

Compensation Report

The Compensation Report describes the principles underlying the compensation policy, and provides information about the steering process and the compensation actually paid to the Board of Directors and Executive Committee of dorma+kaba Holding AG. It meets the requirements of Articles 14 to 16 of the Ordinance Against Excessive Pay at Publicly Listed Companies of 20 November 2013 (VegüV), Article 663c of the Swiss Code of Obligations, the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and economiesuisse's Swiss Code of Best Practice for Corporate Governance.

Introductory notes from the Compensation Committee

On 1 September 2015, Dorma and Kaba merged to form dorma+kaba as one of the global leaders in the market for security and access solutions. In addition to normal business operations, the 2015/2016 financial year was impacted by the considerable extra work involved in ensuring this merger was as strategically and financially successful as expected. Overall, 2015/2016 was both highly eventful and commercially successful. The group remained on schedule with regard to the integration and reorganization and managed to achieve its key financial objectives. This is reflected in the variable compensation for members of the Executive Committee, as described further in this report.

In the reporting year, the Compensation Committee has concentrated its efforts on consolidating the compensation policy for the newly combined company. The purpose of the compensation programs of dorma+kaba is to attract, engage and retain executives and employees, to drive outstanding performance and to encourage behaviors that are in line with dorma+kaba's values as well as with the long-term interests of the company's shareholders. We are still in the process of harmonizing the compensation programs throughout the organization in order to ensure their alignment to the company strategy and to the evolving environment in which dorma+kaba operates. In particular, the performance indicators in the short-term incentive plan have been aligned. In addition, the employment contracts of the members of the Executive Committee have been amended in order to fully comply with the provisions of VegüV. Additionally, the Compensation Committee performed its regular activities throughout the financial year such as the propositions of compensation for the members of the Board of Directors and Executive Committee, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the Annual General Meeting of Shareholders (the General Meeting).

At the upcoming General Meeting, our shareholders will again be asked to prospectively approve the aggregate maximum amounts of compensation of the Board of Directors for the period until the following General Meeting and of the Executive Committee for the financial year 2017/2018. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the Board of Directors and to the Executive Committee by way of a consultative vote on the 2015/2016 Compensation Report.

Looking ahead, we will continue to regularly review our compensation policy in order to promote sustainable performance, alignment to the long-term interests of our shareholders and employees' engagement, while being compliant with the regulatory environment. The Board of Directors would like to thank our shareholders for their valuable feedback on our approach to executive compensation.

Basic principles of compensation

The compensation system of dorma+kaba reflects the commitment to attract, engage and retain the best talent within the industry. It is designed to engage executives and employees to implement the company's strategy, to achieve the company's short-term and long-term business objectives and to create sustainable shareholder value.

The compensation system for the members of the **Executive Committee** is built on the following key principles:

Reward for short-term and long-term performance

An important part of compensation is paid as variable incentives linked mainly to the overall performance of dorma+kaba. Those incentives are well balanced between rewarding for short-term results (short-term incentive) and sustainable success (long-term incentive).

Fairness and transparency

Compensation decisions are transparent and fair. The target level of total compensation is based on the function. The global grading system based on Hay Group methodology ensures that functions are evaluated in a consistent manner across the organization.

Alignment to shareholders' interest

The share-based compensation delivered under the long-term incentive plan encourages the sustainable commitment of executives and management members, and aligns their interests to those of the shareholders.

Competitiveness

The structure and levels of compensation take into account the market practice (benchmarks based on Hay Group data).

Compensation for the members of the **Board of Directors** consists exclusively of a fixed payment in cash and shares. This ensures that the Board of Directors remains independent in exercising its supervisory duties towards the Executive Committee.

Managing compensation

Compensation Committee

In accordance with the Articles of Incorporation and the Organizational Regulations of dorma+kaba Holding AG, the Board of Directors is responsible for the principles underlying the compensation policy and for the steering process; it is supported in this work by the Compensation Committee.

The Compensation Committee consists of three members of the Board of Directors who are elected annually and individually by the General Meeting for a period of one year. At the General Meeting of 2015, the shareholders elected Rolf Dörig (chairperson), Hans Gummert and Hans Hess as members of the Compensation Committee.

