

Compensation Report

Kaba's sustainable development and its continued success as a business are built on a systematic, transparent compensation system. This compensation system accords with Kaba Group's corporate strategy; it is designed to further the company's business goals and reward performances appropriately. The aim is to attract, develop and retain the best people in each area of expertise and within the industry. The main features of Kaba Group's compensation policy are as follows:

- Compensation for the members of the Board of Directors consists exclusively of a fixed payment in cash and shares. This ensures that the Board's oversight of the Executive Committee is always independent.
- Variable pay plays a major part in the overall compensation received by members of the Executive Committee.
- Short-term performance bonuses paid to members of the Executive Committee are determined by the business results actually achieved and their comparison to the prior year results.
- Share-based compensation encourages managers' long-term commitment to shareholders' interests.
- The General Meeting takes a binding vote on the overall sum paid to the Board of Directors (period: annual general meeting this year to next year) and Executive Committee (period: for the financial year following the annual general meeting). The agenda for the Annual General Meeting includes an advisory vote on the Compensation Report of the prior financial year.

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. It meets the requirements of Art. 663b^{bis} and 663c of the Swiss Code of Obligations, Articles 14 to 16 of the Ordinance Against Excessive Pay at Publicly Listed Companies of 20 November 2013 (VegüV), the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and the principles of economiesuisse's Swiss Code of Best Practice, which have been in effect on 30 June 2015.

Basic principles of compensation

Kaba Group's compensation systems guarantee appropriate compensation based on the value created by a person, their function and their individual performance. These systems reward short- and long-term value creation.

Compensation for members of the Board of Directors consists of a fixed payment based on the member's responsibilities, with no performance-related component. Compensation for members of the Executive Committee comprises a fixed basic payment plus additional performance-related variable compensation. The performance-related variable compensation paid to members of the Executive Committee is based on the achievement of business results and the change in these results since the previous year, and – for payments in shares – on the individual, assessable performance of the respective member and also on the desire to tie the member to Kaba. The size and structure of the compensation also takes account of the outcomes of comparative market studies.

Managing compensation

Within the human resources policy, 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's main tasks are:

- Making proposals and reviewing the compensation policy on a regular basis
- Detailed structuring of the underlying compensation rules and criteria
- Setting the compensation principles for the next financial year
- Proposing the compensation paid to members of the Board of Directors
- Deciding on the terms of appointment, significant changes in existing employment contracts, and compensation for members of the Executive Committee
- Deciding on the shares awarded to the members of the Executive Committee and the Top and Senior Management

Compensation for the Executive Committee as well as the Top and Senior Management is set as part of an annual process (see overview on page 73).

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

	Oct	Nov	Dec	Jan/ Feb	Mar	Apr/ May	Jun	Jul	Aug
Kaba General Meeting; consultative approval of Compensation Report for past financial year as well as approval of overall compensation paid to the BoD and EC (prospective)	AGM								
Setting compensation principles for the next financial year				CC					
Compensation Committee approves compensation plans and budget, and the stock award plan							CC		
Planning variable compensation and stock award plan for the new financial year								CC	
Planning compensation for the Board of Directors based on Compensation Committee's proposal								BoD	
Compensation Committee reviews and approves the share award for employees based on CEO's proposal									CC
Annual reporting including publication of Compensation Report									EC

AGM Annual General Meeting, EC Executive Committee, CC Compensation Committee, BoD Board of Directors

Compensation paid to the Board of Directors

Members of the Board of Directors receive only a fixed payment based on responsibilities with no performance-related component. This ensures that the Board of Director's oversight of the Executive Committee is always independent. The size and structure of the compensation is based on the function and the demands made in terms of responsibilities. Account is also taken of the market situation and comparisons with other internationally active, medium-sized listed Swiss manufacturing companies. The amount of compensation is fixed annually by the Board of Directors in response to a proposal by the Compensation Committee, and approved by the General Meeting.

