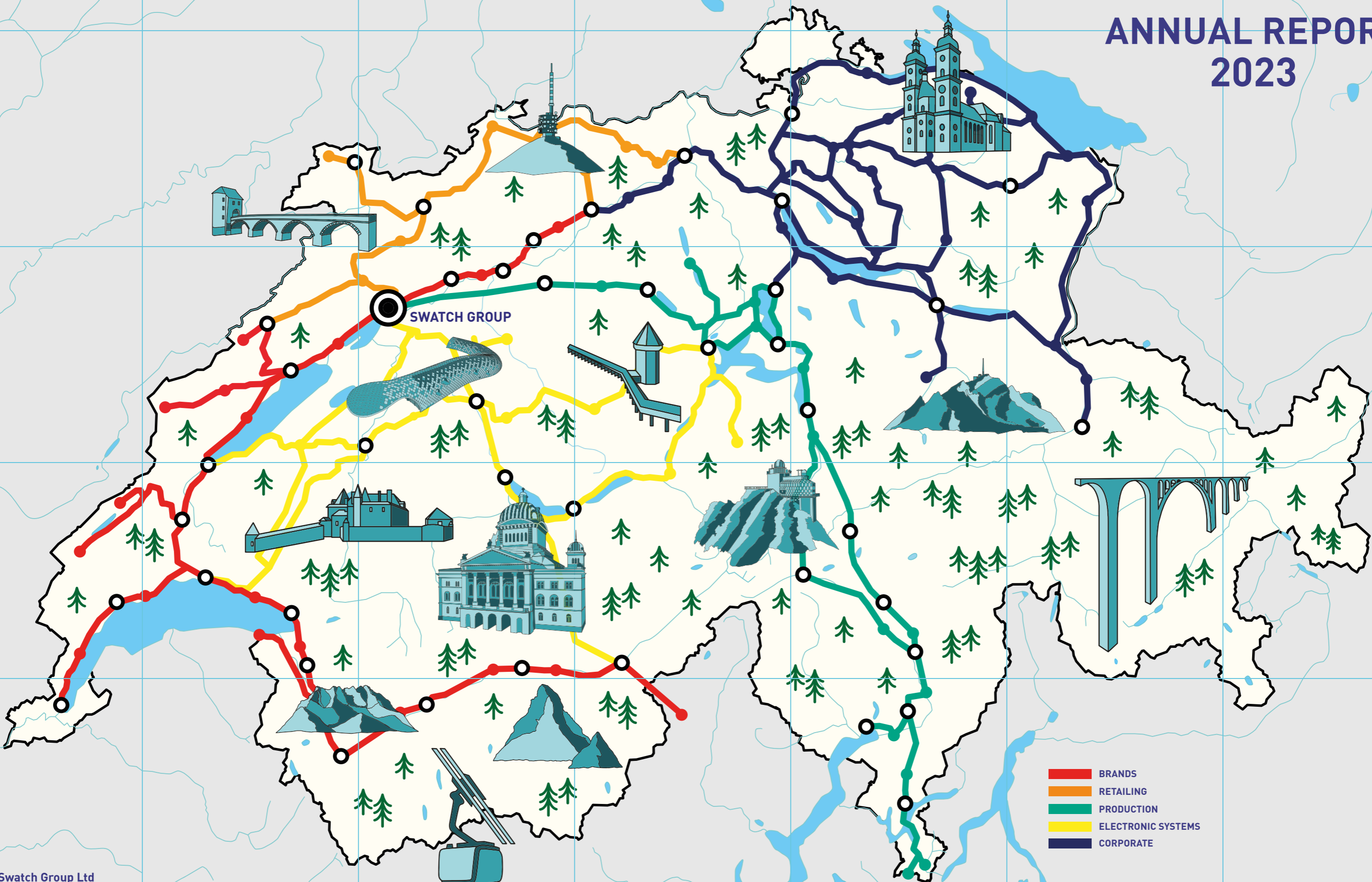


# ANNUAL REPORT 2023



The Swatch Group Ltd  
P.O. Box 1232, Seedorfstrasse 6  
2501 Biel/Bienne, Switzerland  
Phone: +41 32 343 68 11  
[www.swatchgroup.com/contactus](http://www.swatchgroup.com/contactus)