The Compensation Committee's main tasks are:

- Propose and periodically review the compensation policy and regulations for the attention of the Board of Directors;
- Propose to the Board of Directors the specific design of the fundamental compensation elements and the determination of the compensation-related performance objectives;
- Propose to the Board of Directors the maximum aggregate compensation amount of the Board of Directors and of the Executive Committee to be submitted to the shareholders' vote at the General Meeting;
- Propose to the Board of Directors the compensation to be paid to its members within the limits approved by the General Meeting;
- Decide on the terms of appointment, significant changes in existing employment contracts and compensation for the members of the Executive Committee within the limits approved by the General Meeting;
- Decide on the share-based compensation to be awarded to the members of the Executive Committee and the Senior Management;
- Propose to the Board of Directors the Compensation Report.

Compensation for the Executive Committee as well as the Senior Management is set as part of an annual process.

The Compensation Committee meets as often as business requires but at least once a year. In the financial year 2015/2016, the Compensation Committee held four meetings and one telephone conference of approximately one to two hours each. All meetings were attended by all members. The Chairman of the Compensation Committee reports to the Board of Directors after each meeting on the activities of the committee. The minutes of the committee's meetings are available upon request to the members of the Board of Directors. As a general rule, the Chairman of the Board of Directors and the CEO attend the meetings in advisory capacity. They do not attend the meeting, or parts thereof, when their own compensation and/or performance are being discussed.

The Compensation Committee may decide to consult external advisors on specific compensation matters. As in previous years, Hay Group, an internationally recognized consulting firm, has been appointed to provide benchmarking data on compensation of Executive Committees and Senior Management of comparable companies. This consulting firm does not have any non-Human Resources related mandate with dorma+kaba.

Shareholders' involvement

The Board of Directors values the dialogue with shareholders and wants to know and understand their views about executive compensation. In this context, the Board of Directors already started holding a consultative vote on the Compensation Report in the financial year 2012/2013. This vote allows shareholders to express their opinion on the compensation policy and systems applicable to the Board of Directors and the Executive Committee. Since the 2015 General Meeting, the Board of Directors also seeks an annual prospective binding approval from shareholders of the maximum aggregate amount of compensation of the Board of Directors and the maximum aggregate amounts of fixed and variable compensation of the Executive Committee.

Annual process and responsibilities for compensation of the Board of Directors and Executive Committee

	Feb	June	Aug	Oct
Compensation policy review and compensation principles for next financial year	CC			
Compensation plans, budget and share award plan design		CEO CC		
Maximum aggregate compensation amount of the Board and EC for next compensation period			CC BoD	AGM
Compensation structure and level of Board of Directors for next compensation period			CC BoD	
Individual target compensation of EC members for next financial year		CEO CC		
Individual short-term incentive payments EC members for previous financial year			CEO CC	
Individual share awards EC members and Senior Management			CEO CC	
Compensation Report		CC	CC BoD	AGM

AGM: Annual General Meeting, BoD: Board of Directors, CC: Compensation Committee, CEO: Chief Executive Officer

- body which recommends
- body which reviews
- body which approves

The Articles of Incorporation include the principles of compensation applicable to the Board of Directors and to the Executive Committee. Those provisions can be found under www.dormakaba.com/en/investor-relations/corporate-governance and include:

- Principles of compensation of the Board of Directors (Article 23);
- Principles of compensation of the Executive Committee (Article 24);
- Binding vote at the General Meeting (Article 22);
- Additional amount for new members of the Executive Committee (Article 25);
- Credits and loans (Article 28).

Compensation architecture for the Board of Directors

Members of the Board of Directors only receive a fixed compensation based on the responsibilities and time requirement of their function, without any entitlement to performance related compensation. This ensures that the Board of Directors remains independent while exercising its supervisory duties towards the Executive Committee. The amount of compensation for each function of the Board of Directors is determined annually taking into account the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally. The compensation system is defined in a directive dated 20 October 2015.

1. Composition of compensation

The compensation paid to the Board of Directors comprises a cash payment of CHF 90,000 and a fixed award of 100 shares of dorma+kaba Holding AG, or in the case of the Chairman of the Board of Directors, 200 shares. Additional fees are paid for specific functions such as chairmanship of the Board of Directors, chairmanship and/or membership in a committee of the Board of Directors or for performing special additional tasks assigned by the Board of Directors. The Chairman of the Board of Directors is not eligible to additional compensation for his participation in the committees.

