as compared to the previous year period, gaining market

shares, preserving margins, and investing in innovation, people, and technology to sustain our momentum. Medacta's expansion allowed to retain all our employee positions worldwide and add 158 jobs in critical areas to maximize the company's ability to execute our strategy.

As described in this report, Medacta's remuneration policy aims to support the Company's strategic plans; motivating Members of the Board of Directors and Group Executive Management on the near-medium terms and striving for future long-term success; attracting, engaging, and retaining the best talent in the MedTech industry. To this end, we have enhanced the remuneration structure in line with market practice, introducing a Long-Term Incentive Plan for our Group Executive Management, selected key managers and employees of Medacta, with a proposal at the Board of Directors meeting held on March 30, 2021. The plan approved by the Board of Directors provides the eligible Medacta employees with an opportunity to become shareholders of the company, and hence align their interests to those of Medacta's other shareholders, to participate in the future long-term success and prosperity of the Group, and to enhance and reward loyalty.

#beMedacta culture is a key contributor for our sustainable success, as also described in the **Sustainability Report 2020**<sup>1</sup>. Integrity, trust and accountability, results orientation, teamwork and loyalty are all values that define our culture. Our values and their evaluation are integrated in our recruiting process, in the onboarding activities and in the performance review. In 2021 we reviewed and adopted a Succession plan for key employees and key roles within the Group to identify, develop, retain and train employees that will fill leadership roles as they become available and keep alive our #beMedacta culture.

For the upcoming years we expect to continue our focus on evolving our variable incentive plans to reflect Medacta's corporate social responsibility and sustainable approach, relevant environmental, social, and governance targets to ensure that our compensation framework is attractive, effective in achieving our mission, and sustainable. We will also continue to evolve the structure of our variable incentive plans, particularly with respect to maintaining and further strengthening the strong link between pay and performance.

In accordance with the **Articles of Association**<sup>2</sup>, at the annual shareholders' meeting in May 2022, we will ask for approval of the maximum aggregate remuneration amount to be awarded to the Board of Directors for the period until the next annual shareholders meeting in 2023. In addition, the shareholders will be asked to approve (i)

the maximum overall fixed compensation of the Group Executive Management in 2023, (ii) the maximum overall variable short-term compensation for the Group Executive Management for the work performed in 2021, and (iii) the maximum overall variable long-term compensation of the Group Executive Management that may be allocated in 2023. Finally, the annual shareholders' meeting will approve the amount of remuneration to Board Members for consulting services in a function other than as Board Members until the next annual shareholders meeting as well as cast a consultative vote on this Remuneration Report.

On behalf of the Board of Directors, I would like to thank you for your continued feedback and ongoing support. We hope that you find this report informative, and we remain confident that our compensation system aligns well with our shareholder interests. We look forward to continued dialogue and collaboration.



**Philippe Weber**  
Chairman of the Remuneration Committee

<sup>1</sup> Medacta's Sustainability Report 2020 is available on Medacta's website at <https://www.medacta.com/EN/sustainability>.

<sup>2</sup> Medacta's Articles of Association are available on Medacta's website at <https://www.medacta.com/EN/corporate-governance?goto=organizational-regulations>.

# 1. INTRODUCTION

This Remuneration Report is in compliance with the requirements of the Ordinance Against Excessive Compensation in Publicly Listed Companies ("OaEC"), Medacta's **Articles of Association** and, with respect to compensation disclosure, to the SIX Exchange Regulation Directive on Corporate Governance and to the Swiss Code of Best Practice for Corporate Governance. We structured this report by first describing the Remuneration Governance of the Group followed by the Remuneration philosophy and principles and the Compensation Framework for Board of Directors and Group Executive Management ("GEM"). We conclude with reporting the Ownership of Shares and Options, the Other compensation-related information under the OaEC (Audited), the Related Party Compensation and the report of the statutory auditor on the Remuneration report.

# 2. REMUNERATION GOVERNANCE

The remuneration landscape at Medacta is mainly structured by the Remuneration Committee as well as the Board of Directors and approved by the shareholders of Medacta. The overall responsibility for the implementation of the statutory remuneration principles and the remuneration principles set out in the Company's **Articles of Association** lies with the Board of Directors. However, as illustrated in the table below, the Remuneration Committee serves in an advisory capacity for remuneration matters while the Board of Directors retains the ultimate decision authority, all within the limits set by the Annual General Meeting ("AGM"), which approves the maximum aggregate amounts of remuneration for the Board of Directors and the Group Executive Management at each shareholders' meeting.

	Proposes	Reviews	Approves
Remuneration Principles (Article of Association)	● Remuneration Committee	● Board	✓ AGM
Remuneration Report	● Remuneration Committee	● Board	✓ Board* <small>* AGM has a consultive vote</small>
Maximum aggregate amount of remuneration for the Board	● Remuneration Committee	● Board	✓ AGM
Individual remuneration of Board Members	● Remuneration Committee		✓ Board
Maximum aggregate amount of remuneration (including STIP and LTIP) for GEM	● Remuneration Committee	● Board	✓ AGM
Maximum aggregate amount of remuneration of the CEO	● Remuneration Committee		✓ Board
Individual remuneration of other GEM Members	● Remuneration Committee		✓ Board

Shareholders of Swiss listed companies have significant influence on the remuneration of governing bodies and the principles governing remuneration must be defined in a company's articles of association.

The compensation principles outlined below are derived and summarized from Medacta's **Articles of Association**:

- **Approval of remuneration by the AGM (article 12):** the annual shareholders' meeting votes separately and bindingly on the proposals by the Board of Directors regarding the aggregate amounts of (a) the compensation of the Board of Directors for the term of office until the next shareholders' meeting and (b) (i) the maximum overall fixed compensation of the Group Executive Management in the subsequent business year, (ii) the maximum overall variable short-term compensation for the Group Executive Management for the work performed in the previous business year, and (iii) the maximum overall variable long-term compensation of the Group Executive Management that may be allocated in the subsequent business year.
- **Principles of remuneration of the Board of Directors (article 25):** the compensation may consist of a fixed base fee (including a lump sum compensation for expenses) paid in cash and/or awarded in shares (depending on the function in the Board of Directors, the number of committee activities and the functions in the committees). In exceptional cases, the Members of the Board of Directors may be awarded performance-related compensation.
- **Principles of remuneration of the Group Executive Management (article 26):** the compensation of the Members of the Group Executive Management may consist of a fixed compensation paid in cash (which consists of a base salary and can also contain other compensation elements and benefits); a variable short-term compensation paid in cash and/or shares; and variable long-term compensation paid in shares or equity-linked rights.
- **Short-term variable compensation and long-term compensation plans (article 26):** the short-term variable compensation is paid in cash and/or shares and depends on the level of achievement of specific pre-defined targets for a one year performance period; the long-term compensation approved by the Board of Directors is intended to incentivize Members of the Group Executive Management, selected key managers and employees to support the long-term performance of the Company and creation of shareholder value.
- **Loans and credits (article 28):** Medacta shall not grant loans, credits, pension benefits other than from occupational pension funds or securities to the Members of the Board of Directors or the Group Executive Management<sup>3</sup>.
- **Agreements related to compensation and maximum contract terms of Group Executive Management (article 24):** the employment agreements of the Members of the Group Executive Management shall in principle be concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed one year. With respect to employment agreements entered into for an indefinite period, the maximum notice period shall not exceed 12 months. Non-competition agreements for the time following termination of an employment contract and the associated compensation are permitted to the extent that this is justified from a business perspective. The compensation for such a non-competition obligation may not exceed in total the average of the fixed compensation paid to the respective member of the Group Executive Management during the last three years.
- **Additional compensation for new Members of the Group Executive Management (article 29):** if newly appointed or promoted Members of the Group Executive Management take office after the annual shareholders' meeting has approved the aggregate maximum amount of compensation of the Members of the Group Executive Management for the next business year, such newly appointed or promoted Members may receive an aggregate compensation in each case of up to 30% of the last aggregate amount of compensation for the Group Executive Management approved by the annual shareholders' meeting.
- **Additional services by Members of the Board of Directors (article 25):** the Members of the Board of Directors providing consulting services to the Company or other group companies in a function other than as Members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the annual shareholders' meeting.