**COMPENSATION REPORT 2023**

**COMPENSATION REPORT****Compensation Committee****Compensation system****Additional contractual elements****Activities at other companies****Compensation for the members of the Board of Directors and Group Management Board (KL/EKL)****194****195****195****198****199****201**

With the Compensation Report, the Board of Directors and the Compensation Committee give an account of the material elements of the compensation principles, of the tasks and competences in the field of compensation, of the composition and function of the Compensation Committee, and of the various compensation elements.

The Report fulfils the requirements of Articles 734a-f of the Swiss Code of Obligations (OR) in force as of 2023 and the Guidelines on Corporate Governance issued by SIX Swiss Exchange Regulation AG. From 2014 to 2022, the regulations on the Compensation Report were governed by the Ordinance against Excessive Compensation in Listed Stock Corporations.

The following chapters were audited by PricewaterhouseCoopers AG: 2.3.5 Participation rights and options on such rights, 4. Activities at other companies, 5. Compensation for the members of the Board of Directors and the Group Management Board (KL/EKL).

**1. Compensation Committee****1.1 Composition of the Compensation Committee**

As the Board of Directors of the Swatch Group is intentionally kept small in number (currently 6 members), it functions at the same time as the Compensation Committee. This eliminates the need for demarcating the areas of responsibility and ensuring the flow of information.

The Compensation Committee is chaired by Mr Ernst Tanner, Vice-Chairman of the Board of Directors.

All members of the Board of Directors abstain from discussions and decisions regarding their compensation and that of persons closely related to them (such as family members).

No members having any cross-involvement belong to the Compensation Committee, such that no conflicts of interest arise from this point of view as well.

**1.2 Tasks / Competences**

The Compensation Committee handles the compensation policy of the company. It assists the Board of Directors in determining the compensation system and the principles of compensation, and in the preparation of motions to the Annual General Meeting for approving compensation. The Compensation Committee may submit proposals and recommendations to the Board of Directors in all matters pertaining to compensation.

According to the Articles of Association of the Swatch Group, the Compensation Committee attends to all issues related to compensation, and proposes solutions for the attention of the Board of Directors. The decision-making body is the Board of Directors. The Board of Directors will submit the necessary resolutions to the Annual General Meeting for its approval.

At the Annual General Meeting of the year under review, the fixed remuneration for members of the Board of Directors until the next annual general meeting, as well as the fixed remuneration for the year under review and the variable remuneration for the previous year for executive functions for members of the Board of Directors was voted upon. In addition, fixed remuneration for members of the Management Board and the Extended Management Board for the year under review, as well as variable remuneration for the previous year was voted upon.

**1.3 Meetings**

The Compensation Committee met twice during the year under review.

**2. Compensation system****2.1 General principles of compensation**

The members of the Board of Directors and the Executive Management are entitled to compensation corresponding to their job function and degree of responsibility.

The company may award compensation for activities in entities that are directly or indirectly controlled by the company and for activities at the order of the undertaking. The compensation may be awarded by the company or by the companies that it controls.

The compensation of the non-executive members of the Board of Directors comprises only fixed compensation elements.

## COMPENSATION REPORT

The compensation of executive members of the Board of Directors and the members of the Executive Management comprises fixed and variable compensation elements. The fixed compensation comprises base salary and may include additional compensation elements. The variable compensation is guided by the achievement of defined performance objectives.

The performance objectives may include personal goals, company-specific and division-specific objectives, along with key economic or market-related figures. In doing so, the function and the level of responsibility of the recipient of the variable compensation are taken into account.