The members of the Board of Directors may decide to receive part of the cash payment in the form of shares of the company. The number of shares awarded is calculated using the average closing price for the last five trading days of the last month of the relevant compensation period. The awarded shares are restricted for a period of three years; this blocking period remains in place if a member leaves the Board of Directors. In addition, a shareholding ownership guideline is in place, requiring Board members to hold a minimum volume of 500 shares of dorma+kaba. This can be built up over a period of three years after the implementation of the guideline (in October 2014) or within three years after joining the Board of Directors (in case of new members).

Compensation is paid on a pro-rata basis to Board members twice a year. For the financial year 2015/2016, the first compensation period ended on 30 April 2016, the second will end on 31 October 2016. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special additional tasks performed on behalf of the Board of Directors.

As at 30 June 2016, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dorma+kaba and current or former members of the Board of Directors, or closely related parties to them. Investments held by members of the Board of Directors or related persons (including conversion and option rights) – if any – are listed on page 80 et seq. and on page 52 in the appendix to the balance sheet.

All amounts in CHF	Basic compensation p.a.	Additional compensation for Chairman roles p.a.	Additional compensation for committee membership roles p.a.	Share award p.a.	Additional payments	Reimbursement of expenses
Chairman BoD		240,000	–	200		
Chairman Audit Committee		60,000	–			
Chairman Compensation Committee		45,000	–			
Chairman Nomination Committee		45,000	–			
Member Audit Committee		–	15,000			
Member Compensation Committee		–	10,000		Compensation for special tasks commissioned by Board of Directors	Actual expenses for travel or journeys outside Switzerland or as caused by special work done by members on behalf of the Board of Directors
Member Nomination Committee		–	10,000			
Ordinary BoD member	90,000	–	–	100		

2. Assessment of actual compensation paid to the Board of Directors in the 2015/2016 financial year

The increase in actual compensation paid to the Board of Directors compared to the previous year is due to the fact that there are two additional members in the Board of Directors and to the increase in the share price of 6.8% (on average). The compensation system of the Board of Directors has not been changed compared to the previous financial year.

At the General Meeting 2015, the shareholders approved a maximum aggregate amount of CHF 2,510,000 for the Board of Directors for the compensation period from the General Meeting 2015 until the General Meeting 2016. The compensation effectively paid for the portion of this term of office included in this compensation report (October 2015–30 June 2016) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the compensation report 2016/2017.

Compensation architecture for the Executive Committee

The compensation awarded to members of the Executive Committee is primarily driven by the success of the company. In addition to a competitive fixed compensation there is a performance-related component that rewards for performance and allows members of the Executive Committee to participate in the company's long-term value creation. The overall compensation consists of the following elements:

- Annual base salary;
- Benefits (such as retirement benefits);
- Short-term incentive;
- Long-term incentive (share-based compensation).

In order to ensure consistency across the organization, roles within the organization have been evaluated using the job grading methodology of Hay Group. The grading system is the basis for compensation activities such as benchmarking and determination of compensation structure and levels. For comparative purposes dorma+kaba refers to external compensation studies that are conducted regularly by Hay Group. These studies include the compensation data of 2,500 technology and industrial companies, including listed and privately held competitors in the security sector that are comparable with dorma+kaba in terms of annual turnover, number of employees and international reach.

Compensation paid to the Executive Committee must in principle be based on the market median in the relevant national or regional market, and must be within a range of -20% to +35% of this figure. The variable component of compensation is targeted to make up for at least 50% of the overall compensation.

1. Annual base salary

Members of the Executive Committee receive an annual base salary for fulfilling their functional role. It is based on the following factors:

- Content, responsibilities and complexity of the function;
- External market value of the respective role: amount paid for comparable positions in the industrial sector in the country where the member works;
- Individual profile in terms of skills set, experience and seniority.

2. Benefits

As the Executive Committee is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits consist mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the participants and their dependents in respect to the events of retirement, disability, death and illness/accident. The members of the Executive Committee with a Swiss employment contract participate in the occupational pension plans offered to all employees in Switzerland which consist of a basic pension fund and a supplementary plan for management positions. The pension fund of dorma+kaba in Switzerland is in line with benefits provided by other Swiss multinational industrial companies.

Members of the Executive Committee under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, as a minimum, in accordance with the legal requirements of the respective country.

