



Life Energy Motion

# Invitation

Annual General Meeting of Shareholders  
of LEM HOLDING SA  
Thursday, 27 June 2019, at 15:30 (CEST)  
University of Fribourg, Switzerland



2019

Life

Energy

Motion

# Invitation to the Annual General Meeting of Shareholders 2019 of LEM HOLDING SA

LEM's Board of Directors is pleased to invite you  
to the Annual General Meeting of Shareholders.

## **Date and time**

Thursday, 27 June 2019  
at 15:30 (CEST)  
doors open at 15:00

## **Place**

University of Fribourg, Auditorium A 120  
Boulevard de Pérolles 90  
1700 Fribourg/Freiburg, Switzerland

## **Public transportation**

Take the train to Fribourg/Freiburg SBB/CFF train station and change  
to TPF bus no. 1 (direction Marly, Gérine) or no. 3 (direction Fribourg,  
Charmettes). Exit at the bus stop Fribourg, Charmettes.  
The University is across the street.

## **Car parking**

Car parking is available at the Ecole d'ingénieurs at  
Boulevard de Pérolles 80, 1700 Fribourg/Freiburg

# Agenda and proposals

## 1 Reporting for financial year 2018/19

- Management report
- Consolidated financial statements of the LEM Group
- Annual financial statements of LEM HOLDING SA
- Compensation report
- Auditors' reports

### 1.1 Approval of the management report, the consolidated financial statements of the LEM Group, the annual financial statements of LEM HOLDING SA as at 31 March 2019

**Proposal:** The Board of Directors proposes that the management report, the consolidated financial statements of the LEM Group and the annual financial statements of LEM HOLDING SA be approved.

### 1.2 Consultative vote on the compensation report 2018/19

**Proposal:** The Board of Directors recommends that the compensation report as per pages 52 to 57 of the Financial Report be accepted (non-binding consultative vote).

**Explanation:** The compensation report contains the principles governing the compensation paid to the Board of Directors and the Executive Management and reports on the amounts paid to the members of both bodies for the financial year 2018/19.

## 2 Appropriation of available earnings and distribution

**Proposal:** The Board of Directors proposes that the total available earnings for the financial year 2018/19 of LEM HOLDING SA be allocated as follows:

in CHF thousands

Balance brought forward from previous financial year	7'480
Variation of treasury shares	109
Net profit of the financial year	75'346
<b>Total available earnings</b>	<b>82'934</b>
<b>Proposal of the Board of Directors</b>	
Ordinary dividend	(47'834)
Balance to be carried forward	35'100

**Explanation:** The Board of Directors proposes the distribution of an ordinary dividend of CHF 42 per share. Net of the Swiss withholding tax of 35 %, this is an ordinary net cash dividend of CHF 27.3 per share. The shares will be traded ex-dividend as of 2 July 2019. The net dividend will be paid on 4 July 2019. Shares held by LEM HOLDING SA or any of its subsidiaries are not entitled to dividends.

## 3 Discharge of the Board of Directors and the Executive Management

**Proposal:** The Board of Directors proposes that the members of the Board of Directors and the Executive Management be granted discharge for the financial year 2018/19.

## 4 Approval of the compensation of the Board of Directors

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of compensation of the members of the Board of Directors for the term of office from the Annual General Meeting 2019 until the Annual General Meeting 2020 of CHF 1'100'000.

**Explanation:** The proposed maximum aggregate amount of CHF 1'100'000 is composed of the following (non-binding) components:

- Gross fixed compensation of CHF 910'000 based on the gross Board of Directors membership fees (CHF 250'000 for the Chairman and CHF 80'000 for each member) and the Committee membership fees (CHF 40'000 for the Committee's chairman and CHF 20'000 for each member) for the six members of the Board of Directors proposed for re-election under agenda item 6 below. For further details on the compensation system of the Board of Directors, please refer to the compensation report 2018/19, pages 52 to 57 of the Financial Report; plus
- Related employer contributions to social security; plus
- Reserve amount which allows for flexibility in the event of extraordinary events such as significant additional workload of all or certain members of the Board of Directors that requires additional compensation, including membership in ad hoc committees, or an increase in mandatory social security contributions due to a change of applicable contribution rates.