At the request of the Compensation Committee, the Board of Directors sets the performance values and objectives of the variable compensation elements and their achievement.

The compensation system of the Swatch Group is in line with market conditions and based on performance. It is reviewed on an annual basis and adjusted when necessary.

## 2.2 Compensation elements

### a) Non-executive members of the Board of Directors

The non-executive members of the Board of Directors receive fixed compensation. It is graduated according to functions.

### b) Executive members of the Board of Directors, members of the Executive and Extended Group Management Board

The compensation system for the executive members of the Board of Directors and the members of the Executive and Extended Group Management Board provides for the following elements:

- a base salary;
- an expense allowance;
- a bonus program with variable compensation;
- a share program with annual share allocations and a minimal guaranteed value;
- payments to the pension fund (Swatch Group Pension Fund) and to the Management Fund of the Swatch Group.

## 2.3 Information on individual elements

### 2.3.1 Base salary

The base salary is usually paid out monthly in 13 equal instalments. The 13th instalment is paid each year in December. The degree of responsibility and the position are taken into account in the base salary.

### 2.3.2 Expense allowance

Members of the Board of Directors and the Executive Group Management Board receive an expense allowance of CHF 30 000; members of the Extended Group Management Board receive up to CHF 24 000. This expense allowance covers representation and small expenses, and was approved by the tax authority of the Canton of Bern. Executive members of the Board of Directors who at the same time belong to the Executive Management receive the expense allowance only once.

### 2.3.3 Bonus programs

The executive members of the Board of Directors, of the Executive Group Management Board and of the Extended Group Management Board annually receive a variable bonus, which depends on the development of the Group and the business division entrusted to the respective person (brands, countries, functional area) as well as individual performance.

At the start of the year, a so-called bonus potential is defined, which is paid out if the objectives are achieved. If the objectives are surpassed, more than 100% of the bonus potential can be paid. If individual objectives are not achieved, a proportionate reduction can be made.

The bonus is determined and paid out at the start of the following year, once the financial statements are available. A recipient with a Swiss contract and residence in Switzerland receives an advance payment in December. This is usually 70% of the bonus potential, provided that the set objectives (sales, operating income, etc.) will foreseeably be achieved; if not, a payment of 50% will be made.

The assessment criteria that apply are, among other things: sales development, development of operating income, changes in market share, development of inventory and receivables, accomplishment of development and set-up projects, success in negotiations, successful implementation of cost reduction programs, personnel fluctuation, and motivation of employees. The assessment criteria are individually tailored to the function holders and weighted accordingly.

For the particular promotion of the Group's interests, a part of the bonus is awarded as a Group bonus. The percentage share of the Group component varies according to function.

## COMPENSATION REPORT

## 2.3.4 Share program

On an annual basis, a number of registered shares with a low exercise price are offered to the executive members of the Board of Directors and the members of the Executive Group Management Board and the Extended Group Management Board. In the year under review and the previous year, this amounted to CHF 4.00 per share. One-third of the allocation may be exercised and subscribed immediately. In one and two years respectively, an additional one-third may be exercised and subscribed. Once exercised, the shares may be freely disposed of. Optionally these can be subject to a blocking period of either 5 or 10 years. In the event of an early departure, the allocations for non-exercised options expire; upon retirement, they are immediately available.

The allocation of the share subscription rights takes place through the Board of Directors after the Annual General Meeting. A certain minimum allocation value was contractually guaranteed to the executive members of the Board of Directors and the members of the Executive Group Management Board and the Extended Group Management Board. For executive members of the Board of Directors and members of the Executive Group Management Board, this amounted to CHF 50 000; for members of the Extended Group Management Board, this generally amounted to CHF 25 000 per year (allocation value = share price minus CHF 4.00 exercise price).

The calculation basis for payment of allotted shares and options is the day value at grant date. The day value corresponds to the share price on the grant date, respectively the last trading day before the grant date, less the exercise price.