Further, members of the Executive Committee are also provided with certain executive perquisites such as company car or car allowance, representation allowance and other benefits in kind according to competitive market practice in their country of employment.

3. Variable compensation

The variable compensation consists of a short-term incentive (STI) and long-term incentive (LTI).

3.1 Short-term incentive

The short-term incentive is defined annually as a cash payment and aims to motivate the participants to meet and exceed the company's measurable financial objectives, which are defined in line with the Group's strategy. For each member of the Executive Committee, the short-term incentive may not exceed 150% of the annual base salary.

Following the "We are ONE company" principle, the short-term incentive paid to the members of the Executive Committee is strictly based on Group and segment financial objectives and not on individual goals. The business results are compared to the previous year's results, in order to drive a continuous improvement of the business achievements, year after year.

	Fixed compensation and benefits		Variable compensation (target of at least 50% of total compensation)	
	Annual base salary	Benefits	Short-term incentive	Long-term incentive
Purpose	Reflects the function (scope, responsibilities), experience and skills of the individual	Establish a level of risk protection for the participants and their dependents	Rewards company and segment performance	Rewards individual and company performance, aligns to shareholders' interests

The incentive formulas for all members of the Executive Committee follow the following principle: the short-term incentive consists of a pre-defined share of profit (as a percentage of Group net income or segment EBIT) multiplied by growth factors (see illustration on page 83). This formula is aligned to the business strategy of profitable growth because it rewards for bottom-line results (Group net income or segment EBIT) and for top-line contribution (sales growth multiplier). Further, for the COOs responsible for a segment, the formula also includes a net working capital factor (NWC factor), which reflects the focus on the efficient management of the company's financial resources. The pre-defined profit share (in percentage of profit) is determined for each function individually.

For the CEO and other Executive Committee members (CFO, CIO (Chief Integration Officer), CTO (Chief Technology Officer), CMO (Chief Manufacturing Officer)), the incentive formula relates exclusively to Group results. For the COOs it relates to segment results and Group results as follows:

CEO, CFO, CIO, CTO, CMO

$$\text{Share in Group's results} \times \text{Result growth factor} = \text{Payment as short-term incentive}$$

COOs

$$\text{Share in segment's results} \times \text{Sales growth factor} \times \text{NWC factor} = \text{Variable share in activity of own segment}$$

$$\text{Variable share in activity of own segment} + \text{Variable share in Group's results} = \text{Payment as short-term incentive}$$

	Group	Segment	Rationale
Movable Walls			Movable Walls and Key Systems are independent global segments, the 30-70% split between Group's and segment's results is well balanced in terms of rewarding the collective performance of the Group and the individual performance of the segments.
Key Systems	30%	70%	
Access Solutions (AS)	10%	30% all AS segments 60% own AS segment	AS segments (AMER, APAC, DACH, EMEA) are interdependent, therefore the weighting strongly encourages collaboration between the AS segments and rewards for the AS collective performance and the individual performance of each AS segment in a balanced manner.

The calculation of the short-term incentive is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system.

3.2 Long-term incentive

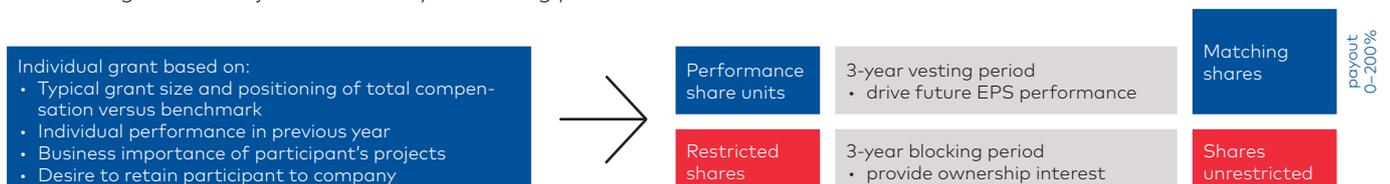
The purpose of the long-term incentive is to give the Executive Committee an ownership interest in dorma+kaba and a participation in the long-term performance of the company and thus to align their interests to those of the shareholders.