In June 2014, the structure of the Board of Directors' compensation was simplified on the basis of the latest market data about comparable publicly traded companies and defined in

a new directive that came into force on 28 October 2014.

Accordingly, the months of July to October 2014 were treated in line with the previous directive, so the 2014/2015 financial year is a year of transition to the compensation described below.

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 Kaba Holding AG shares, or in the case of the Chairman of the Board of Directors, 200 shares. Additional payments are made for being Chairman and/or taking on additional tasks within the Board of Directors. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special work done by members on behalf of the Board of Directors.

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	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
Chairman Audit Committee		60,000	–			
Chairman Compensation Committee		45,000	–			
Chairman Nomination Committee		45,000	–			
Member Audit Committee	90,000	–	15,000	100		
Member Compensation Committee		–	10,000			
Member Nomination Committee		–	10,000			
Ordinary BoD Member		–	–			

Part of the cash payment and any additional payments can be taken in the form of Kaba Holding AG shares if so requested by the member. 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 now blocked for three years; this blocking period applies even if a member leaves the Board of Directors. In addition, a minimum volume of 500 permanently held shares was stipulated for members of the Board of Directors. This can be built up over three years.

Compensation is now paid to Board members twice a year. For financial year 2014/2015, the first compensation period ended on 30 April 2015, and the second will end on 31 October 2015. The share value for this entire financial year is calculated using the aforementioned share price as well as the average closing price of the months of May and June.

As at 30 June 2015 no loans or credit facilities were outstanding that had been granted to current or previous members of the Board of Directors. Investments held by members of the Board of Directors or related persons (including conversion and option rights) – if any – are listed on page 78 et seq. and in the appendix to the balance sheet on page 47 et seq.

2. Assessment of actual compensation paid to the Board of Directors in the 2014/2015 financial year

The increase in actual compensation paid to the Board of Directors compared to the previous year is based to a large degree on the approximately 34% increase in the share price. As from November 2014, compensation for the financial year 2014/2015 is based on the new rule, which now also includes compensation for “special tasks” (during the year under review these tasks were, specifically, representation of the employer on the Swiss pension fund by two Board members, and one Board member sitting on the board of directors of a single Group company). With the new rule, the former daily expenses payment has been abolished.

Compensation paid to the Executive Committee

Compensation paid to members of the Executive Committee is determined primarily by the success of the company and the performance of the individual concerned.

In addition to a competitive fixed basic payment, the company makes a performance-related payment based on the function’s level of responsibility, and enables members of the Executive Committee to participate in the company’s value creation over the long term.

The overall compensation is composed of a fixed basic payment and – provided the relevant criteria are fulfilled – variable short-term and long-term compensation.

1. Fixed basic payment

Members of the Executive Committee receive the fixed basic payment for fulfilling their operational roles. It is based on the member’s job description and on the content and complexity of their role; it is commensurate with the amount paid for comparable positions in the manufacturing sector in the country where the member works. For comparative purposes Kaba refers to external compensation studies that are updated regularly. These are benchmarked using around 2,500 manufacturing companies, including listed and privately held competitors in the security sector that are comparable with Kaba in terms of annual turnover, number of employees and international focus. The size of the fixed basic compensation paid to the Executive Committee is set by the Compensation Committee based on a proposal by the CEO.

The Executive Committee’s fixed basic compensation, which is usually paid in the local currency, consists of the fixed base salary, fixed cash-value benefits and employer-paid social security and pension contributions, e.g. in Switzerland AHV, BVG and UVG.

2. Variable compensation

Variable compensation consists of a short-term performance bonus and long-term variable compensation in the form of a stock award plan.

2.1 Short-term performance bonus

The short-term performance bonus is defined annually as a cash payment. The aim of the performance bonus plan is to motivate the Executive Committee to meet and exceed the company’s measurable financial targets, which are defined in line with corporate strategy.