The following values were in force for the year under review and the previous year:

		2023	2022
Grant date		31.05.2023	31.05.2022
Share price on grant date	CHF	51.10	46.60
Exercise price	CHF	4.00	4.00
Day value on grant date	CHF	47.10	42.60

## 2.3.5 Participation rights and options on such rights

The following table details the shares and options held by members of the Board of Directors and Group Management, including closely related persons at the end of year under review and of the previous year, in accordance with the provisions of Article 734d CO.

Name	Function	Registered Shares		Bearer shares		Options	
		2023	2022	2023	2022	2023	2022
Community of heirs Marianne and Nicolas G. Hayek, represented by Nayla Hayek		56 691 352	56 695 202	737 796	737 796		
Nayla Hayek	BoD Chairwoman	268 208	248 208			20 002	20 002
Ernst Tanner	BoD Vice-Chairman			2 000	2 000		
Claude Nicollier	BoD Member	100	100				
Jean-Pierre Roth	BoD Member			10	10		
Daniela Aeschlimann	BoD Member						
Georges Nicolas Hayek	BoD Member / CEO	239 991	223 491			24 000	24 000
Raynald Aeschlimann	MB Member	57 201	48 534			9 667	8 334
Pierre-André Bühler	MB Member	26 966	22 966			8 002	8 002
Marc A. Hayek	MB Member	212 399	197 399	140	140	15 501	14 501
Thierry Kenel	MB Member / CFO	120 253	110 253			10 001	10 001
Florence Ollivier-Lamarque	MB Member	61 998	61 998			5 002	5 002
Peter Steiger	MB Member	145 999	140 999			10 001	10 001
François Thiébaud	MB Member	204 550	191 550			7 000	9 000
Lionel a Marca	EMB Member	3 715	2 482			1 267	1 200
Matthias Breschan	EMB Member	3 034	2 034			3 000	3 000
Sylvain Dolla	EMB Member	0	4 033			3 334	2 668
Daniel Everts	EMB Member	3 550	2 900			700	600
Fadi Ghalayini 1)	EMB Member	3 967	3 268			2 101	1 267
Hans-Rudolf Gottier 2)	EMB Member	0	47 700			0	5 002
Mireille Koenig	EMB Member	6 286	5 253			1 134	967
Calogero Polizzi	EMB Member	17 533	14 500			3 067	3 000
Michel Willemin 3)	EMB Member	11 065	9 332			2 135	1 668
<b>Total</b>		<b>58 078 167</b>	<b>58 032 202</b>	<b>739 946</b>	<b>739 946</b>	<b>125 914</b>	<b>128 215</b>

1) since 01.09.2022 2) until 31.03.2023 3) since 01.03.2022

## COMPENSATION REPORT

Each option gives the right to draw one registered share. Each share (registered or bearer) represents one voting right. The principal shareholders are disclosed in Note 29 of the consolidated financial statements. As in the previous year, except for the community of heirs of Marianne and Nicolas G. Hayek, no member of the Board of Directors, the Executive Group Management Board and the Extended Group Management Board, together with persons closely linked to them, owned as of the end of the year under review, either directly or through share options, more than 1% of the outstanding Swatch Group shares.

### 2.3.6 Pension Fund / Management Fund

The executive members of the Board of Directors and the members of the Executive Group Management Board and of the Extended Group Management Board respectively, are insured by the Swatch Group Pension Fund (Pensionskasse Swatch Group) and the Swatch Group Management Fund (Caisse de pensions des cadres Swatch Group).

The Swatch Group Pension Fund insures incomes of up to CHF 320 000. The Management Fund covers income components between CHF 320 000 and CHF 882 000. The Management Fund provides for contributions of 10% of which 75% are assumed by the employer.

## 3. Additional contractual elements

### 3.1 Term and termination periods of employment contracts

All employment contracts of the Executive Group Management Board and of the Extended Group Management Board are concluded for an indefinite term. They may be terminated by either party with a notice period of six months as per the end of a month.