Participants are awarded restricted shares and performance share units (matching shares) of dorma+kaba on the basis of the following criteria:

- Typical grant size of long-term incentive for a similar function on the relevant market (benchmark) and positioning of the individual's total direct compensation compared to that benchmark. Total direct compensation includes fixed basic salary+short-term incentive+allocation under the long-term incentive plan;
- Individual performance against pre-defined priorities in the financial year prior to the grant, as documented within the performance management process;
- Importance to the company's success of the projects for which the individual is responsible;
- Desire to retain the person to the company and to its overall long-term value creation by offering restricted and matching shares subject to a three-year vesting period.

Based on the above criteria, the CEO formulates a proposal for individual long-term incentive awards, which is subject to approval by the Compensation Committee.

The long-term incentive award is split into two components: two-thirds are granted in form of restricted shares of dorma+kaba subject to a three-year blocking period. This component of the award is designed to provide participants an ownership interest in the long-term value creation of the company by making them shareholders. The remaining third of the award is granted in form of performance share units (matching shares) of dorma+kaba subject to a three-year performance-based vesting period. This component of the award is designed to reward participants for the performance of the earnings per share (EPS) of the company over the three-year vesting period. The remuneration may range from 0% to a maximum of 200% of the original number of units granted (maximum 2 shares for each performance share unit originally granted).



Entry into force	Name	Plan design	Plan purpose/criteria	Notes
2015	Executive Stock Award Plan ESAP 5	Award of restricted shares and performance share units (matching shares) conditional upon EPS performance during a three-year vesting period	Reward long-term company performance through the award of performance share units subject to EPS performance condition Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year vesting and restriction periods on the award	From 2015/2016 financial year onwards, all LTI awards are made solely under ESAP 5 plan
2013	Executive Stock Award Plan ESAP Plus 3	Award of restricted shares and matching shares (one for two) subject to a three-year vesting period	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year restriction period	In 2014/2015 financial year, all LTI awards are made solely under the ESAP Plus 3 plan ESAP Plus 3 has been discontinued as of 2015/2016 financial year
2012	Executive Stock Award Plan ESAP Plus	Award of restricted shares and matching shares (one for two) subject to a three-year vesting period	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares Reward individual performance through the award grant size Retain participants to the company through the three-year restriction period	Prior to 2014/2015, LTI awards have been made under ESAP Plus or ESAP 1 ESAP Plus has been discontinued as of 2014/2015 financial year
2007	Executive Stock Award Plan ESAP 1	Award of shares that are either unrestricted or restricted for five years at the participant's choice	Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of company's shares	ESAP 1 has been discontinued as of 2014/2015 financial year

Restricted shares and performance share units are usually awarded annually at the end of September. In case of voluntary termination by the participant or termination for cause by the company, restricted shares remain blocked and the performance share units are forfeited without any compensation. In case of termination without cause, retirement or disability, restricted shares remain blocked and the performance share units are subject to an accelerated pro-rata vesting on the basis of target performance (100%). In case of death or change of control, the blocking period of the shares is lifted and performance share units are subject to an accelerated pro-rata vesting (death) or full vesting (change of control) at 100% (see also Corporate Governance Report, page 69, "Changes of control and defense measures").

The conditions for the award of shares and share units are governed by the stock award plans (see above) of dorma+kaba and are identical for all participants. An overview of the terms and conditions of the shares and share units awarded under the current plan and discontinued plans (outstanding awards) is provided above. All shares awarded in recent years have come exclusively from treasury shares.

4. Employment contracts

The members of the Executive Committee are employed under employment contracts of unlimited duration that are subject to a notice period of 12 months. Members of the Executive Committee are not contractually entitled to termination payments or any change of control provisions other than the accelerated vesting and/or unblocking of share awards mentioned above.

5. Assessment of actual compensation paid to the Executive Committee in the 2015/2016 financial year

Compensation paid to the Executive Committee was subject to the following exceptional effects in 2015/2016:

- Appointment of four new members of the Executive Committee as of September 2015: Bernd Brinker as CFO, Christoph Jacob as COO Movable Walls, Jörg Lichtenberg as CMO (Chief Manufacturing Officer) and Dieter Sichel-schmidt as COO Access Solutions DACH;
- Retirement of Hans-Jürg Roth as Chief of Staff as of 31 January 2016.

The following comments can be made about the actual compensation paid to the Executive Committee in the 2015/2016 financial year. In comparison to the previous year, total direct compensation (TDC) rose by 37%.