Members of the Board of Directors do not receive any variable compensation. The actual payout to the members of the Board of Directors for the term of office from the Annual General Meeting 2019 until the Annual General Meeting 2020 will be disclosed in the compensation report 2019/20.

## 5 Approval of the compensation of the Executive Management

The approval of the compensation of the members of the Executive Management is divided into three separate votes:

1. The first approval relates to the gross short-term variable compensation to be paid to the members of the Executive Management under the Leadership for Results (L4R) plan – short-term incentive for financial year 2018/19 (retrospective approval).
2. The second approval relates to the maximum gross long-term variable compensation to be granted to the members of the Executive Management under the Leadership for Results (L4R) plan – long-term incentive for financial year 2019/20 (prospective approval) to be paid out in July 2022.
3. The third approval relates to the maximum fixed compensation of the members of the Executive Management for the period from 1 October 2019 to 30 September 2020 (prospective approval).

### 5.1 Vote on the aggregate amount of short-term variable compensation of the Executive Management for financial year 2018/19

**Proposal:** The Board of Directors proposes that the shareholders approve an aggregate amount of short-term variable compensation of the members of the Executive Management for the preceding completed financial year 2018/19 of CHF 562'623.

**Explanation:** The proposed amount of CHF 562'623 is composed of the following components:

- Gross short-term variable compensation of the members of the Executive Management for the financial year 2018/19 of CHF 520'947; plus
- Related employer contributions to social security of CHF 41'676.

For further details, please refer to the compensation report 2018/19, pages 52 to 57 of the Financial Report.

### 5.2 Vote on the maximum aggregate amount of long-term variable compensation of the Executive Management for financial year 2019/20

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of long-term variable compensation to be granted to the members of the Executive Management for the financial year 2019/20 of up to CHF 1'200'000.

**Explanation:** The proposed maximum amount of CHF 1'200'000 is composed of the following (non-binding) components:

- Maximum gross long-term variable compensation under the Leadership for Results (L4R) plan of the members of the Executive Management. This maximum amount assumes that all performance targets will be reached at the maximum possible level under the L4R LTI (Long-Term Incentive) plan rules of CHF 1'000'000; plus
- Estimated related employer contributions to social security of CHF 200'000.

The L4R LTI plan is an annual long-term incentive plan, which is based on the performance of LEM evaluated over a period of three consecutive fiscal years. The performance criterion is the cumulated economic value added (EVA) over these three fiscal years. For further details, please refer to the compensation report 2018/19 on pages 52 to 57 of the Financial Report.

The actual payout to the members of the Executive Management for grants awarded during financial year 2019/20 will be disclosed in the compensation report 2021/22.

### **5.3 Vote on the maximum aggregate amount of fixed compensation of the Executive Management for the period from 1 October 2019 to 30 September 2020**

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of fixed compensation for the members of the Executive Management for the period from 1 October 2019 to 30 September 2020 of up to CHF 1'800'000.

**Explanation:** The proposed maximum amount of CHF 1'800'000 is composed of the following (non-binding) components:

- Gross base salaries of the members of the Executive Management of CHF 1'470'000; plus
- Related employer contributions to social security and pension fund of CHF 330'000.

The actual payout to the members of the Executive Management for the period from 1 October 2019 to 30 September 2020 will be disclosed in the compensation reports 2019/20 and 2020/21, respectively.

## **6 Re-elections of members of the Board of Directors, re-election of the Chairman of the Board of Directors**

**Proposal:** The Board of Directors proposes the re-election of

- Ilan Cohen as member
- Ulrich Jakob Looser as member
- Ueli Wampfler as member
- Werner Carl Weber as member
- François Gabella as member
- Andreas Hürlimann as member and Chairman (one single vote)

to the Board of Directors for a term of office of one year extending until completion of the next Annual General Meeting.

Re-elections of the proposed nominees will be held individually.

**Explanation:** The mandates of all members of the Board of Directors will expire at the end of the Annual General Meeting of 27 June 2019.

For further details on the nominees as well as their qualifications, see biographies in the corporate governance report 2018/19, pages 42 to 51 of the Financial Report.

