

Corporate Governance

Belimo manages and exercises control at the highest corporate level according to the principles and rules of the “Swiss Code of Best Practice” issued by economiesuisse and the Swiss Stock Exchange SIX.

The information required to be published under the guidelines of the Swiss Stock Exchange is set out below using the corresponding sequence and numbering.

1 Group structure and shareholders

1.1 Group structure

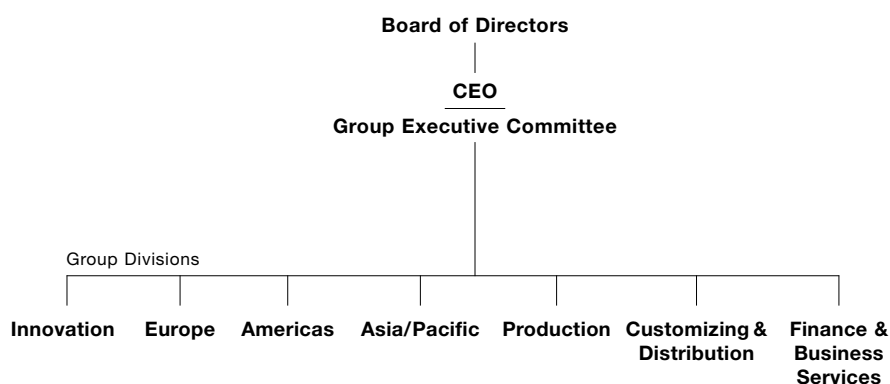
The Belimo Group is organized into Markets (Europe, Americas, Asia/Pacific), Innovation, Production, Customizing & Distribution, and Finance & Business Services. The operational

Group structure is shown in the organization chart below.

BELIMO Holding AG (the holding company of the Belimo Group) is the only Group company that is listed. The registered office of the Company is in Hinwil, Switzerland. Belimo shares (BEAN, security number 150 319) are listed on the Swiss Stock Exchange.

The market capitalization as of December 31, 2009 amounted to CHF 707 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are disclosed on page 87. Further details on Belimo shares are given on page 92 and on the inside cover. Information regarding the unlisted companies is given in the summary on page 85 to 86.

Group structure



1.2 Significant shareholders

As of December 31, 2009, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Percentage	Of which shares entitled to vote	Percentage
Sarasin Investmentfonds AG	21 000	3.4%	21 000	3.4%
Lombard Odier Darier Hentsch Fund Managers SA	32 451	5.3%	30 750	5.0%
Werner Roner	35 000	5.7%	35 000	5.7%
The Capital Group Companies, Inc.	64 000	10.4%	30 750	5.0%
Group Linsi	118 412	19.3%	118 412	19.3%

BELIMO Holding AG currently holds 1.5 percent of the share capital.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital structure

Information on the capital structure is contained to a large extent in the Articles of Incorporation of BELIMO Holding AG and in the financial statements of BELIMO Holding AG (pages 83 to 90). The Articles of Incorporation are available on the internet at www.belimo.com/investorrelations.

2.1 Capital

The ordinary share capital of BELIMO Holding AG amounts to CHF 615 000.

2.2 Approved and conditional capital in particular

The Company has no approved or conditional share capital.

2.3 Changes in equity during the last three years

The shareholders' equity of BELIMO Holding AG has changed as follows:

As at	in CHF 1 000
December 31, 2007	95 772
December 31, 2008	81 154
December 31, 2009	111 652

2.4 Shares and participation certificates

The share capital is divided into 615 000 registered shares, each with a nominal value of CHF 1.00. All registered shares are fully paid up and entitle the holder to dividends.

As regards voting rights, reference is made to the provisions of Article 13 of the Articles of Incorporation and Item 6.1 of this Corporate Governance section. In the event of a share capital increase, shareholders have a right of first refusal to subscribe to new shares in proportion to their existing shareholding (see Article 7 of the Articles of Incorporation). The Company maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered.

BELIMO Holding AG has not issued any participation certificates.