In addition, Medacta's **Organizational Regulations**<sup>4</sup> including the Charter of the Remuneration Committee (in combination with the **Articles of Association**) describe and define the roles and responsibilities of the Remuneration Committee and the Board of Directors.

## 2.1 ROLE AND ACTIVITIES OF THE REMUNERATION COMMITTEE

Medacta's Remuneration Committee is comprised of a minimum of two Members of the Board of Directors who are elected annually and individually by the AGM for a one-year period until the next AGM. The Chairman of the Remuneration Committee is appointed by the Board of Directors and is independent. The 2021 Annual General Meeting ("AGM") confirmed Philippe Weber and Riccardo Braglia as respectively Chairman and Member of the Remuneration Committee. The Chairman of the Board from time to time attends the Remuneration Committee meetings as a non-voting guest; however, he is not present during meetings or parts thereof during which his own performance or remuneration is discussed.

<sup>3</sup> Advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum amount of CHF 1'000'000 are not subject to this provision.

<sup>4</sup> Medacta's Organizational Regulations (including the charters of the Board Committees) are available on Medacta's website at <https://www.medacta.com/EN/corporate-governance?goto=organizational-regulations>.

In general, the purpose of the Remuneration Committee is to advise and assist the Board of Directors with regards to compensation-related matters of Medacta with a focus on setting guidelines on remuneration for both Members of the Board of Directors and the Group Executive Management. As a core responsibility, the Remuneration Committee makes proposals annually (or more often as required) to the Board of Directors related to the compensation package of the Members of the Group Executive Management and Board of Directors. For a more detailed overview of the Members, working methods and main duties and responsibilities of the Remuneration Committee, as well as details regarding their meetings held in 2021, please refer to the sub-heading entitled "Remuneration Committee" in the Corporate Governance Report (section 3.5 "Internal Organizational Structure"), included in this Annual Report.

The Remuneration Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board meetings and at least four times per year. The Remuneration Committee met five times in 2021 for an average duration of one hour and a half. All members were present at each meeting and all five meetings were organized through webcast.

The Chairman of the Remuneration Committee reports to the Board of Directors at the Board meetings following each Remuneration Committee meeting, ensuring that the Board of Directors is kept informed in a timely and appropriate manner of all material matters within the Remuneration Committee's area of responsibility. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Remuneration Committee Member. The Remuneration Committee may invite to meetings and shall communicate periodically with the CEO, the CFO and the Head of HR, as well as such other persons as the Remuneration Committee deems appropriate, also including external advisors. During Financial Years 2020 and 2021, the Remuneration Committee and selected Medacta's managers appointed by the Remuneration Committee (Group HR Director and Senior Strategic Financial Advisor) worked with HCM International Ltd. as external independent advisor on remuneration matters and on assisting the development of the Long-Term Incentive Plan scheme. HCM International Ltd. does not have any additional mandates at Medacta. Furthermore, the Remuneration Committee regularly holds private sessions with Members of the Group Executive Management, except on those meetings or the part of meetings in which their own performance or remuneration is discussed.

In accordance with the article 19 of the [Articles of Association](#) and the [Remuneration Committee Charter](#), the Remuneration Committee discussed the following topics during 2021:

Topic	February	March	May	September	December
Review and Approval of the 2020 Remuneration Report		✓			
Proposals to the Board of Directors regarding the approval of the individual compensation of the Chairman and the other members of the Board of Directors		✓			
Proposals to the Board of Directors regarding the individual compensation (fixed and variable compensation) of the Members of the Group Executive Management		✓			
Long-Term Incentive Plan (LTIP): - LTIP scheme review; - Execution timing.	✓	✓	✓		
Remuneration Report: - set-up of the Report structure - Remuneration Report review		✓			✓
Review of benchmarking peer group and external benchmark for Group Executive Management remuneration					✓
Review of the organization chart of the Group				✓	
Review and Adoption of a Succession Plan for key employees					✓
Review of remuneration principles, strategy and systems			✓	✓	
Individual targets and weighting of 2021 variable short-term incentive for the members of the Group Executive Management *		✓	✓		

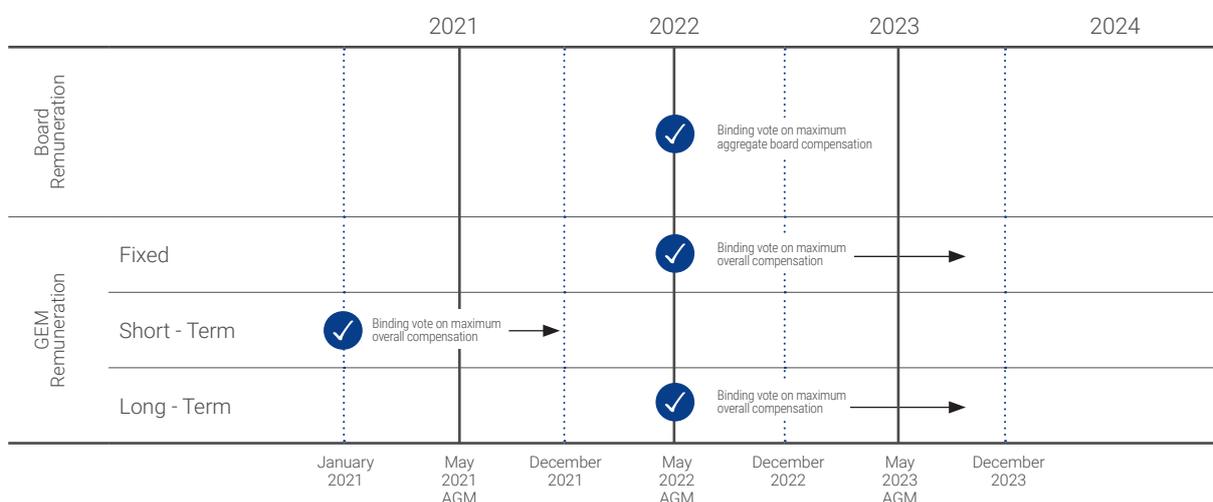
\* To be proposed at the AGM 2022 meeting for approval.

## 2.2 ROLE AND ACTIVITIES OF THE SHAREHOLDERS REGARDING THE AGM

The Board of Directors will submit five separate remuneration-related resolutions for shareholder approval at the AGM 2022 (as illustrated in Exhibit below):

- The maximum aggregate amount of remuneration of the Board of Directors for the term of office until the next annual shareholders' meeting (i.e. until the next annual shareholders' meeting in 2023);
- The maximum overall fixed remuneration of the Group Executive Management to be paid for the Financial Year ending December 31, 2023;
- The maximum overall variable short-term remuneration for the Group Executive Management that may be paid or allocated for the business year ended December 31, 2021;
- The maximum overall variable long-term remuneration of the Group Executive Management that may be allocated in for the business year ending December 31, 2023;
- The amount of remuneration to Members of the Board of Directors for consulting services to the Company or other group companies in a function other than as Members of the Board of Directors, until the next annual shareholders' meeting (i.e. until the next annual shareholders' meeting in 2023).

In addition, the Board of Directors will submit this Remuneration Report to a separate consultative vote for the shareholders at the AGM 2022.



The Board of Directors may present to the annual shareholders' meeting deviating or additional proposals for approval in relation to the same or different time periods.

If the shareholders' meeting does not approve the amount of the proposed fixed and variable compensation, as the case may be, the Board of Directors may either submit new proposals at the same shareholders' meeting, convene a new extraordinary shareholders' meeting and make new proposals for approval or may submit the proposals regarding compensation for retrospective approval at the next annual shareholders' meeting.