## **7 Re-elections to the Nomination & Compensation Committee**

**Proposal:** The Board of Directors proposes the re-election of

- Ulrich Jakob Looser
- Andreas Hürlimann

to the Nomination & Compensation Committee for a term of office of one year extending until completion of the next Annual General Meeting. In case of re-election, Ulrich Jakob Looser will be appointed as Chairman of the Nomination & Compensation Committee.

Re-elections of the proposed nominees will be held individually.

## **8 Re-election of the Independent Representative**

**Proposal:** The Board of Directors proposes the re-election of the law firm Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, 1701 Fribourg/Freiburg, Switzerland, as Independent Representative for a term of office of one year extending until completion of the next Annual General Meeting.

## **9 Re-election of the statutory auditors**

**Proposal:** The Board of Directors proposes the re-election of Ernst & Young Ltd., Lancy, as statutory auditors for the financial year 2019/20.

# Organizational information

## Annual report

The annual report 2018/19 is published in two documents. The first is the Annual Review, which is effectively the management report on the year's performance. The second is the Financial Report, consisting of the consolidated financial statements of the LEM Group, the annual financial statements of LEM HOLDING SA, the compensation report, the corporate governance report and the reports of the statutory auditors. Both documents were published on 22 May 2019 and can be accessed on LEM's website (<https://www.lem.com/en/investors> and select > Financial Reports). A hard copy of the full annual report will be sent to shareholders upon request to LEM HOLDING SA, c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland. The full annual report is also available for inspection from 6 June 2019 at the registered office of LEM HOLDING SA, which is located at avenue Beauregard 1, 1700 Fribourg/Freiburg, Switzerland. The annual report 2018/19 is only available in English.

## Voting entitlement

Those shareholders entered in the share register on 14 June 2019, 17:00 (CEST) are entitled to vote.

From 14 June 2019, 17:00 (CEST) up to and including 27 June 2019, no entries will be made in the share register which would create a right to vote at this year's Annual General Meeting. Shareholders who sell parts or all of their shares before the Annual General Meeting are no longer entitled to vote to that extent.

## Personal attendance at the Annual General Meeting

If you wish to attend the Annual General Meeting in person, please use the enclosed registration form to order your admission card.

## Proxies to the Independent Representative

If you cannot attend the Annual General Meeting in person, according to Article 14 of the Articles of Association of LEM HOLDING SA, you may arrange to be represented by:

- another person, who does not need to be a shareholder, or
- the Independent Representative, Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, P.O. Box 736, CH-1701 Fribourg/Freiburg, Switzerland.

The enclosed registration form may be used as power of attorney to the Independent Representative and for voting instructions.

Both have to be returned by enclosed envelope not later than 24 June 2019 to LEM HOLDING SA, c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

To the extent you do not provide specific instructions to the Independent Representative, you instruct the Independent Representative to vote your shares in favor of the proposals of the Board of Directors with respect to the items listed on the agenda. The same shall apply for additional or alternative proposals to the agenda items included in this invitation and for new agenda items.

## Electronic proxies and voting instructions

Alternatively, shareholders have the possibility to cast their votes by issuing electronic proxies and voting instructions to the Independent Representative via Netvote: [www.netvote.ch/lem](http://www.netvote.ch/lem). Further, the admission card may be requested online. Shareholders may provide or change any voting instructions they have communicated electronically until but not later than 24 June 2019 at 23:59 (CEST). The e-voting fact sheet and requisite login data are part of the enclosed meeting materials supplied to the shareholders. Please follow the instructions.

## **Correspondence**

We kindly request that shareholders submit any correspondence in connection with the Annual General Meeting by priority mail to LEM HOLDING SA, c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

## **Language**

The Annual General Meeting will be held in French. Presentations will be projected in French and English. There will be no simultaneous translation into other languages.

## **Invitation**

This invitation will be published in the Swiss Commercial Gazette on 6 June 2019.

At the end of the Annual General Meeting, we are pleased to welcome all shareholders to a cocktail buffet.

Fribourg/Freiburg, 6 June 2019

On behalf of the Board of Directors of LEM HOLDING SA

Andreas Hürlimann,  
Chairman of the Board of Directors

# Site location



Leading the world in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers' systems are optimized, reliable and safe.

**LEM HOLDING SA**

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