This is mainly due to the following factors:

- There are three additional Executive Committee members compared to previous year;
- The compensation level of the Executive Committee members has been reviewed and adjusted in line with the new scope of their role after the merger to dorma+kaba. Stronger focus has been given to the variable compensation elements in order to achieve the intended compensation structure where variable compensation amounts to at least 50% of the total direct compensation. This guideline is currently met for all members who have not been recently promoted. For recently promoted members of the Executive Committee, the compensation mix may be slightly different and shall be adjusted in the coming years to fulfill this principle;
- The STI payout of the Executive Committee members reflects the very solid underlying financial performance in the reporting year (adjusted for extraordinary items and merger-related impacts), especially the increase in Group Net Income which is the main driver of the STI payout for the CEO and other members of the Executive Committee (CFO, CIO, CTO, CMO). The financial performance of the Segments (COOs) in terms of profitability, sales growth and net working capital met expectations overall. Consequently, the STI was 76% of annual base salary on average (previous year 75%);
- The value of the shares of the company allocated under the long-term incentive plan has increased by 48% compared to previous year;

- Variable compensation forms a major part of TDC. The percentage of overall compensation paid to the Executive Committee as variable compensation in the reporting year was 54% (excluding cash-value benefits and social security contributions), which constitutes an increase year-to-year (previous year: 52%);
- Variable compensation paid out in shares of the company accounted to 13% of TDC (previous year: 12%). First priority is to increase this proportion up to 30% share in total compensation in coming years.

The maximum aggregate amount of compensation for the Executive Committee is subject to the approval of the General Meeting with effect from the financial year 2016/2017 (the relevant vote was taken at the 2015 General Meeting). Accordingly, the total compensation for the financial year 2015/2016 was not subject to the approval of the General Meeting.

The compensation regulations approved by the Board of Directors in the financial 2013/2014 were again proven to be very effective in the reporting year. Rigorous implementation of these regulations guarantees consistent and transparent compensation practice based on uniform principles and criteria.

As at 30 June 2016, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dorma+kaba and current or former members of the Executive Committee, or closely related parties to them. Investments held by members of the Executive Committee or related persons (including conversion and option rights) – if any – are listed on page 80 et seq. and in the appendix to the balance sheet on page 52.

The company's shares awarded under stock award plans

Date	Number of shares awarded from contingent capital	Number of shares awarded from treasury shares
14 August 2009	0	4,100 shares under ESAP 1 Award value: CHF 225.80/share
16 August 2010	0	4,220 shares under ESAP 1 Award value: CHF 298.25/share
15 August 2011	0	3,610 shares under ESAP 1 Award value: CHF 277.00/share
22 November 2012	0	2,570 shares, of which 310 under ESAP 1 and 2,260 under ESAP Plus Award value: CHF 373.00/share
20 September 2013	0	3,272 shares, of which 310 under ESAP 1, 2,310 under ESAP Plus and 652 under ESAP Plus 3 Award value: CHF 398.00/share
22 September 2014	0	3,285 shares under ESAP Plus 3 Award value: CHF 440.50/share
21 September 2015	0	4,088 shares under ESAP 5 Award value: CHF 653.00/share
21 November 2015	0	840 matching shares under ESAP Plus Award value: CHF 664.00/share

Compensation to the Board of Directors and Executive Committee

Financial year 2015/2016

Compensation ¹⁾						
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF) ²⁾	number of shares
Board of Directors						
Brecht-Bergen Stephanie (since September 2015)	127,821	0	1,749	129,570	52,191	83
Chiu Elton SK	153,100	9,435	10,643	173,178	62,884	100
Daeniker Daniel	153,100	60,000	14,258	227,358	115,238	184
Chair Audit Committee						
Dörig Rolf	153,100	57,500	14,479	225,080	83,447	134
Vice-Chairman of the Board						
Chair Compensation Committee						
Member Audit Committee (until August 2015)						
Member Nomination Committee						
Dubs-Kuenzle Karina	153,100	20,000	12,489	185,589	62,884	100
Graf Ulrich	216,201	260,000	27,812	504,013	160,813	257
Chairman of the Board						
Chair Nomination Committee						
Gummert Hans (since September 2015)	127,821	94,413	2,180	224,413	58,449	93
Member Audit Committee						
Member Compensation Committee						
Member Nomination Committee						
Hepner John	153,100	0	-	153,100	96,375	154
Hess Hans	153,100	35,000	14,798	202,899	94,174	150
Member Audit Committee						
Member Compensation Committee						
Member Nomination Committee						
Mankel-Madaus Christine (since September 2015)	127,821	-	1,749	129,570	52,191	83
Pleines Thomas (until August 2015)	25,281	1,667	1,811	28,758	10,179	17
Member Compensation Committee (until August 2015)						
Total Board of Directors	1,543,546	538,015	101,969	2,183,530	848,826	1,356

1) Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 9,435 and compensation for the membership of the Supervisory Board of dorma+kaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 65,246 are included in the compensation (additional compensation). Business expenses are not included.