2.5 Dividend-rights certificates

BELIMO Holding AG has not issued any dividend-rights certificates.

2.6 Limitation of transferability and nominee registrations

In terms of the relationship with the Company, only those persons who are entered in the share register shall be considered as registered shareholders or beneficial owners. Buyers of shares must apply in writing to be entered in the share register. The Company may refuse to make an entry in the share register if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account. A shareholder or beneficial owner will be entered in the share register as a voting shareholder or beneficial owner for a maximum of five percent of the total number of shares as shown in the commercial register. Shareholders holding more than five percent of the total number of shares at the time this provision was introduced shall continue to be registered in the share register with the number of shares actually held.

The registration restrictions are not identical to those relating to voting rights (see details under Item 6.1 of the Corporate Governance section). The Board of Directors may define exceptions to the five percent registration limit. No such exceptions were made during the year under review.

2.7 Convertible bonds and share options

BELIMO Holding AG has no outstanding convertible bonds or share options. BELIMO Holding AG has not issued any share options to employees.

3 Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of five members as of December 31, 2009.

3.1 Members of the Board of Directors

3.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are as follows:



Prof. Dr. Hans Peter Wehrli

Chairman

1952, Swiss, Dr. oec. publ.

Board Member since 1995

Chairman of the Board of Directors since 1997

Ordinary Professor for Business Studies of the Faculty of Business Sciences at the University of Zurich

Further activities and relationships: Datacolor AG, Lucerne, Member of the Board of Directors

Swiss Prime Site AG, Olten, Chairman of the Board of Directors



Martin Hess

1948, Swiss, El.-Ing. HTL/SIA

Board Member since 2007

Since 1974, partner, Chairman of the Executive Committee and also Chairman of the Board of Directors of HEFTI.

HESS. MARTIGNONI. Holding AG, Aarau

Further activities and relationships:

None



Dr. Robert Straub

1940, Swiss, Dr. rer. pol.

Board Member since 1995

1988 – 1995 Director of the Finance Administration of the Canton of Zurich
Financial Consultant since 1995

Further activities and relationships: ProgressNow! invest AG, Frauenfeld, Chairman of the Board of Directors



Werner Buck

Deputy Chairman

1943, American

Board Member since 2007

1978 – 1988 Various functions with Landis & Gyr AG, Switzerland and USA

1988 – 2005 BELIMO Aircontrols (USA) Inc. and BELIMO Aircontrols (CAN) Inc., Managing Director

1998 – 2005 Head of the Americas, Member of the Group Executive Committee

Further activities and relationships: ProMation Engineering, Brooksville, FL, USA, Chairman of the Board of Directors



Walter Linsi

1944, Swiss, FEAM

Board Member since 1977

Co-founder of Belimo

Head of Technology and Member of the Group Executive Committee until 1999

Further activities and relationships:

U. W. Linsi Foundation, Chairman

Independence of the non-executive members

None of the non-executive members has exercised an operational function for the Belimo Group during the three financial years preceding the reporting period. The non-executive members of the Board of Directors and the companies they represent have no business relationships with the Belimo Group.

3.3 Cross-relationships

No cross-relationships exist. There are no reciprocal memberships of the Board of Directors of BELIMO Holding AG with that of any other listed company.

3.4 Election and term of office

According to the Articles of Incorporation, the Board of Directors is made up of at least three and no more than seven members, who are elected by the General Meeting under the principle of collective replacement for a term of office of one year. If the period of office of a Board member ends before expiry of the term of office, the newly elected member concludes the term of office of the predecessor. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office of one year for one final time.

Details of first election to the Board of Directors are given in the following table:

Member	Since AGM
Hans Peter Wehrli	1995
Werner Buck	2007
Martin Hess	2007
Walter Linsi	1977
Robert Straub	1995

3.5 Internal organization

The Board of Directors is the supreme management body in the Group. It is empowered to take decisions in respect of all matters that are not reserved for the General Meeting by law

or by the Articles of Incorporation, or that the Board has not delegated to another body by regulation or resolution. The Board of Directors constitutes itself. It designates a secretary, who does not have to be a member of the Board of Directors.