At the Annual General Meeting ("AGM") 2021, the Board of Directors submitted five separate remuneration-related proposals, which were all approved by the shareholders:

- The maximum aggregate amount of remuneration for the Members of the Board of Directors for the term from the AGM 2021 until the AGM 2022: CHF 1.2 million;
- The maximum overall fixed remuneration of the Group Executive Management to be paid for the Financial Year ending December 31, 2022: CHF 1.2 million;
- The maximum overall short-term remuneration of the Group Executive Management to be paid for the Financial Year ending December 31, 2020: CHF 1.1 million;
- The maximum overall variable long-term remuneration of the Group Executive Management to be allocated in the Financial Year ending December 31, 2022: CHF 0.8 million;
- The maximum aggregate amount for services covered by article 25(3) of the **Articles of Association** (Consulting Services) for the period until the AGM 2022: CHF 0.15 million.

In addition, shareholders approved the FY 2020 Remuneration Report in a consultative vote.

## 3. REMUNERATION PHILOSOPHY AND PRINCIPLES

Medacta's Remuneration Committee gives careful consideration to the remuneration framework for the Members of the Board of Directors and the Group Executive Management. In order to reflect their different roles, the remuneration of the Board of Directors and the Group Executive Management are designed according to different standards and considerations.

Medacta's remuneration landscape is designed to support the Company's strategic plans and to provide a balance between motivating the Members of the Board of Directors and the Group Executive Management to deliver on the near- and medium-term objectives of the Group and to strive for future long-term success and prosperity of Medacta at the same time. Medacta's remuneration framework aims to attract, engage and retain the best talent within the MedTech Industry as well as to reward loyalty of the employees and, thus, to enhance the value of the Group for the benefit of shareholders.

As a core responsibility, the Remuneration Committee reviews the compensation packages of the Members of the Group Executive Management and Board of Directors annually (or more often as required) and proposes to the Board of Directors any adjustments to the prior year compensations for proposal to the annual shareholders' meeting.

In addition, and with regards to the Group's listing in Switzerland and global scale of business, the Remuneration Committee follows the Swiss governance and compensation landscape while also considering trends across the globe. Conclusively, the aim is to design the remuneration framework taking into account best market practices, alignment with shareholders, and pay-for-performance considerations in order to promote the long-term success of Medacta.

As a base for this work the Remuneration Committee, each year, assesses the compensation packages of similar companies. In 2021 we decided to reassess the companies within the worldwide benchmark, to reflect peers more balanced between focus in the orthopaedic industry and small to mid-capitalization. To carry out the compensation benchmark the following two groups of companies were analysed in 2021:

- Listed companies in the worldwide MedTech Industry<sup>5</sup>; and
- Companies in the Swiss MedTech industry or Healthcare industry with around 250 to 2'000 employees, with an international scope<sup>6</sup>.

The exercise revealed that the compensation of the Group Executive Management and Board of Directors are below the average compensation of both Swiss and worldwide MedTech industry benchmark.

### 3.1 AGREEMENTS RELATED TO COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE MANAGEMENT

According to article 24 of the **Articles of Association**, mandate agreements of the Members of the Board of Directors have a fixed term until the conclusion of the next annual shareholders' meeting. Early termination or removal remains reserved.

The employment agreements of the Members of the Group Executive Management are in principle concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed one year. With respect to employment agreements entered into for an indefinite period, the maximum notice period does not exceed 12 months.

Non-competition agreements for the time following termination of an employment contract and the associated compensation are permitted to the extent that this is justified from a business perspective. The compensation for such a non-competition obligation may not exceed in total the average of the fixed compensation paid to the respective Member of the Group Executive Management during the last three years. The Group Executive Management agreements contain non-competition clauses. In accordance with article 24 of the **Articles of Association**, the compensation for such non-competition obligation does not exceed in total the average of the fixed compensation paid to the respective Group Executive Management Member during the last three years.

<sup>5</sup> Zimmer Biomet, Nuvasive, Alphatec Holdings, Stryker, Globus Medical, based on information disclosed on the publicly available Annual Reports for 2020.

<sup>6</sup> Straumann, Sonova, Medartis, Tecan, Ypsomed, based on information disclosed on the publicly available Annual Reports for 2020.

## 4. REMUNERATION FRAMEWORK FOR BOARD OF DIRECTORS

### 4.1 REMUNERATION APPROACH

According to article 25 of the **Articles of Association**, the compensation of the Members of the Board of Directors is determined by the full Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate amounts approved by the annual shareholders' meeting.

In order to highlight the independent role of the Members of the Board of Directors in performing their supervisory duties, the entire remuneration of the Board in Financial Year 2021 is fixed and does not include any performance-related component.

The remuneration for the Members of the Board of Directors relates to their term of office, which starts with their election at the AGM and ends at the subsequent AGM. The remuneration consists of a fixed annual base fee and fixed fees for membership in Board Committees, reflecting the time commitment as well as the obligations and responsibilities of the roles, paid monthly in twelve equal instalments. The individual sum of the annual base fee and, where applicable, fixed fees for membership in Board Committees are paid in cash. For the term until the AGM 2022, consistent with the shareholder approval, Board Members were paid a fixed annual base fee of CHF 90 thousand, with the Chairman receiving CHF 290 thousand. For membership in a Board Committee, Members were paid a fixed fee of CHF 20 thousand, with the respective chairpersons receiving CHF 40 thousand. In addition, in recognition of the extra time commitment associated with the role, the Lead Independent Director received an additional allowance of CHF 70 thousand (for a total amount CHF 160 thousand).

The fees paid to the Board of Directors for the Financial Year 2021 (as indicated on the table in section 4.2 "Remuneration Awarded 2021") reflect a 43% compensation increase in comparison to the Financial Year 2020. During the course of the prior financial year in response to the ongoing developments of the COVID-19 pandemic, the Board of Directors along with the Group Executive Management, decided to voluntarily reduce their compensation (both our Chairman Dr. Alberto Siccardi and our CEO Francesco Siccardi by 50% while the other Members of the Board of Directors and GEM by 20%). The results reached in the Financial Year 2020 along with the proved ability to adapt to a new world, allowed the Board of Directors and the Group Executive Management to not extend the compensation cut to the Financial Year 2021.



Members of the Board of Directors are entitled to a reimbursement for the expenses incurred in connection with their Board duties. Furthermore, remuneration of the Members of the Board is subject to social security contributions and is not pensionable. No additional remuneration components such as attendance fees are awarded to the Members of the Board of Directors.

In addition, in accordance with article 25 para. 3 of the **Articles of Association**, the Members of the Board of Directors providing consulting services to the Company or other Group Companies in a function other than as Members of the Board of Directors may be compensated in cash according to standard market rates, subject to approval by the annual shareholders' meeting.

## 4.2 REMUNERATION AWARDED 2021 (AUDITED)

For the term from the AGM 2021 until the AGM 2022, Medacta's shareholders approved a maximum aggregate amount of remuneration for the Board of Directors of CHF 1.2 million. Total remuneration awarded to the Board of Directors during Financial Year 2021 amounted to CHF 935 thousand and represents remuneration for services rendered from January 1, 2021 until December 31, 2021. As compared to FY 2020, there has been an overall increase of 43%. The increase reflects the composition of the Board but was most significantly the result of the 2020 voluntary salary reductions taken in connection with the onset of the COVID-19 pandemic. Our Founder and Chairman of the Board, Dr. Alberto Siccardi decided voluntarily, to reduce his 2020 total compensation by 50%, while all the other Members reduced their total compensation by 20%.

Thus, the amounts actually paid in 2021 remain within the limits of the amount approved by the shareholders for the same period.