2) The compensation for the reporting period is paid out in two installments. The valuation of the shares is based on the share price at respective grant dates and can therefore vary. The shares to be transferred in November 2016 are recognized at CHF 648.87, which is the average share price in May and June 2016.

	Fixed compensation			Variable Compensation			Total CHF	
	Fixed basic payment ⁽³⁾	Benefits and Social/Pension contributions ⁽⁴⁾	Total aggregate amount	STI ⁽⁵⁾	LTI ⁽⁶⁾	Social/Pension contributions		Total aggregate amount
Executive Committee								
Cadonau Riet	785,841	133,570	919,410	1,187,817	480,333	261,648	1,929,798	2,849,208
Other Executive Committee	3,406,739	882,876	4,289,616	2,322,225	983,021	621,198	3,926,444	8,216,059
Total Executive Committee	4,192,580	1,016,446	5,209,026	3,510,042	1,463,354	882,846	5,856,242	11,065,267

3) In the reporting year 2015/2016, a member of the Executive Committee received a fixed number of shares as part of his fixed basic compensation.

4) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation that were effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, service anniversary or housing contributions. Fringe benefits amount to CHF 10,311 for the CEO and CHF 262,307 for the other members of the Executive Committee.

5) The short-term incentive reported here will be paid after the end of the reporting year.

6) The CEO receives a guaranteed allocation of 550 shares (worth CHF 356,879) which are blocked for three years. These shares are not yet included in the shares held as of 30.06.2015 as listed on page 82, however they have been included in the long-term incentive compensation figure with a share price of CHF 648.87 (average closing price of May/June 2016).

Financial year 2014/2015

Compensation ¹⁾						
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF) ²⁾	number of shares
Board of Directors						
Allemann Heribert Member Audit Committee (until October 2014)	45,547	13,333	3,406	62,287	19,272	33
Chiu Elton SK	144,433	26,747	9,788	180,969	58,589	100
Daeniker Daniel Chair Audit Committee	145,685	60,000	14,176	219,861	58,589	100
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Audit Committee Member Nomination Committee	145,521	64,167	14,455	224,143	58,589	100
Dubs-Kuenzle Karina	144,724	20,000	11,742	176,466	58,589	100
Graf Ulrich Chairman of the Board Chair Nomination Committee Member Compensation Committee (until October 2014)	221,155	289,167	32,086	542,408	117,178	200
Heppler John	142,115	-	-	142,115	58,589	100
Hess Hans Member Audit Committee (from October 2014) Member Compensation Committee Member Nomination Committee	144,894	25,833	12,177	182,904	58,589	100
Pleines Thomas Member Compensation Committee	144,888	9,167	10,819	164,874	58,589	100
Total Board of Directors	1,278,963	508,414	108,649	1,896,026	546,575	933

- 1) The compensation for July-October 2014 was paid on the basis of the old rule, and from November 2014 on the basis of the new rule. Compensation consists of a cash payment and a fixed allocation of shares. Payments in the form of lump-sum fees are additionally made for specific roles within the Board of Directors (Chair, Vice-Chair, chairmanship and membership of the Audit Committee), while payments in the form of time-related fees are envisaged for specific tasks allocated by the Board of Directors and for membership of the Compensation, Audit and Nomination Committee. The figures do not include expenses. Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, and the compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 26,747, are included under "Additional compensation for special tasks".
- 2) As part of their compensation, each Board member is awarded a fixed amount of 100 shares (pro rata if a member joins or leaves during the reporting period). The Chairman of the Board of Directors receives a fixed 200 shares. Part of the cash element of the basic compensation can also be paid out to individual Board members in the form of Kaba Holding AG shares if so requested. This choice was not possible in the 2014/2015 financial year because Board members' actions were restricted by M&A activities; the basic component and the additional payments were therefore paid fully in cash in 2014/2015. The share allocation for the current period is not yet included in the number of shares held on 30.06.2015 as shown on page 82.