### 3.2 Payment of salaries

Salaries are paid on a monthly basis. No advance payments are made, either for the current month or for longer periods. The same applies to compensation within the framework of mandate relationships.

### 3.3 Compensation upon commencement of the employment relationship

Swatch Group does not pay any compensation upon the conclusion of an employment contract or upon the start of work ("golden hellos"/"golden handshakes").

Moreover, no compensation is provided to settle share options or other financial benefits of a prior employer that were rendered void through the job change.

### 3.4 Loans and credits to members of governing bodies

The company or companies controlled by it may grant loans and credits to executive members of the Board of Directors and the Group Management Board on market terms. Such loans and credits may not exceed the amount of the fixed annual compensation of the person concerned. The fixed annual compensation of the previous year shall be taken as the basis for the grant of credit or loan (Article 41 of the Articles of Association).

In addition, just like all employees of the Swatch Group in Switzerland, the executive members of the Board of Directors and the members of the Executive Group Management Board and of the Extended Group Management Board respectively, have the option of taking out a mortgage loan with the Swatch Group Pension Fund to finance the purchase of real estate in Switzerland. The applicable conditions are the same as those that apply to all employees of the Swiss Swatch Group companies (lending limit, interest rate, etc.).

### 3.5 Membership in governing bodies of Group companies

It regularly occurs that executive members of the Board of Directors and members of the Executive Group Management Board and of the Extended Group Management Board sit on governing bodies of subsidiaries, both in Switzerland and abroad (as board members, members of supervisory boards, members of advisory boards, or as managers). No additional compensation is awarded for such tasks and functions, either by the Swatch Group or by the relevant Group company.

### 3.6 Severance payments

The employment contracts of the members of the Executive Group Management Board or the Extended Group Management Board do not provide for severance payments or any payments whatsoever upon termination of the employment relationship. In addition, no payments ("golden parachutes", etc.) are provided in the event of a change of control.

### 3.7 Mandates with former members of the Executive Group Management Board or the Extended Group Management Board

It may occur that members of the Executive Group Management Board and the Extended Group Management Board who have resigned from their functions are employed on a mandate basis by the Group from time to time. In all such cases, clear written mandate contracts are concluded; these must be approved by the President of the Executive Group Management Board. Such mandate contracts contain the same restrictive conditions as employment contracts (contractual term, payments, etc.).

## COMPENSATION REPORT

## 4. Activities at other companies

Pursuant to the requirements of Article 734e CO, the following table shows the functions of the members of the Board of Directors, the Executive Group Management Board and the Extended Group Management Board at other companies with an economic purpose (status: 31.12.2023). Functions in Group companies do not have to be disclosed; this also applies to mandates with charitable, cultural, religious or sporting organizations or purely private real estate companies.