The following tables show remuneration paid to the Members of the Board of Directors from January 1 until December 31, 2021 and 2020:

### 2021 BoD Compensation

CHF	Role within the Board	Fixed Board fee	Committee fees	Expenses <sup>1</sup>	Social security contribution	Sub-total	Shares	Total	
	Alberto Siccardi	Chairman	290'000	-	16'000	21'465	327'465	-	327'465
	Maria Luisa Siccardi Tonolli	Member	90'000	20'000	8'100	9'853	127'953	-	127'953
	Victor Balli	Member	160'000	40'000	-	17'603	217'603	-	217'603
	Philippe Weber <sup>2</sup>	Member	90'000	40'000	-	11'644	141'644	-	141'644
	Riccardo Braglia	Member	90'000	20'000	-	9'853	119'853	-	119'853
	<b>TOTAL ALL MEMBERS</b>		<b>720'000</b>	<b>120'000</b>	<b>24'100</b>	<b>70'418</b>	<b>934'518</b>	<b>-</b>	<b>934'518</b>

[1] Out-of-pocket expenses incurred by the Board of Directors are duly reimbursed by the Company with the exception of Dr. Alberto Siccardi and Ms. Maria Luisa Siccardi Tonolli, who are reimbursed with an annual lump-sum of CHF 16 thousand and CHF 8 thousand, respectively.

[2] Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF), which acted as legal adviser to Medacta in 2021. Refer to section 4.2 "Remuneration Awarded 2021 (Audited)" for a comprehensive disclosure of the fees received by NKF.

## 2020 BoD Compensation

CHF	Role within the Board	Fixed Board fee	Committee fees	Compensation cuts <sup>1</sup>	Expenses <sup>2</sup>	Social security contribution	Sub-total	Shares	Total
Alberto Siccardi	Chairman	290'000	20'000	(155'000)	16'000	10'850	181'850	-	181'850
Maria Luisa Siccardi Tonolli	Member	90'000	20'000	(22'000)	8'100	7'877	103'977	-	103'977
Victor Balli	Member	160'000	51'833	(42'367)	504	15'042	185'012	-	185'012
Philippe Weber <sup>3</sup>	Member	90'000	51'833	(28'367)	-	10'145	123'611	-	123'611
Marco Gadola <sup>4</sup>	Member	34'750	15'444	-	-	4'493	54'687	-	54'687
Riccardo Braglia <sup>5</sup>	Member	3'500	720	(844)	-	302	3'678	-	3'678
<b>TOTAL ALL MEMBERS</b>		<b>668'250</b>	<b>159'830</b>	<b>(248'578)</b>	<b>24'604</b>	<b>48'710</b>	<b>652'817</b>	<b>-</b>	<b>652'817</b>

[1] As communicated with ad-hoc release dated April 17, 2020, to soften the economic impact of the COVID-19 pandemic, the Board Members decided to reduce their 2020 compensation. Our Founder and Chairman of the Board, Dr. Alberto Siccardi decided voluntarily, to reduce his 2020 total compensation by 50%, while all the other Members reduced their total compensation by 20%.

[2] Out-of-pocket expenses incurred by the Board of Directors are duly reimbursed by the Company with the exception of Dr. Alberto Siccardi and Ms. Maria Luisa Siccardi Tonolli, who are reimbursed with an annual lump-sum of CHF 16 thousand and CHF 8 thousand, respectively.

[3] Philippe Weber is a Partner at Niederer Kraft Frey AG (NKF), which acted as legal adviser to Medacta in 2020.

[4] Marco Gadola became a Board Member effective January 1, 2020 and was compensated till the annual general meeting held on May 19, 2020 since he did not stand for re-election to the Board of Directors of Medacta Group SA.

[5] Riccardo Braglia became a Board Member effective December 18, 2020.

The reconciliation of approved and dispensed compensation for the AGM 2020-2021 and 2021-2022 period is shown in the table below:

### REMUNERATION APPROVED AND PAID/GRANTED FOR THE MEMBERS OF THE BOARD

	Total remuneration granted	Maximum aggregate amount available	Status
2020 AGM to 2021 AGM	CHF 0.7 million*	CHF 0.75 million	Approved 2020 AGM
2021 AGM to 2022 AGM	CHF 0.9 million**	CHF 1.2 million	Approved 2021 AGM

\* Calculated for the 4 Members of the Board elected in the 2020 AGM.

\*\* Calculated for the 5 Members of the Board elected in the 2021 AGM. The amount represents an estimate for the term of office from 2021 AGM to 2022 AGM. The final amount will be disclosed in the 2022 Remuneration Report.

In addition, with reference to article 25 para. 3 of the **Articles of Association**, for the period from the AGM 2020 until AGM 2021, Niederer Kraft Frey AG, where Philippe Weber is a Partner and that, amongst others, acted as legal adviser to Medacta and received fees in the amount of CHF 98 thousand (within the limits of CHF 750 thousand, approved by the AGM 2020). For the period from the AGM 2021 until December 31, 2021, Niederer Kraft Frey AG, acted as legal adviser and received fees in the amount of CHF 30 thousand (so far within the limits of CHF 150 thousand, approved by the AGM 2021).

## 4.3 LOANS AND CREDITS

In accordance with article 28 of **Articles of Association**, no loans or credits were granted to current or former Members of the Board of Directors or to persons closely associated with current or former Members of the Board of Directors. No such loans or credits were outstanding at December 31, 2021.

In addition, no compensation, which was not at market terms or standards, was paid or granted to persons closely associated with current or former Members of the Board of Directors.

For the related party transactions, refer to sub-heading 6.26 "Related Party Transactions" of the Financial Report included in this Annual Report.

# 5. REMUNERATION FRAMEWORK FOR GROUP EXECUTIVE MANAGEMENT

## 5.1 REMUNERATION APPROACH

Pursuant to article 26 of the **Articles of Association**, the compensation of the Members of the Group Executive Management is determined by the Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate amounts approved by the annual shareholders' meeting.

The remuneration of the Group Executive Management is comprised of three main elements:

Element	Type of compensation	Form of compensation	Description
Fixed Compensation	Base salary	Cash	- Fixed compensation is determined based on scope and responsibility of the role; qualifications and experience; skill and expertise; - To attract talents, we offer the market value of the role.
Variable Compensation	Short-term incentive	Cash	- Maximum payout potential is dependent on hierarchy level; - Performance are measured against business results and financial targets.
	Long-term incentive	Performance Share Units (PSUs)	- Performance criteria are 50% driven by Relative TSR and 50% by absolute EBIT over three years period; - the combined vesting multiple cannot exceed 200%; - three years vesting period.
Benefits	Pension Plan, insurance and Health Care		- Pension benefits meet the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG); - in line with what industry offer.
	Other benefits		- May include car, phone allowance and other fringe benefits in line with market practices.

### FIXED COMPENSATION

#### ANNUAL BASE SALARY

The annual base salary is the main fixed remuneration component paid to Members of the Group Executive Management. It is paid in cash in thirteen equal monthly instalments. The level of base salary is determined considering the following factors:

- scope and responsibilities of the role;
- qualifications and experience required to perform the role;
- market value of the role; and
- skills and expertise of the individual in the role.

The annual base salaries of the Members of the Group Executive Management are reviewed on a yearly basis considering the above-mentioned factors and adjustments are made according to alterations in the factors under assessment as well as to market developments<sup>7</sup>.