	Fixed compensation			Variable Compensation			Total CHF ⁶⁾	
	Fixed basic payment	Benefits and Social/Pension contributions	Total aggregate amount	STI	LTI ⁴⁾	Social/Pension contributions	Total aggregate amount ⁵⁾	
Executive Committee ³⁾								
Cadonau Riet	740,121	122,030	862,151	1,079,742	390,917	221,992	1,692,651	2,554,802
Other Executive Committee	2,437,427	677,541	3,114,969	1,414,803	600,969	411,076	2,426,848	5,541,817
Total Executive Committee	3,177,548	799,571	3,977,120	2,494,545	991,886	633,068	4,119,499	8,096,619

- 3) Overall compensation paid to the Executive Committee consists of fixed basic payment and – if the relevant criteria have been fulfilled – variable short- and long-term compensation. The variable compensation comprises a short-term performance bonus, the value of the shares awarded in September 2014 and the value of the annual allocation of Matching Shares that go with the awarded shares in accordance with the selected stock award plan. The stated social benefits are the amounts actually paid during the year under review and relate to the variable compensation actually paid out in the year under review. The STI and LTI amounts shown here are usually only paid out after the end of the reporting year.
- 4) The CEO receives a guaranteed allocation of 550 shares (worth CHF 327,322) which is blocked for three years. It is not yet included in the shares held as of 30 June 2015 as listed on page 82. In the year under review, one member of the Executive Committee has received a number of shares as part of his fixed basic payment.
- 5) During the year under review, the variable compensation for individual members of the Executive Committee was worth between 25% and 67% of the total compensation (social benefits not included).
- 6) Two previous members of the Executive Committee who continued to work for Kaba Group in an advisory role, were additionally paid a total of CHF 244,252 in the financial year.

Shares held by Board of Directors and Executive Committee

As at the respective call date, the individual members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares in dorma+kaba Holding AG.

	Financial year ended 30.06.2016	Financial year ended 30.06.2015
	Number of shares	Number of shares
Board of Directors		
Brecht-Bergen Stephanie (entry as of 20 October 2015)	189,768	N/A
Chiu Elton SK	583	483
Daeniker Daniel	1,160	874
Dörig Rolf	4,553	4,403
Dubs-Kuenzle Karina	36,761	36,661
Graf Ulrich	7,276	7,770
Gummert Hans Ludwig (entry as of 20 October 2015)	76	N/A
Hess Hans	1,133	983
Heppner John	374	203
Mankel-Madaus Christine (entry as of 20 October 2015)	189,768	N/A
Pleines Thomas (end of tenure 20 October 2015)	N/A	482
Total Board of Directors	431,452	51,859
Executive Committee		
Brinker Bernd (entry as of 01 September 2015)	0	N/A
Cadonau Riet	3,050	2,500
Gaspari Roberto	1,900	1,450
Häberli Andreas	885	610
Jacob Christoph (entry as of 01 September 2015)	0	N/A
Kincaid Michael	655	480
Lee Jim-Heng	498	N/A
Lichtenberg Jörg (entry as of 01 September 2015)	0	N/A
Malacarne Beat	1,025	650
Roth Hans-Jürg (end of tenure 31 January 2016)	0	80
Sichelschmidt Dieter (entry as of 01 September 2015)	0	N/A
Zocca Stefano	1,011	786
Total Executive Committee	9,024	6,556

Report of the statutory auditor to the General Meeting dorma + kaba Holding AG, Rümlang

We have audited the accompanying compensation report of dorma+kaba Holding AG for the year ended 30 June 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 80–82 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation 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 compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation 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 compensation report complies with Swiss law and articles 14–16 of the Ordinance.

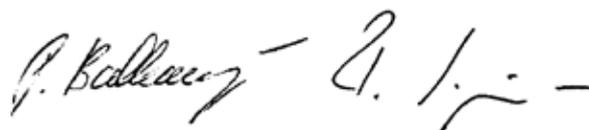
An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation 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 compensation 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 compensation report of dorma+kaba Holding AG for the year ended 30 June 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG
Zurich, 31 August 2016



Patrick Balkanyi
Audit expert
Auditor in charge

Reto Tognina
Audit expert