Name	Company	Function
Nayla Hayek	Wat Holding Ltd	Chairwoman
	Hayek Holding Ltd	Chairwoman
	Hayek Engineering Ltd	Chairwoman
	Hayek Immobilien Ltd	Chairwoman
	Hayek Management Ltd	Chairwoman
	Manhag Ltd	Chairwoman
	Sole proprietorship Expohof Naila Hayek	Owner
Ernst Tanner	Chocoladefabriken Lindt & Sprüngli Ltd	Chairman
	Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG	Chairman
	Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG	Chairman
	Lindt Chocolate Competence Foundation	Chairman
	Krombacher Brauerei GmbH & Co. KG, Germany	Member of the Supervisory Board
Nick Hayek	Wat Holding Ltd	Member of the Board of Directors
	Hayek Holding Ltd	Member of the Board of Directors
	Hayek Engineering Ltd	Member of the Board of Directors
	Hayek Immobilien Ltd	Member of the Board of Directors
	Hayek Management Ltd	Member of the Board of Directors
	Hayek Film Ltd	Member of the Board of Directors and CEO
	Manhag Ltd	Member of the Board of Directors
	Border X LLC	Shareholder and CEO
	CSEM Swiss Center for Electronics and Microtechnology Inc. - Research and Development	Member of the Board of Directors
Jean-Pierre Roth	MKS PAMP Group (UK)	Chairman
	Arab Bank (Switzerland) Ltd	Vice Chairman
	ABS Gonet Holding Ltd	Chairman
	Gonet & Cie. Ltd	Vice Chairman
	Gonet Ltd	Vice Chairman
	Stiftung der Päpstlichen Schweizergarde im Vatikan	Member of the Foundation Board
	Stiftung für die Renovation der Kaserne der päpstlichen Schweizergarde im Vatikan	Chairman
Daniela Aeschlimann	Aktiengesellschaft Bären Langenthal	Chairwoman
	Arthur und Emma Ammann-Stiftung	Vice Chairwoman
	Avesco Ltd	Vice Chairwoman
	Avesco Rent Ltd	Vice Chairwoman
	Chronoflex Schweiz Ltd	Vice Chairwoman
	Futurjns Ltd	Member of the Board of Directors
	Hotel Alpenland Ltd	Member of the Board of Directors
	Pensionskasse der AMMANN-Unternehmungen	Vice Chairwoman
Claude Nicollier	Fondation du Musée de l'Aviation Militaire de Payerne	Member of the Foundation Board
Florence Ollivier-Lamarque	Comité Colbert, France	Member of the Board
	Fédération de l'Horlogerie, France	Vice President

## COMPENSATION REPORT

Name	Company	Function
Raynald Aeschlimann	Fondation Gaston-F. Barras – European Masters	Member of the Foundation Board
	Fondation Un Grand Sourire	Chairman
	Federation of the Swiss Watch Industry FH	Member of the Executive Board
Pierre-André Bühler	CSEM Swiss Center for Electronics and Microtechnology Inc. - Research and Development	Member of the Board of Directors
	Fondation en faveur d'un laboratoire de recherches horlogères	Member of the Foundation Board
	Federation of the Swiss Watch Industry FH	Member of the Executive Board
Marc Alexander Hayek	Wat Holding Ltd	Member of the Board of Directors
	Hayek Holding Ltd	Member of the Board of Directors
	Hayek Engineering Ltd	Member of the Board of Directors
	Hayek Immobilien Ltd	Member of the Board of Directors
	Hayek Management Ltd	Member of the Board of Directors
	Manhag Ltd	Member of the Board of Directors
	Association Cours Interentreprises de l'Union des Fabricants d'horlogerie de Genève, Vaud et Valais (CIE UFGW)	Member
Thierry Kenel	economiesuisse	Vice President of the Board Committee and Quaestor
	Federation of the Swiss Watch Industry FH	Vice President of the Executive Board
	Convention Patronale de l'industrie horlogère suisse	Delegate of Swatch Group Industries
François Thiébaud	Association des fabricants et détaillants en horlogerie, marché suisse, AMS	President
Matthias Breschan	Federation of the Swiss Watch Industry FH	Member of the Executive Board
Sylvain Dolla	CSEM Swiss Center for Electronics and Microtechnology Inc. - Research and Development	Member of the Board of Directors
	Fondation en faveur d'un laboratoire de recherches horlogères	Member of the Foundation Board
Daniel Everts	Convention Patronale de l'industrie horlogère suisse	Delegate of Swatch Group Industries
	Schweizerischer Arbeitgeberverband	Member of the Executive Board
Mireille Koenig	Aaraucar Ltd	Member of the Board of Directors
Michel Willemin	Swiss Academy of Engineering Sciences (SATW)	Member

As at December 31, 2023, the following members of the Board of Directors, the Group Executive Board and the Extended Group Executive Board did not disclose any third-party mandates: Peter Steiger, Lionel a Marca, Fadi Ghalayini, Calogero Polizzi.