### VARIABLE COMPENSATION

#### SHORT-TERM INCENTIVE

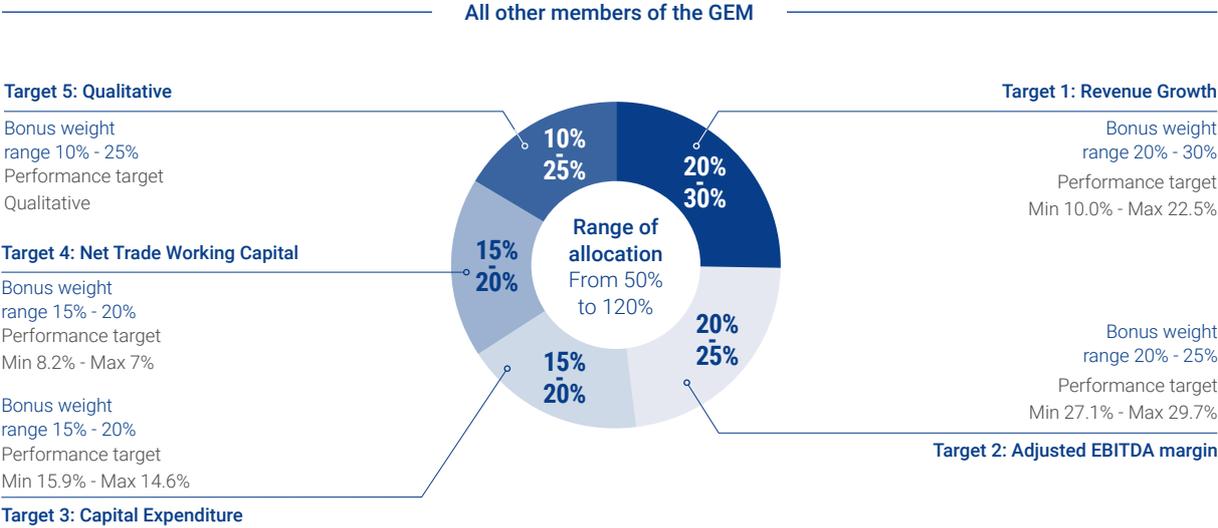
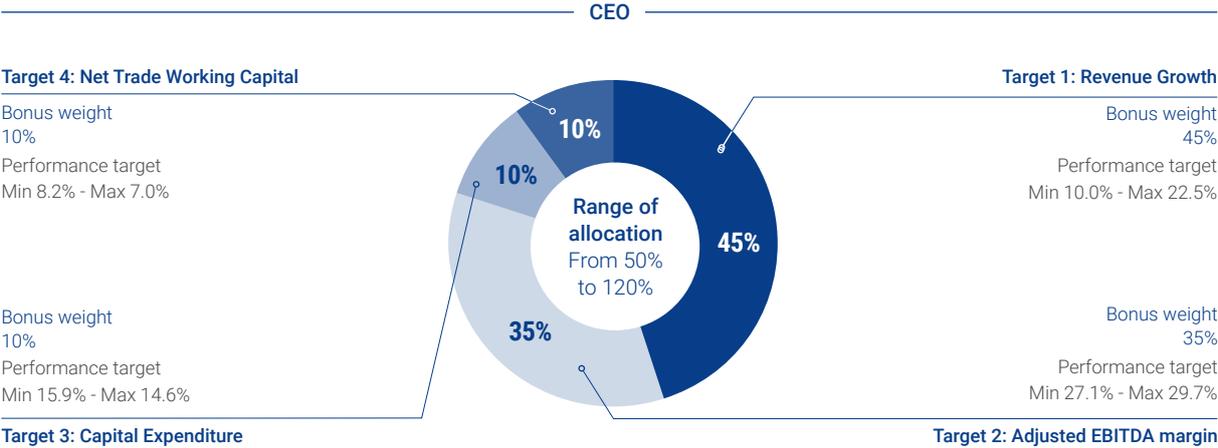
The short-term variable compensation is an annual incentive plan intended to compensate the Group Executive Management for achieving the short-term business strategy, based on company performance achievements and financial targets. In accordance with article 26 of the **Articles of Association**, the short-term variable compensation is paid in cash and depends on the level of achievement of specific pre-defined targets for a one-year performance period.

The short-term variable compensation of the Group Executive Management is determined based on the reaching of four financial targets: Revenue Growth, Adjusted EBITDA margin, Capital Expenditure and Net Working Capital. The financial targets are weighted differently for each member of the Group Executive Management, taking into account position and level

<sup>7</sup> Refer to section 3 "Remuneration Philosophy and Principles" of this report for the benchmarking analysis performed in 2021.

of responsibility. Revenue Growth target is between 10.0% and 22.5% and weights respectively 45% and 20% to 30% of the bonus for the CEO and for the other Members of the Group Executive Management, respectively; Adjusted EBITDA margin target is between 27.1% and 29.7% and weights respectively 35% and 25% to 20% of the bonus for the CEO and for the other Members of the Group Executive Management, respectively; Capital Expenditure target is between 15.9% and 14.6% and weights 10% and 15% to 20% of the bonus for the CEO and for the other Members of the Group Executive Management, respectively; and Net Working Capital target is between 8.2% and 7.0% and weights respectively 10% and 15% to 20% of the bonus for the CEO and for the other Members of the Group Executive Management, respectively. In addition, approximately 25% and 10% of the short-term variable compensation of the CFO and Supply Chain Director are determined at the discretion of the Board of Directors, upon recommendation of the CEO and the Remuneration Committee, based on the quality of the performance of their duties (as described in greater detail below). Upon proposal by the Remuneration Committee, the Board of Directors is responsible for the selection and weighting of performance targets during the first quarter of the one-year performance period as well as determining what the maximum short-term compensation can comprise. For FY 2021, the short-term variable remuneration, for the Group Executive Management represents 147% of the base salary. The CEO's short-term variable remuneration represents a maximum of 302% of the base salary and for other Members of the Group Executive Management on average 30% of the based salary. This puts a material portion of the Group Executive Management's remuneration at risk in alignment with shareholders' interests.

The variable short-term compensation for the Members of the Group Executive Management for the financial year 2021 was determined by the Board of Directors upon recommendation from the Remuneration Committee on the basis of the below described base and maximum amounts, criteria, weightings and other principles. In order to calibrate the target achievement curve for one plan cycle, a target achievement level is identified in accordance with the overall business plan and the budget for the respective year. Minimum and maximum performance achievement levels are defined considering, amongst other metrics, the previous year's performance level.



The reaching of the above financial targets is determined by the Board of Directors based on the audited Consolidated Financial Statements of Medacta Group SA for the financial year on December 31, 2021.

Regarding targets 1 and 2: in the event the actual result is (a) below the minimum target, then the respective bonus portion is CHF 0; (b) within the target range linear progression from 0 to maximum bonus; (c) above maximum target maximum bonus. In relation to targets 3 and 4: in the event the actual result is (a) above the minimum target the respective bonus portion is CHF 0; (b) within the target range linear progression from 0 to maximum bonus; (c) below maximum target maximum bonus.

As mentioned above, at the discretion of the Board of Directors upon recommendation of the CEO and the Remuneration Committee, it would be possible to raise or to lower the CFO's and Supply Chain Director's variable components based on the quality of their performance duties as set in the **Organizational Regulations**.

The qualitative performance represents a maximum of 25% of the CFO's short-term compensation and is primarily based on the performance of:

- defining and implementing the finance strategy of the Group;
- monitoring financial performance against targets, reports the results to the Audit and Risk Committee and the Board of Directors and endorsing these reports in all material respects as to their completeness, reliability and accuracy; and
- having responsibility for ensuring good financial governance.

The qualitative performance represents 10% of the Supply Chain Director's short-term compensation and is primarily based on the performance of:

- Direct and coordinate all activities involved in purchasing components, raw materials, production supplies, other products, services and aftermarket service parts. Establish and maintain relationships with vendors while continually searching for improved costs, materials, suppliers and processes;
- Set strategic direction and support staff in the development, implementation, and execution of supply chain processes in support of business objectives; and
- Oversee and maintain relationships with cross-functional teams in all areas related to product to market timeline.