The Board of Directors has the following principal duties:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the organization of management
- Determining the design of the accounting system and financial controls
- Nominating and removing the members of the Group Executive Committee
- Succession planning for the most senior levels of management
- Drawing up the annual report, preparing the General Meeting and carrying out its resolutions

The Board of Directors has established two permanent committees:

- the Audit Committee, which reviews adherence to regulations and instructions and proposes the persons or firms to be appointed as statutory auditors,
- the Remuneration Committee, which draws up proposals regarding the remuneration of the Board of Directors and the Group Executive Committee.

A further committee is convened as and when required to lead the selection process to appoint a board member or a member of the Group Executive Committee.

The Board of Directors has delegated the task of operational management to the Group Executive Committee. The CEO is not a member of the Board of Directors.

The Chairman of the Board of Directors, or, in his absence, the Deputy Chairman of the Board or a duly appointed member, calls the meetings and chairs the discussions.

Manner of work of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. Extraordinary meetings may be convened as and when required. Any board member may submit a request for additional meetings to the Chairman, stating the reasons. Five meetings were held in 2009.

The agenda for meetings is drawn up by the Chairman in cooperation with the CEO. Any board member may request that an item be placed on the agenda. Meetings are called in writing by the Chairman. The invitation, together with the detailed agenda and attachments, is normally to be distributed to all participants one week before the date of the meeting. Provided that no member objects, the Board may also discuss other urgent matters that were not included on the agenda. The members of the Group Executive Committee may be invited to attend Board meetings. In order that the Board of Directors receives adequate information on which to base its decision, other employees or third parties may also be invited to attend meetings.

The Board of Directors resolves and conducts elections by a majority of the members present. A majority of members must be present for the Board to be quorate. Resolutions may also be passed by video or telephone conference, or by way of circulation provided that no member requests verbal discussion at a meeting. The individual members are required to step out of the meeting when matters are discussed that affect them or persons or legal entities related to them. The board

members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/resolutions of relevance to them.

In addition to Board meetings, the Board of Directors holds regular meetings with the Group Executive Committee. Two such meetings were held in 2009.

Composition and manner of work of the Committees of the Board of Directors

The duties of the three Committees of the Board of Directors (Audit Committee, Remuneration Committee and Appointment Committee) are set out in a separate list. These duties primarily comprise evaluation, advisory and supervisory functions, and reporting to the Board of Directors. The committees have no decision-making powers. The committees meet periodically or when required. The same conditions regarding meeting rules and stepping out apply as for the Board of Directors. The Board of Directors elects the members of the three committees.

The composition of the committees as of the end of 2009 was as follows:

- Audit Committee:
Prof. Dr. Hans Peter Wehrli and
Dr. Robert Straub
- Remuneration Committee:
Prof. Dr. Hans Peter Wehrli,
Martin Hess and Walter Linsi
- Appointment Committee:
Prof. Dr. Hans Peter Wehrli,
Walter Linsi and Dr. Robert Straub

Minutes of the meetings are prepared and distributed to those who attended the meeting and to all members of the Board of Directors. The members of the committees also report verbally to the next meeting of the Board of Directors as to the matters discussed and submit, where necessary, the respective motions to the Board as a whole. The following supplementary information relates specifically to the individual committees:

Audit Committee

The Audit Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent when he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company. Based on their education or their professional experience, all members have adequate familiarity with finance and accounting.

The Audit Committee has the following principal duties:

- Considering the annual report, the annual and interim financial statements, the comprehensive audit report and the audit reports for the Belimo Group and BELIMO Holding AG, submitting motions to the Board of Directors
- Evaluating adherence to financial reporting standards in the Group
- Selecting the audit firm to be proposed to the General Meeting as statutory auditors, submitting motions to the Board of Directors
- Approving the audit plan of the statutory auditors
- Evaluating the performance, independence and remuneration of the statutory auditors
- Periodically reviewing the guidelines issued regarding ad hoc announcements and the avoidance of insider offences

- Examining the internal control system
- Periodically reviewing the organization of the risk management system
- Evaluating key tax issues

The Audit Committee held three meetings in 2009 with the CFO, Mr. Beat Trutmann. The statutory auditors were present at two of those meetings.