## COMPENSATION REPORT

## 5. Compensation for the members of the Board of Directors and Group Management Board (KL/EKL)

## a. Board of Directors (BoD)

2023	Name	Function	Compensation for functions in the BoD 1)	Compensation for executive functions			Total 6)	
				Base compensation 2)	Bonus 3)	Share options 4)		Other compensation 5)
			(CHF)	(CHF)	(CHF)	(CHF)	(CHF)	
	Nayla Hayek	Chairwoman	230 633	1 002 108	1 900 000	942 000	302 760	4 377 501
	Ernst Tanner	Vice-Chairman	166 335				9 443	175 778
	Daniela Aeschlimann	Member	158 205				11 538	169 743
	Georges Nicolas Hayek 7)	Member	156 716				10 011	166 727
	Prof. Dr. h.c. Claude Nicollier	Member	155 776				8 609	164 385
	Dr. Jean-Pierre Roth	Member	155 776				8 609	164 385
	<b>Total</b>		<b>1 023 441</b>	<b>1 002 108</b>	<b>1 900 000</b>	<b>942 000</b>	<b>350 970</b>	<b>5 218 519</b>

2022	Name	Function	Compensation for functions in the BoD 1)	Compensation for executive functions			Total 6)	
				Base compensation 2)	Bonus 3)	Share options 4)		Other compensation 5)
			(CHF)	(CHF)	(CHF)	(CHF)	(CHF)	
	Nayla Hayek	Chairwoman	205 554	1 002 108	1 725 000	852 000	293 410	4 078 072
	Ernst Tanner	Vice-Chairman	149 176				8 133	157 309
	Daniela Aeschlimann	Member	142 179				10 171	152 350
	Georges Nicolas Hayek 7)	Member	140 877				8 833	149 710
	Prof. Dr. h.c. Claude Nicollier	Member	139 936				7 397	147 333
	Dr. Jean-Pierre Roth	Member	139 936				7 397	147 333
	<b>Total</b>		<b>917 658</b>	<b>1 002 108</b>	<b>1 725 000</b>	<b>852 000</b>	<b>335 341</b>	<b>4 832 107</b>

1) Total annual compensation allocated on a cash or accrual basis, not including any reimbursement for travel and other business expenses incurred.

The compensation contains an amount of CHF 20 000 for functions in the Compensation Committee and the Audit Committee (previous year: CHF 20 000) as well as expense allowance payments in the amount of CHF 30 000 per year.

2) Total annual compensation allocated on a cash or accrual basis, not including any reimbursement for travel and other business expenses incurred.

3) Bonus payments allocated on a cash or accrual basis.

4) In the year under review and the previous year, Mrs N. Hayek was allocated 20 000 share options. The calculation basis for share options is the day value at grant date (see Section 2.3.4). In the year under review, this corresponded to a value of CHF 47.10 per option (previous year: CHF 42.60 per option). The valuation of the share options at prior-year value would therefore result in an unchanged value of CHF 852 000.

5) As in the previous year, other compensation includes no pension benefits. The remaining social benefits (employer's contributions) amounted to CHF 350 970 (previous year: CHF 314 507). In the year under review, no long-term service awards were paid out (previous year: CHF 20 834).

6) All amounts are gross amounts (i.e., before deduction of the social insurance contributions to be taken on by the employee).

7) The compensation for the executive function is set forth in paragraph b. of this chapter.