For Financial Year 2021, all of the four approved minimum performance thresholds were exceeded, and the targets were achieved at different levels within their respective target achievement curve. This resulted in an overall short-term compensation proposed payout to the AGM 2022 for the CEO of CHF 1'087 thousand and an overall proposed payout of CHF 142 thousand for the other Members of the Group Executive Management, upon approval by the AGM 2022. This represents 296% for the CEO and 29% for the other members of the Group Executive Management base salary. The financial KPI's reached in 2021 are the following:

- 21.4% for the Revenue Growth at constant currency;
- 29.5% for the Adjusted EBITDA margin;
- 14.3% for the CAPEX on Revenue;
- 6.1% for the delta trade working capital on revenue.

Since STIP reflects the previous year's performance (i.e. FY 2021), payments will be made in a lump sum cash payment following AGM approval. There are no forfeiture or clawback provisions in relation thereto.

#### LONG-TERM INCENTIVE

In order to reflect Medacta's positioning as a listed company, reshaping the role and responsibilities of the Members of the Group Executive Management, in accordance with article 26 of the **Articles of Association**, share and business performance based Long-Term Incentive Plan (LTIP) was implemented. On March 30, 2021, the Board of Directors approved the implementation of the LTIP proposed by the Remuneration Committee, under the Performance Share Plan ("The Plan"), that was open to eligible participants starting in April, 2021. The Board is responsible for administering and executing the Plan and has full power to construe and interpret the Plan, establish and amend rules and regulations for its administration, and perform all other actions relating to the Plan.

Under the LTIP Members of the Group Executive Management, other selected key managers and employees are eligible to participate in the LTIP. A prerequisite for participating in the Plan is an active and ongoing employment (i.e. which is not under notice of termination). The LTIP is designed to provide Members of the Group Executive Management, other selected key managers and employees an opportunity to become shareholders of the Company, to participate in the future long-

term success and prosperity of the Group, and to enhance and reward loyalty of the employees. Furthermore, the LTIP is intended to attract, motivate, and retain participants of the plan, and thus, to enhance the value of the Group for the benefit of shareholders.

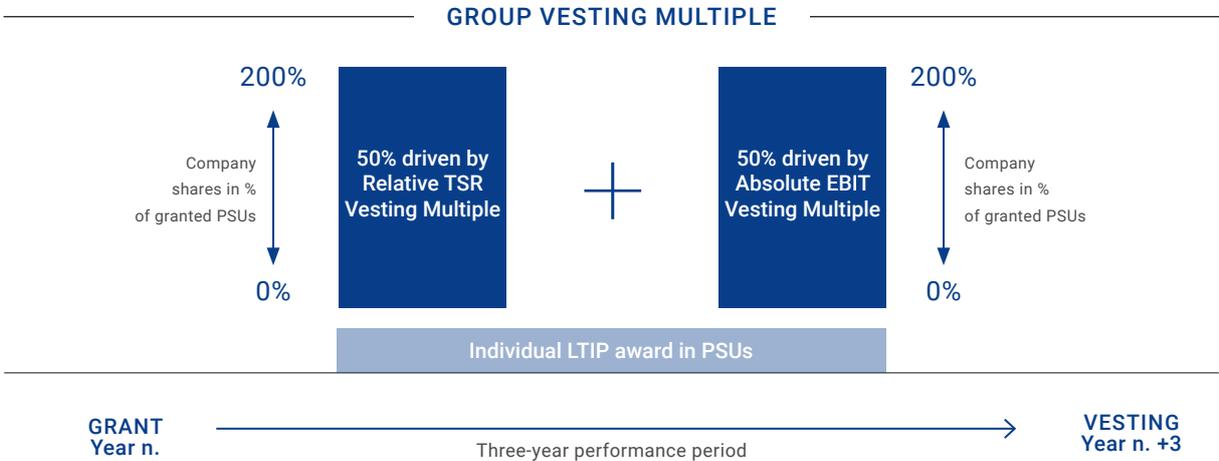
The incentive plan is measured over a rolling three-year performance period with the purpose of fostering long-term value creation for the Group. Eligible plan participants grant a certain number of Performance Share Units (PSUs), which represent a contingent entitlement to receive Medacta shares in the future. The number of granted PSUs is dependent on the individual LTIP grant level, individually determined by the Board of Directors each year based on the individual's performance, the position, complexity of the function, and level of responsibility. For members of the Group Executive Management, the number of PSUs is subject to the amounts approved at the applicable AGM. In 2021, 20'810 PSUs were granted.

The value of the PSUs granted is determined based on the notion that it should accurately reflect the inherent risk of the underlying instrument. For the 2021 grant fair value, the Group estimates the PSU reference value by using the fair value calculation under the Monte Carlo method that for the 2021 award cycle amounted to CHF 101.47.

The 2021 PSUs grant will vest at the end of the performance period in 2024 and will be converted in shares. The number of PSUs that vest is calculated at the Vesting Date by multiplying the number of granted PSUs by the Final Vesting Multiple, rounded up to the next whole Share. Ultimately, the number of PSUs which vest shall be determined by the Board or a body designated by the Board in a final, conclusive and binding manner. The Final Vesting Multiple equals either Group Vesting Multiple (see description below) or Country Vesting Multiple (see description below), whereas the latter applies if all of the following three conditions are met:

- Group Vesting Multiple is below 0.30, and,
- the respective Participant is eligible for country performance consideration, and,
- the country performance threshold has been met for the entire duration of the plan.

If any of the above conditions is not met, the Final Vesting Multiple equals the Group Vesting Multiple.



The Group Vesting Multiple is based upon a 50% weighting of the Relative TSR Vesting Multiple and a 50% weighting of the Absolute EBIT Vesting Multiple, rounded off to two decimal places, whereby:

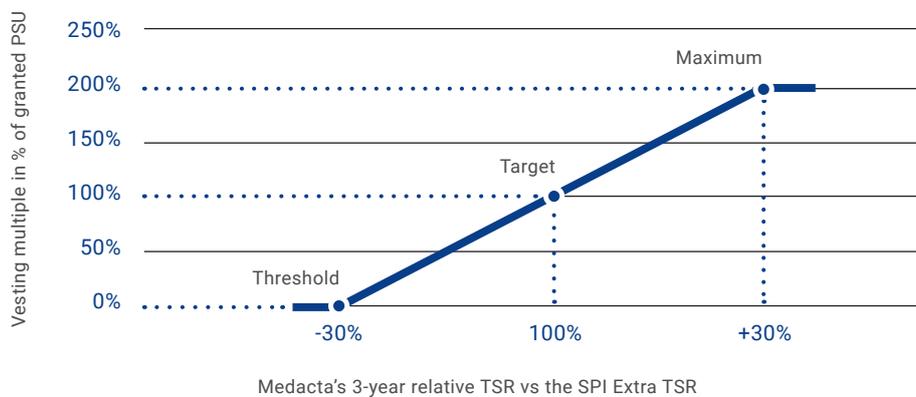
- the Relative TSR Vesting Multiple is calculated as the (positive or negative) difference between Medacta's TSR and the SPI Extra Total Return TSR<sup>9</sup>, measured in percentage points (p.p.). Medacta's TSR is measured considering the compound annual growth rate of the Reference Price Ending compared to the Reference Price Beginning over the three (3)-year TSR Performance Period and the accumulative, nominal dividends distributed in the same period. To be consistent with the index, it is assumed that dividends are reinvested. The Relative TSR Vesting Multiple cannot be lower than 0.00 or higher than 2.00, and

<sup>9</sup> This is the Swiss All Share Index and is excluding the 20 biggest market capitalization companies in the SPI and all companies with a free float of less than 20% or shares of investment companies (194 companies).

- the Absolute EBIT Vesting Multiple is calculated based on the EBIT of the Group measured as the sum of the absolute EBIT over the three (3)-year Absolute EBIT Performance Period and calculated by the Board or a body designated by it, according to the Absolute EBIT Vesting Multiple table. The Absolute EBIT Multiple cannot be lower than 0.00 or higher than 2.00.