Remuneration Committee

The Remuneration Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent when he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company.

The Remuneration Committee has the following principal duties:

- Submitting motions to the Board of Directors for the determination of the fixed fees and the bonuses for the Board of Directors
- Submitting motions to the Board of Directors for the determination of the annual salaries and bonuses of the CEO, the members of the Group Executive Committee and the heads of Group Divisions
- Submitting motions to the Board of Directors for the determination of the retirement arrangements for the CEO, the members of the Group Executive Committee and the heads of Group Divisions
- Submitting motions to the Board of Directors for the approval of loan agreements between the Company and members of the Board of Directors or the Group Executive Committee

The Remuneration Committee met twice in 2009.

Appointment Committee

The Appointment Committee comprises at least two members of the Board of Directors.

The Appointment Committee has the following principal duties:

- Selecting suitable candidates for membership of the Board of Directors, submitting motions to the Board of Directors for proposal to the General Meeting
- Selecting suitable candidates to fill positions in the Group Executive Committee, submitting motions to the Board of Directors

No meetings were required in 2009.

3.6 Regulation of authority

The regulation of authority between the Board of Directors and the Group Executive Committee is laid down in the organizational regulations (corporate schedule of responsibilities) of the Belimo Group. This describes the general duties and lays down who holds the decision-making authority with regard to different transactions.

Apart from decisions in respect of the tasks that are defined under Article 716a of the Swiss Code of Obligations as being non-assignable, the Board of Directors also reserves for itself the approval of significant transactions relating to strategy implementation and important organizational, financial and staffing matters in the operational area.

3.7 Information and control instruments in relation to the Group Executive Committee

The Board of Directors is linked to the management information system of the Belimo Group at the appropriate level. At the end of each quarter, in addition to the monthly reports, the Board of Directors receives an unaudited balance sheet and income statement, a sales forecast for the next five quarters and other key fig-

ures (balanced scorecard) of the Group. The figures are compared against prior year and budget. Once a year (after the end of the third quarter), the Board receives the projection for the full year in the same degree of detail, enabling the Board to review the likelihood of the budget being achieved. In the second quarter of each year the Board also receives the qualitative strategic targets and the results of a medium-term planning exercise covering a period of five years for its approval.

The written reports are supplemented by verbal information from the CEO or CFO at every meeting of the Board of Directors. In special cases, the CEO informs the Board of Directors without delay in writing and/or verbally as to the matter in question. The Chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him on all transactions and issues that are of fundamental importance or that have wider implications.



Beat Trutmann

Head of Finance & Business Services (CFO)

1954, Swiss, lic. oec. publ.
Member of the Group Executive Committee since 2003

Formerly Certified Accountant with Coopers & Lybrand AG, Zurich and San Francisco

1988–1992 Controller of Maag Group, Zurich

1992–2000 Head of Finance and Accounting with Elex AG, Schwerzenbach
2000–2002 CFO and Member of the Executive Committee of Disetronic Holding AG, Burgdorf

Chief Financial Officer since January 2003

Further activities and relationships:
None



Alexander G. van der Weerd

Head of Americas

1962, Dutch, BA, MBA
Member of the Group Executive Committee since 2006

1984–1987 Baltimore Aircoil Europe
1988–2006 Carrier Corporation USA occupying functions as: Director Finance and M&A, Vice President Transport Air Conditioning, Vice President Asia (South-East Asia, Korea), Director Refrigeration Platform

Head of Americas since March 2006

Further activities and relationships:
None



Peter Schmidlin

Head of Innovation

1963, Swiss, Dipl. El.-Ing. ETH
Member of the Group Executive Committee since 2000