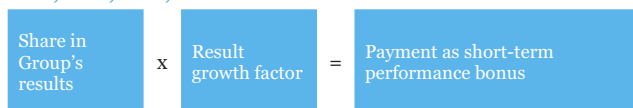
For the CEO and the members of the Executive Committee, the short-term performance bonus must not be more than 150% of the annual base salary.

Following the “We are One Firm” principle, the short-term bonuses paid to the Executive Committee are based strictly on the corporate targets and not individual targets. Actual business results and their relation to the prior year’s results are measured instead of the achievement of budget targets. The calculation of the short-term performance bonuses is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system. The bonus formulas for the CEO and other members of the Executive Committee follow the same principle – using a defined basic share in the results and growth factors (see illustration on page 75). For Division Heads the formula refers to divisional results and Group results, for the CEO and other Executive Committee members exclusively to Group results. The contractually agreed basic shares in the results (in %) vary.

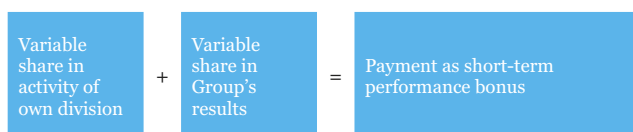
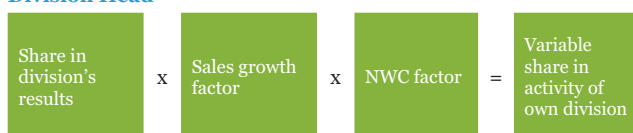
Fixed basic payment	Short-term variable compensation	Long-term variable compensation
Base salary	Short-term performance bonus	Stock award plans

Overview of short-term performance bonus

CEO, CFO, CTO, Chief of Staff



Division Head



2.2 Long-term variable compensation

Kaba awards shares to the members of the Executive Committee and the Top and Senior management as long-term variable compensation. The number of shares awarded is determined by:

- Individual performance against annually written defined priorities
- Size of individual's overall compensation ("Total Direct Compensation"/TDC) compared with the relevant market for the function
- Desire to tie the person to the company by using shares with blocking period to offer greater participation in overall value creation
- The importance to the company's success of the projects for which the manager concerned is responsible

The conditions for the award of shares are governed by the stock award plans and are identical for the Executive Committee and Top/Senior management. See the overview to the right for more details.

Entry into force	Name	Plan purpose/criteria	Notes
2007	Executive Stock Award Plan ESAP 1	Create incentive structures by enabling employees to participate in the company's success	Plan participants have a free choice of whether to block their shares for five years or not. No entitlement to Matching Shares (details for ESAP Plus and ESAP Plus 3 below). ESAP 1 has been discontinued from the 2014/2015 financial year.
2012	New plan in addition to ESAP 1: Executive Stock Award Plan ESAP Plus	Create incentive structures by enabling employees to participate in the company's success Tie employees more tightly to the company as appropriate to rank Link to individual performance	Unlike ESAP 1, ESAP Plus imposes a three-year blocking period on all shares awarded. Once the blocking period has expired and provided participants are still employed and not under notice, ESAP Plus participants receive an additional unblocked share (Matching Share) for every two shares originally awarded. ESAP Plus has been discontinued from the 2014/2015 financial year.
2013	New plan in addition to ESAP 1 and ESAP Plus: Executive Stock Award Plan ESAP Plus 3*	Create incentive structures by enabling employees to participate in the company's success Tie employees more tightly to the company as appropriate to rank Link to individual performance	ESAP Plus 3 has the same design as ESAP Plus and from the 2014/2015 financial year onwards was the only plan still running. ESAP Plus 3 imposes a three-year blocking period on all shares awarded. Once the three-year blocking period has expired and provided participants are still employed and not under notice, ESAP Plus 3 participants receive an additional unblocked share (Matching Share) for every two shares originally awarded. ESAP Plus is being discontinued from the 2015/2016 financial year.
2015	Executive Stock Award Plan ESAP 5	Create incentive structures by enabling employees to participate in the company's success Tie employees more tightly to the company as appropriate to rank Link to individual performance and linking this performance to the overall business performance and the shareholder earnings	The new ESAP 5 share plan has the same design as ESAP Plus 3 and from the 2015/2016 financial year onwards is the only plan still running. As an addition, there will be introduced performance-oriented allocation criteria for matching shares.