**b. Executive Group Management Board (KL) and Extended Group Management Board (EKL)**

2023	Base com- pensation 1)	Bonus 2)	Share options 3)	Share options 3)	Other com- pensation 4)	Total 5)
	(CHF)	(CHF)	(number)	(CHF)	(CHF)	(CHF)
Georges Nicolas Hayek (MB President / CEO)	1 502 105	3 480 000	24 000	1 130 400	557 409	6 669 914
Total other members	5 162 064	10 792 458	82 550	3 888 105	2 351 078	22 193 705
<b>Total</b>	<b>6 664 169</b>	<b>14 272 458</b>	<b>106 550</b>	<b>5 018 505</b>	<b>2 908 487</b>	<b>28 863 619</b>

The calculation basis for share options is the day value at grant date (see Section 2.3.4). In the year under review, this corresponded to a value of CHF 47.10 per option (previous year: CHF 42.60 per option). The valuation of the share options at prior-year value would result in a total value of CHF 4 539 030 (-6.4% compared to the previous year's value of CHF 4 847 880).

2022	Base com- pensation 1)	Bonus 2)	Share options 3)	Share options 3)	Other com- pensation 4)	Total 5)
	(CHF)	(CHF)	(number)	(CHF)	(CHF)	(CHF)
Georges Nicolas Hayek (MB President / CEO)	1 502 105	3 400 000	24 000	1 022 400	607 929	6 532 434
Total other members	5 503 309	10 673 198	89 800	3 825 480	2 433 569	22 435 556
<b>Total</b>	<b>7 005 414</b>	<b>14 073 198</b>	<b>113 800</b>	<b>4 847 880</b>	<b>3 041 498</b>	<b>28 967 990</b>

1) Total annual base compensation allocated on a cash or accrual basis, including expense allowance payments, but not including any reimbursement for travel and other business expenses incurred.

2) Variable bonus payments allocated on a cash or accrual basis.

3) The allocation and valuation of share options takes place in accordance with the conditions described in Section 2.3.4.

4) Other compensation includes pension benefits in the amount of CHF 705 532 (previous year: CHF 705 685). The remaining social benefits (employer's contributions) amounted to CHF 2 091 321 for the year under review (previous year: CHF 2 202 047). Other compensation also includes further benefits and long-term service awards in the amount of CHF 111 634 (previous year: CHF 133 766).

5) All amounts are gross amounts (i.e., before deduction of the social insurance contributions to be taken on by the employee).

The figures presented include all direct and indirect compensation. Mr G.N. Hayek, as the CEO, received the highest compensation.

In the year under review, no payments were made to former members of the Executive Group Management Board and the Extended Group Management Board in connection with their past activities as members of the Company's governing bodies (previous year: none).

**c. Loans and credits to the Board of Directors and the Group Management**

In the year under review, as in the previous year, no loans or credits were granted to members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board. Moreover, no loans or credits at non-standard market rates were granted to former members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board, either in the year under review or the previous year.

At the end of the year under review, as in the previous year, there were no credit or loans outstanding to (current or former) members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board.

**d. Compensation, loans, and credits to closely related persons**

In the year under review and the previous year, no non-market-based compensation was awarded to persons who are closely related to the members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively.

At the end of the year under review, as in the previous year, there were no credits or loans outstanding to persons related to active or former members of the Board of Directors or the Group Management or Extended Group Management.

**e. Impermissible compensation**

In the year under review and the previous year, the company did not award any severance payments to the members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board respectively. Likewise, in the year under review and the previous year, no compensation was paid in advance to members of the Board of Directors, the Executive Group Management Board or the Extended Group Management Board.

# Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

**Report on the audit of the compensation report****Opinion**

We have audited the compensation report of The Swatch Group Ltd (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO in sections 2.3.5, 4 and 5 in the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

**Basis for opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the content in sections 2.3.5, 4 and 5 in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' responsibilities for the compensation report**

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.



PricewaterhouseCoopers AG, St. Jakobs-Strasse 25, Postfach, 4002 Basel  
Telefon: +41 58 792 51 00, www.pwc.ch

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# Report of the statutory auditor

to the General Meeting of The Swatch Group Ltd

Neuchâtel

## Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Thomas Brüderlin  
Licensed audit expert  
Auditor in charge



Tobias Handschin  
Licensed audit expert

Basel, 6 March 2024