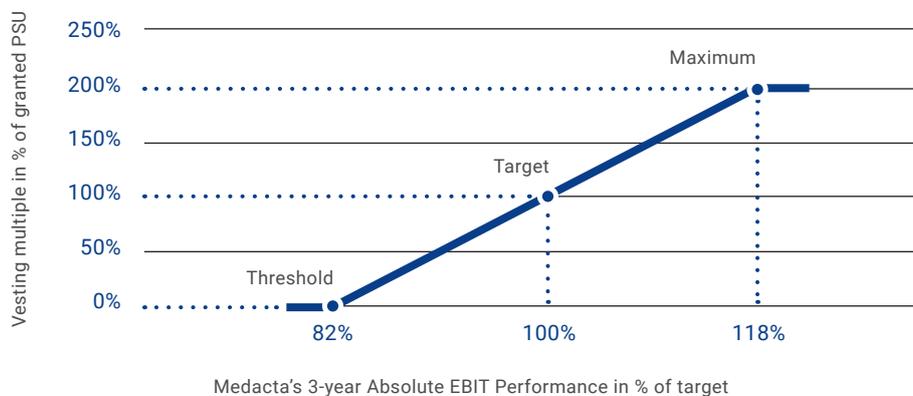
The Country Vesting Multiple (if relevant) is calculated based upon a 100% weighting of the respective country's revenues and will be either 0.00 or 0.30. For each country, details with regards to performance measure, performance targets, performance period and performance calculation are set out in the Allotment Certificate.

For the fiscal year 2021 grant, 100% of the PSUs linked to the Relative TSR Vesting Multiple will vest, if the Medacta's TSR is equivalent to the SPI Extra Total Return TSR10. The maximum vesting multiple of 200% applies if the Medacta's TSR is 30 or more percentage points above the SPI Extra Total Return TSR. Further, the vesting multiple of 0% applies if Medacta's TSR be 30 or more percentage points below the SPI Extra Total Return TSR. Linear interpolation applies between the threshold, target and maximum performance levels:



The 2021 Absolute EBIT Vesting Multiple is considered a price-sensitive information and communicating such target may create a competitive disadvantage for Medacta. Therefore we decide not to disclose any specifics of this target at the time of their setting, but to explain at the end of the performance period the target achievement. In the 2023 Remuneration Report we will explain the target achievement for the 2021 PSUs granted.

If the Absolute EBIT Vesting Multiple target is reached, 100% of the respective PSUs granted will vest. If the Absolute EBIT Vesting Multiple is at or above the maximum performance level, 200% of respective granted PSUs will vest. If the Absolute EBIT Vesting Multiple is at or below the threshold performance level, 0% of PSUs granted under the Absolute EBIT performance will vest. Below an illustration of the Absolute EBIT vesting curve for the 2021 PSUs granted.



The absolute EBIT targets for each grant are set by the Board of Directors following an assessment conducted by the Remuneration Committee, considering the investor's return expectations on market value, investment projections, current profitability levels. Using statistical analysis we tried to establish an appropriate link between LTIP payouts and the value created for investors.

Overall, the combined vesting multiple is expected to never exceed 200%. If the performance of both Group and Country (if relevant) Vesting Multiple lies below the respective minimum performance threshold, the resulting combined vesting multiple will be 0% and consequently no PSUs vest. In certain circumstances, the termination of employment (e.g. as a result of retirement) or a corporate event (e.g. change of control due to a merger), the number of PSUs that continue to be eligible for vesting shall be adjusted pro rata on a completed monthly basis to reflect the length of service within each award cycle at the relevant termination date. Upon termination of the employment for any other reasons, all unvested PSUs of the participant shall lapse without any compensation.

The Board is entitled, at its sole discretion, to cancel or forfeit all or part of any unvested PSUs or, following vesting of any PSUs, seek repayment from the participant for all or part of any vested PSUs, shares or cash settlements. Those provisions apply in the event of malfeasance, fraud, misconduct, any serious breach of legal or regulatory obligation and/or internal policy of the Group, takes part of conduct which leads or contributes to the Company having to restate its financial statements or inaccurate assessment of any performance.

**BENEFITS AND PENSION**

Members of the Group Executive Management participate in the Company's benefits plans, which mainly consist of retirement, insurance and health care plans designed to provide a reasonable level of protection for the employees and their dependents in the event of retirement, illness/accident, disability or death. Medacta's pension benefits under Swiss contracts meet the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with what industry offers.

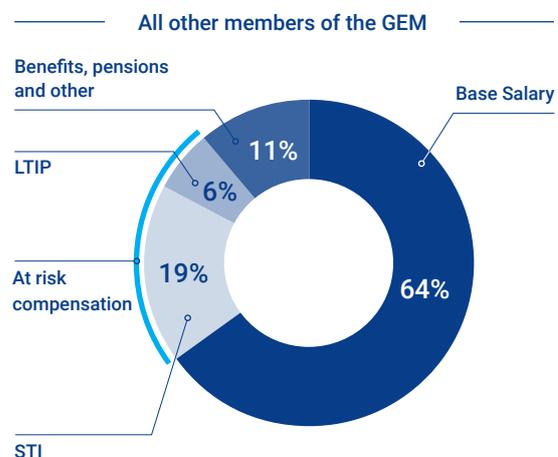
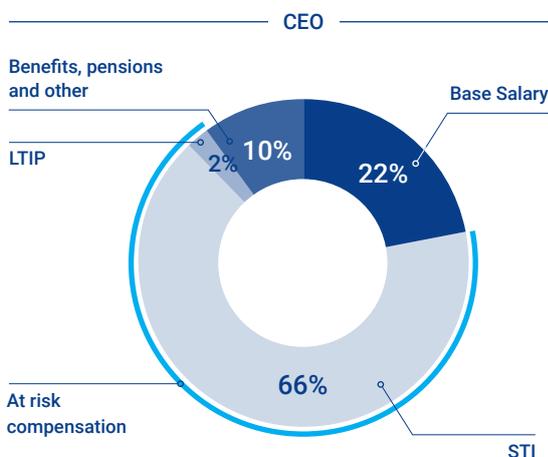
Other benefits may include a car and phone allowance and other fringe benefits that, if any, are disclosed in the remuneration table included in sub-heading 5.2 "Remuneration Awarded 2021 (Audited)" of this report. Out-of-pocket expenses incurred by Members of the Group Executive Management in connection with their employment services for Medacta are duly reimbursed by the Company in accordance with the applicable regulations and are not considered to be remuneration subject to approval and, hence, are not further considered in the remuneration tables.

**5.2 REMUNERATION AWARDED 2021 (AUDITED)**

**COMPENSATION MIX**

The Remuneration Committee ensures that the Group Executive Management remuneration focuses on pay-for-performance and anchors the strategy of the Group by delivering a substantial portion of remuneration in the form of variable and performance-related incentives. Overall, total variable remuneration of the CEO for the financial year 2021 amounted to 69% of his total remuneration, while other Members of the Group Executive Management's total variable remuneration for the financial year 2021 ranged from 19% to 27% of the total remuneration, in each case subject to approval of the AGM 2021.

**GEM pay mix**



The total aggregate amount approved by the annual shareholders' meeting 2021 for the fixed compensation of the Group Executive Management for the Financial Year 2021 amounts to CHF 1'200 thousand. The sum of the total fixed compensation paid to the Group Executive Management (including the CEO) for the relevant period from January 1, 2021 to December 31, 2021 amounts to CHF 967 thousand, including CHF 113 thousand of pension and social security contribution. It is thus within the limits of the amount approved by the annual shareholders' meeting for the same period.