* In financial year 2014/2015, all shares within the plan are being offered respectively issued under the ESAP 3 Plus stock award plan.

Generally, the Board of Directors decides annually on the granting of new share awards. The stock award plans are open to members of the Executive Committee as well as the Top and Senior management. The Compensation Committee can extend this entitlement to employees outside Top and Senior management who are proposed by the CEO. Individual awards of shares are decided by the Compensation Committee, which makes its decisions – based on proposals from the CEO – using the criteria shown above. Also fixed share allocations may be part of the individual allocation. Participants are told how many shares they will be awarded in mid-September of the relevant year. Shares are usually awarded at the end of September/start of October; these are blocked for a period of three years. If a participant gives notice to quit, they lose their claim to receive matching shares on the shares awarded and receive no compensation for this. The blocking period on the shares awarded remains in place. If a participant dies or if there is a change of control of Kaba Holding AG, the blocking period is lifted (see also Corporate Governance Report, page 68, “Change of control and defensive measures”). The shares awarded in recent years have come exclusively from treasury shares.

3. Assessment of actual compensation paid to the Executive Committee in the 2014/2015 financial year

Compensation paid to the Executive Committee was subject to the following exceptional effects in 2014/2015:

- Jim-Heng Lee’s appointment as Head of the newly formed Access and Data Systems Asia Pacific division and as a member of the Executive Committee as of 1 November 2014
- Patrick Grawehr’s resignation as Chief of Staff and member of the Executive Committee as of 31 October 2014
- Hans-Jürg Roth’s assumption of the role of Chief of Staff and appointment as member of the Executive Committee as of 1 November 2014

The following conclusions can be drawn from the actual compensation paid to the Executive Committee in the 2014/2015 financial year:

- In comparison with the previous year, total compensation (TDC) rose by 16.7%. This is mainly due to the addition of a new member to the Executive Committee (increase would otherwise have been 2.9%), to the new inclusion of cash-value benefits in overall compensation and the increase in the share price.
- Variable compensation forms a major part of overall compensation (TDC). The percentage of overall compensation paid to the Executive Committee accounted for by variable compensation during the period under review was 52% (excluding cash-value benefits and social security contributions), which constitutes an increase year-to-year (prior year: 36.6%).
- Variable compensation paid out as shares accounted for 12% of overall compensation (TDC) (prior year: 8.6%). First priority is to increase this proportion up to 30% share in total compensation in coming years.
- Short-term performance bonuses did not reach the maximum of 150% of annual base salary for any member of the Executive Committee. The short-term performance bonus was 75% of the annual base salary on average.

The compensation regulations approved by the Board of Directors in financial 2013/2014 again proved their effectiveness in the reported financial year. Rigorous implementation of these regulations guarantees consistent, transparent compensation practice based on uniform principles and criteria. One central target set out in the regulations is that compensation paid to senior management 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% (to market median) of this figure.

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

4. Outlook

As Kaba's compensation system continues to develop, the intention for the next financial year is to further enhance the allocation criteria for shares as long-term variable compensation. The aim is to link the allocation of matching shares during the three-year blocking period performance-oriented to the rise or fall of the earnings per share figure.

As a result of the merger with Dorma, the compensation policy and the basic principles governing the compensation of the Board of Directors and Executive Committee will not change in the short term, but the number of members of these bodies will. This is already reflected in the planning for total compensation paid in financial year 2016/2017, which will be put before this year's General Meeting for a prospective vote. The presentation of compensation for financial year 2014/2015 is already being prepared in such a way as to ensure comparability next year.