1988–2000 Various functions in research and development
2000–2007 Head of Technology

Head of Innovation since January 2008

Further activities and relationships:
U. W. Linsi Foundation, Member of the Foundation Council



Alex Brunner

Head of Europe

1953, Swiss, Swiss certified sales manager
Member of the Group Executive Committee since 2001

1983–1993 Vice-Director with Landis & Gyr AG, Zug
1994–2001 Director with Johnson Controls Systeme AG, Switzerland

Head of Europe since May 2001

Further activities and relationships:
None



Matthias Haas

Head of Asia/Pacific

1960, German, Dipl. Ing. TFH
Member of the Group Executive Committee since 2001

1990–1995 Product Manager with Landis & Gyr AG, Zug

1995–1997 Customer Account Manager with Landis & Staefa Inc., Buffalo Grove, USA

1997–1999 Product Manager with Siemens Building Technologies, Zug

1999–2001 Head of Product Management Asia/Pacific with Siemens Building Technologies, Hong Kong

Head of Asia/Pacific since October 2001

Further activities and relationships:
None

4.3 Management contracts

There are no management contracts with firms or individuals outside the Belimo Group.

5 Remuneration, participations and loans

5.1 Procedure for determining remuneration and participation programs, and their content

Belimo remunerates its Board of Directors and Group Executive Committee members according to performance and success. The compensation package is designed to be market-oriented and contains substantial performance-related remuneration components, in addition to a fixed element. The activities of the Chairman of the Board, the Deputy Chairman of the Board and the ordinary board members are remunerated in cash by means of a fee, which comprises fixed compensation and a profit-related bonus. Activities carried out as a member of a Committee of the Board are not subject to additional compensation.

The CEO, members of the Group Executive Committee and senior management receive a performance-related bonus in addition to their fixed remuneration. The bonus plan is based on the achievement of agreed targets. Payment of up to 50 percent of the bonus is dependent on financial targets (EBIT and/or net income and sales growth) being achieved, with the rest being dependent on the achievement of personal performance targets.

The amount of the target bonus, which is paid when all set targets have been reached, amounts to between 70 and 80 percent of fixed remuneration for the CEO and to between 60 and 70 percent of fixed annual salary for the members of the Group Executive Committee. If the

targets set are partially reached the bonus is lower, as set out in the agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

The amounts of the annual salaries and target bonuses for the CEO, members of the Group Executive Committee, and heads of the Group Divisions for the next financial year are proposed by the Remuneration Committee to the Board of Directors for approval.

5.2 Transparency of remuneration, participations and loans from issuers based outside Switzerland

For remuneration, see note 5 Remuneration of the Board of Directors and Group Executive Committee to the financial statements of BELIMO Holding AG, pages 87 to 89.

6 Shareholders' rights of influence

The shareholders of Swiss companies have a range of rights to influence and protection, which are fundamentally regulated in the Swiss Code of Obligations (CO) and are supplemented by the Articles of Incorporation of the Company. Shareholders' rights of influence are described in detail in the Articles of Incorporation of BELIMO Holding AG, which are available on the internet at www.belimo.com/investorrelations.

6.1 Limitation of voting rights and proxies

See Articles 13 and 14 of the Articles of Incorporation

Each share entered in the share register as a voting share entitles the holder to one vote at the General Meeting. The shares must be entered into the share register by the day prior to the General Meeting. See the provisions under Item 2.6 with regard to limits on the transferability of shares and nominee entries.

In exercising voting rights, no shareholder may represent in his/her own name and/or on behalf of others more than ten percent of the total number of shares entered in the commercial register. Legal entities and private partnerships related to each other through ownership or voting rights, by shared management, or in any similar manner, and individuals, legal entities and private partnerships acting jointly or in a coordinated way shall be deemed a single person. The Board of Directors may issue special regulations regarding the exercise of voting rights of shares held in custody accounts or for any other justified reason.

During the year under review the Board of Directors did not grant any exceptions regarding the limitation of voting rights.