Variable compensation for the Members of the Group Executive Management includes the annual short-term incentive (STI) and the Long-Term Incentive Plan (LTIP). The total aggregate amount of short-term remuneration for 2021 proposed by the Board of Directors to the AGM 2022 for the entire Group Executive Management (including CEO) will be CHF 1'340 thousand, including CHF 111 thousand of pension and social security contribution. The limit of the STI for 2021 for the Group Executive Management will be decided at the 2022 annual shareholders' meeting. The total aggregate amount approved by the annual shareholders' meeting 2020 for the variable long-term compensation of the Group Executive Management for the Financial Year 2021 amounts to CHF 1'000 thousand. The LTIP Fair Value at Grant for fiscal year 2021 recognized for the Group Executive Management (including CEO) is equal to CHF 84 thousand, including CHF 7 thousand of pension and social security contribution. It is thus within the limits of the amount approved by the annual shareholders' meeting for the same period. The LTIP at vesting may vary based on performance outcomes and respective share price at the time of vesting.

During Financial Year 2021, the Group Executive Management consisted of three Members, all of them being Members of the Group Executive Management during the entire period. The 2021 Group Executive Management compensation increased by 77% from prior period. This significant increase is due to the prior year voluntary compensation cut that our Group Executive Management team agreed after that in Q1 2020 the COVID-19 pandemic hit globally. Medacta results reached at year-end 2020 along with the proved ability to adapt to a new world, allowed the Board of Directors and the Group Executive Management to not extend the compensation cut to the Financial Year 2021.

The following tables show the total aggregate remuneration, including the proposed short-term compensation and the fair value at grant under the LTIP, for the Members of the Group Executive Management and the highest amount for an individual member (i.e. the CEO), for the period from January 1, to December 31, 2020 and 2021 respectively.

#### 2021 GEM Compensation

CHF	Fixed Compensation	Proposed variable short-term compensation <sup>1</sup>	Fair value at grant under the LTIP <sup>2</sup>	Expenses <sup>3</sup>	Pension & social security contribution <sup>4</sup>	Total
Francesco Siccardi (CEO)	367'100	1'087'345	34'707	22'200	145'511	1'656'863
Other members of the Group Executive Management (aggregated)	486'896	142'342	42'179	-	85'584	757'001
<b>Total all members of the Group Executive Management</b>	<b>853'996</b>	<b>1'229'687</b>	<b>76'886</b>	<b>22'200</b>	<b>231'095</b>	<b>2'413'864</b>

[1] Proposal by the Board of Directors to the AGM 2022.

[2] Disclosure reflects the awards for the reporting year, that represents the pro-rata temporis fair value at grant for FY 2021. The LTIP at vesting may vary based on performance outcomes and share price value at the time of vesting.

[3] Out-of-pocket expenses, including car lease, incurred by Mr. Francesco Siccardi are duly reimbursed with an annual lump-sum of CHF 22 thousand.

[4] In 2021 to align the timing of social security reporting to the LTIP grant, we included the pro-rata temporis estimates of social security contributions related to the 2021 LTIP grant made.

## 2020 GEM Compensation

CHF	Fixed Compensation	Proposed variable short-term compensation <sup>1</sup>	Variable long-term compensation	Compensation cuts <sup>2</sup>	Expenses <sup>3</sup>	Pension & social security contribution	Total
Francesco Siccardi (CEO)	367'100	1'013'098	-	(690'099)	22'200	69'566	781'865
Other members of the Group Executive Management (aggregated)	434'785	197'282 <sup>4</sup>	-	(112'411)	-	58'533	578'189
<b>Total all members of the Group Executive Management</b>	<b>801'885</b>	<b>1'210'380</b>	<b>-</b>	<b>(802'510)</b>	<b>22'200</b>	<b>128'099</b>	<b>1'360'054</b>

[1] Approved by the 2021 AGM.

[2] As communicated with Ad-hoc release dated April 17, 2020, to soften the economic impact of the COVID-19 pandemic, the Group Executive Management decided to reduce their 2020 compensation. Our CEO, Ing. Francesco Siccardi decided voluntarily, to reduce his 2020 total compensation by 50%, while all the other Members reduced their total compensation by 20%. These 2020 remuneration cuts will be offset in the settlement of the 2020 short-term compensation, approved by the AGM 2021.

[3] Out-of-pocket expenses, including car lease, incurred by Mr. Francesco Siccardi are duly reimbursed with an annual lump-sum of CHF 22 thousand.

[4] As part of the proposed variable short-term compensation, we recognized CHF 70 thousand related to the CFO compensation for holding in 2020 an additional role as IR, pending the planned appointment of a new head of IR occurred in September 2020.

## 5.3 LOANS AND CREDITS

In accordance with article 28 of the **Articles of Association**, no loans or credits were granted to current or former Members of the Group Executive Management or to persons closely associated with current or former Members of the Group Executive Management. No such loans or credits were outstanding at December 31, 2021.

In addition, no compensation, which was not at market terms or standards, was paid or granted to persons closely associated with current or former Members of the Group Executive Management.

For the related party transactions, refer to sub-heading 6.26 "Related Party Transactions" of the Financial Report included in this Annual Report.

## 6. OWNERSHIP OF SHARES AND OPTIONS

As of December 31, 2021, there were not outstanding options to acquire shares in the Company. The following tables show the number of shares held by Board of Directors and Group Executive Management as of December 31, 2021:

### SHARES HELD BY MEMBERS OF THE BOARD (AUDITED)

Board Members	Role	Shares held as at December 31, 2021	Shares held as at December 31, 2020
Alberto Siccardi	Chairman	2'022'710 *	2'037'645
Maria Luisa Siccardi Tonolli	Member	3'946'273	3'946'273
Victor Balli	Lead Independent Director	1'500 **	1'500
Philippe Weber	Independent Director	-	-
Riccardo Braglia	Independent Director	43'500 **	43'500

\* Dr. Alberto Siccardi, Chairman of the Board of Directors of Medacta Group SA, on October 18 and 19, 2021 sold respectively 10'348 and 4'587 share units. These shares sold are the same units purchased in 2020 and disclosed in the 2020 Financial Report in Note 6.25 "Related Party Transactions".

\*\* Shareholdings represent less than 0.3% of the Company's share capital and voting rights.

### SHARES HELD BY MEMBERS OF THE GEM (AUDITED)

GEM Members	Role	Shares held as at December 31, 2021	Shares held as at December 31, 2020
Francesco Siccardi	Chief Executive Officer	3'946'272 *	3'961'934
Corrado Farsetta	Chief Financial Officer	-	-
Alessandro Siccardi	Supply Chain Director	3'946'273	3'946'273

\* Mr. Francesco Siccardi, CEO of Medacta Group SA, on October 18 and 19, 2021 sold respectively 10'852 and 4'810 share units. These shares sold are the same units purchased in 2020 and disclosed in the 2020 Financial Report in Note 6.25 "Related Party Transactions".

## 7. OTHER REMUNERATION-RELATED INFORMATION UNDER THE OAEC (AUDITED)

For the reporting period, no compensation other than described herein was paid or granted to Members of the Board of Directors and the Group Executive Management.

## 8. RELATED PARTY COMPENSATION

Members of the Board of Directors and of the Group Executive Management who have received consultancy fees for services rendered are reported in the 2021 Financial Statements of Medacta Group SA (sub-heading 6.26 "Related Party Transactions"), enclosed in this Annual Report. For the Remuneration paid to the Board of Directors, refer to sub-heading 4.2 "Remuneration Awarded 2021 (AUDITED)" of this Remuneration Report.

## 9. REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

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### **Report of the Statutory Auditor**

To the General Meeting of  
**MEDACTA GROUP SA, CASTEL SAN PIETRO**

We have audited the remuneration report of Medacta Group SA for the year ended 31 December 2021. Our audit is limited to the information provided in the sections 4.2, 5.2, 6, and 7 labeled “audited” on pages 92, 93, 99, 100, 101 and 102 in accordance with the articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance).

#### *Responsibility of the Board of Directors*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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 judgement, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

*Opinion*

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

**Deloitte SA**



Fabien Lussu  
Licensed Audit Expert  
Auditor in Charge



Michele Castiglioni  
Licensed Audit Expert

Lugano, 10 March 2022  
FL/MC/dbo