Involvement of shareholders in the vote on compensation at the General Meeting

The Board of Directors values dialogue with shareholders and wants to know and understand their views about compensation. In this context, the Board of Directors already started holding a consultative vote on the Compensation Report in financial year 2012/2013. This allows shareholders to express their views on the compensation structure for members of the Board of Directors. From the 2015 General Meeting onwards, the Board of Directors, in accordance with the Ordinance Against Excessive Pay at Stock Exchange Listed Companies (VegüV), will seek binding approval in advance from shareholders of the total compensation paid to the Board of Directors, the total fixed basic remuneration and the maximum total amount of variable remuneration paid to the Executive Committee. The Board of Directors will also submit the Compensation Report for financial year 2014/2015 to the General Meeting for a consultative vote of approval. The shareholders' right to co-determination, set out in the Articles of Incorporation, was approved at the 2014 General Meeting. The necessary adjustments to the Executive Committee members' employment contracts will be made by the end of calendar year 2015.

Compensation to the Board of Directors and Executive Committee

Financial year 2014/2015

	Compensation ¹⁾		Additional compensation for special tasks	Social benefits	Total CHF	Thereof paid out in shares ²⁾	
	Total	of which for functions and specifically attributed tasks				Number of shares	Value of shares
Board of Directors							
Allemann Heribert Member Audit Committee (until October)	58,880	13,333		3,406	62,287	33	19,272
Chiu Elton SK	144,433	0	26,747	9,788	180,969	100	58,589
Daeniker Daniel Chair Audit Committee	205,685	60,000		14,176	219,861	100	58,589
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Audit Committee Member Nomination Committee	209,688	64,167		14,455	224,143	100	58,589
Dubs Karina	144,724	0	20,000	11,742	176,466	100	58,589
Graf Ulrich Chairman of the Board Chair Nomination Committee Member Compensation Committee (until October)	490,322	269,167	20,000	32,086	542,408	200	117,178
Heppner John	142,115	0		0	142,115	100	58,589
Hess Hans Member Audit Committee (from October) Member Compensation Committee (from October) Member Nomination Committee	170,727	25,833		12,177	182,904	100	58,589
Pleines Thomas Member Compensation Committee	154,055	9,167		10,819	164,874	100	58,589
Total Board of Directors	1,720,630	441,667	66,747	108,649	1,896,026	933	546,575

- 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) of CHF 20,000 each, and the compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Elton SK Chiu) of CHF 26,747, are included under "Additional compensation for special tasks".
- 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 June 2015 as shown on page 80.

	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

- 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.
- 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 80. In financial year 2013/2014, the CEO also received a fixed allocation of shares (worth CHF 241,065) as part of the fixed basic payment; these shares have also been blocked for three years. In addition, one other member of the Executive Committee has been allotted shares as part of his fixed basic payment in the year under review.
- 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).
- 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.

Financial year 2013/2014

	Compensation ¹⁾		Social benefits	Total CHF	Thereof paid out in shares ²⁾		
	Total	of which for functions and specifically attributed tasks			Number of shares	Value of shares	
Board of Directors							
Allemann Heribert Member Audit Committee	161,623	40,000	9,679	171,302	100	43,830	
Andrien Maurice P. Member Compensation Committee Member Nomination Committee	37,797	0	0	37,797	33	14,464	
Chiu Elton SK	120,880	0	8,456	129,336	100	43,830	
Daeniker Daniel Chair Audit Committee	183,234	60,000	11,312	194,546	322	141,133	
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Audit Committee Member Nomination Committee	173,206	50,000	11,277	184,483	236	103,439	
Dubs Karina	121,652	0	9,382	131,034	100	43,830	
Graf Ulrich Chairman of the Board Chair Nomination Committee Member Compensation Committee	418,602	235,000	25,682	444,284	200	87,660	
Heppner John	76,033	0	0	76,033	120	52,596	
Hess Hans Member Nomination Committee	123,597	2,500	8,716	132,313	100	43,830	
Peines Thomas Member Compensation Committee	126,987	5,000	9,789	136,776	100	43,830	
Total Board of Directors	1,543,611	392,500	94,293	1,637,904	1,411	618,442	