Shareholders registered in the share register with more than ten percent of the share votes are released from this restriction to the extent that they may represent no more than the number of shares registered in their name (see Article 13 of the Articles of Incorporation).

Every shareholder may have his/her shares represented at the General Meeting by a proxy appointed in writing or by the independent voter representative provided for by law. The proxy need not be a shareholder.

6.2 Quorum as per Articles of Incorporation

See Article 16 of the Articles of Incorporation

6.3 Convening the General Meeting

See Article 10 of the Articles of Incorporation

The General Meeting is convened in accordance with the Swiss Code of Obligations by being announced once in the Swiss Official Gazette of Commerce, and, for information purposes, by written invitation to the registered shareholders. The provisions do not contain any rules that diverge from statute.

6.4 Putting an item on the agenda

See Article 11 of the Articles of Incorporation

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request that an item be put on the agenda up to 60 days before the General Meeting.

6.5 Entry in the share register

See Articles 4 and 5 of the Articles of Incorporation

A shareholder or beneficial owner will be entered in the share register as a voting shareholder for a maximum of five percent of the total number of shares shown in the commercial register. The Board of Directors may determine exceptions to the five percent registration limit.

7 Change in control and defensive measures

7.1 Obligation to make an offer to buy shares

The Articles of Incorporation do not contain any provisions with respect to opting out or opting up.

7.2 Change of control clauses

There are no change of control clauses for members of the Board of Directors. For the CEO and members of the Group Executive Committee there are agreements in their employment contracts in the event that these are terminated unilaterally by the employer as a consequence of the acquisition by a third party of a controlling majority in BELIMO Holding AG. In some cases the agreements contain an entitlement to an extension to the period of notice to be given by the employer, and in other cases entitlement to compensation when notice is given. In no case does the period of notice exceed 24 months or the compensation exceed two years' target salary.

8 Statutory auditors

8.1 Period of appointment and period of office of the auditor in charge

KPMG AG, Badenerstrasse 172, Zurich has been the Group auditor of the Belimo Group and the statutory auditor of BELIMO Holding AG since 2004. The auditor in charge since 2006 is Reto Benz. The statutory auditors are elected each year by the General Meeting for one financial year.

8.2 Audit fee

KPMG invoiced a total of CHF 0.6 million to the Belimo Group in 2009 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it.

8.3 Additional fees

Fees amounting to CHF 0.0 million were paid to KPMG for other services such as consulting and tax advice.

8.4 Sources of information for the external audit

Each year at least one Audit Committee meeting takes place, at which, in addition to other matters, the annual financial statements are discussed. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. During the year under review two meetings took place between the statutory auditors and the Audit Committee. In each case the statutory auditors supplied the participants with written points for discussion beforehand.

Each year the Audit Committee of the Board of Directors considers the performance, independence and remuneration of the statutory auditors and submits to the Board of Directors a proposal as to which external audit firm should be proposed to the General Meeting for election. The Audit Committee examines the scope of the statutory audit, the audit plans and the relevant procedures on an annual basis. In each case the results of the audit are discussed with the statutory auditors.

9 Information policy

9.1 Principles

Belimo pursues an open, active and transparent information policy in relation to all parties concerned. Each year it publishes a summary annual report, an annual and a semi-annual report.

At least one conference for the media and financial analysts takes place at the time of the publication of the annual financial statements.

9.2 Important dates

The following important dates have been set for 2010:

Presentation of the annual financial statements
March 8, 2010

General Meeting
March 29, 2010

Dividend payment
April 7, 2010

Semiannual Report 2010
August 5, 2010

Further information for shareholders is available at www.belimo.com/investorrelations.

9.3 Contact

BELIMO Holding AG
Investor Relations
Beat Trutmann, CFO
Brunnenbachstrasse 1
CH-8340 Hinwil
Tel: +41 (0)43 843 62 65
Fax: +41 (0)43 843 62 41
E-Mail: ir@belimo.ch

9.4 Publicity principles/Avoidance of insider offences

Belimo publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss Stock Exchange SIX.