- 1) Compensation consists of a cash payment of CHF 70,000 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 and Nomination Committee. Expenses are not included in the figures.
- 2) As part of their compensation, each Board member receives a fixed allocation of 100 shares (entries and end of tenures during the period under review are allocated pro rata). The Chairman of the Board of Directors receives a fixed allocation of 200 shares. Part of the cash payment of the compensation can also be paid out to each Board member in the form of Kaba Holding AG shares if so elected. The share allocation for the period under review is not yet included in shares held as of 30 June 2014 as listed in on page 80.

	Fixed basic payment	Var. comp. ⁴⁾	Social benefits	Total CHF ⁵⁾	Thereof paid out in shares		
	Total				Number of shares	Value of shares	
Executive Committee ³⁾							
Cadonau Riet	990,180	770,757	320,467	2,081,404	550	241,065	
Other Executive Committee	2,192,833	1,789,187	874,210	4,856,230	1,150	457,700	
Total Executive Committee	3,183,013	2,559,944	1,194,677	6,937,634	1,700	698,765	

- 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 2013 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 CEO receives a fixed allocation of 350 shares (worth CHF 153,405) as part of his fixed basic payment which is not yet included in the shares held as of 30 June 2014 as listed on page 80. His individual base salary comes to CHF 749,115 and his variable compensation also includes an allocation of CHF 23,217 for Matching Shares.
- 4) During the year under review, the short-term performance bonus for individual members of the Executive Committee was worth between 36 % and 100 % of fixed basic payment (for CEO: individual base salary). One member of the Executive Committee received a sum of CHF 7,700 for a service anniversary; this was included in the variable compensation.
- 5) Two members who left the Executive Committee during the year under review but continue to work for Kaba Group in an advisory role, were additionally paid a total of CHF 371,441 in the period between the end of their time on the Executive Committee and the end of the financial year. Both persons are likely to continue working for Kaba Group – at least for part of the next 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 Kaba Holding AG.

	Financial year ended 30.06.2015	Financial year ended 30.06.2014
	Number of shares	Number of shares
Board of Directors		
Allemann Heribert (end of tenure 28.10.2014)	N/A	1,000
Chiu Elton SK	483	300
Daeniker Daniel	874	469
Dörig Rolf	4,403	4,084
Dubs Karina	36,661	36,478
Graf Ulrich	7,770	7,404
Hess Hans	983	800
Heppner John	203	–
Pleines Thomas	482	299
Total Board of Directors	51,859	50,834
Executive Committee		
Cadonau Riet	2,500	1,950
Gaspari Roberto	1,450	1,200
Grawehr Patrick (end of tenure 31.10.2014)	N/A	150
Häberli Andreas	610	410
Kincaid Michael	480	330
Lee Jim-Heng (entry as of 01.11.2014)	0	–
Malacarne Beat	650	350
Roth Hans-Jürg (entry as of 20.10.2014)	80	–
Zocca Stefano	786	636
Total Executive Committee	6,556	5,026

Report of the statutory auditor to the General Meeting of Kaba Holding AG, Rümlang

We have audited the pages 78 to 80 of the accompanying compensation report dated 28 August 2015 of Kaba Holding AG for the year ended 30 June 2015.

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 compensation, 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.

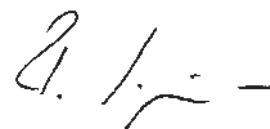
Opinion

In our opinion, the compensation report of Kaba Holding AG for the year ended 30 June 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG
Zurich, 28 August 2015



Patrick Balkanyi
Audit expert
Auditor in charge



Reto Tognina
Audit expert