

Corporate Governance

BELIMO Holding AG discloses this Corporate Governance report at the highest corporate level of the Belimo Group in accordance with the principles and regulations of the Swiss stock exchange SIX Swiss Exchange Ltd., in particular the Directive Corporate Governance and the Swiss Code of Best Practice published by economiesuisse.

The required disclosure of remuneration for the members of the Board of Directors of BELIMO Holding AG and the Group Executive Committee, as well as other disclosures, are reported based on the Ordinance Against Excessive Compensation in Listed Companies and the Articles of Incorporation of BELIMO Holding AG in the Remuneration Report on pages 34 to 37.

The information contained in this Corporate Governance report is based on the corporate organization, regulations and Articles of Incorporation that were in effect on December 31, 2015.

1 Group structure and shareholders

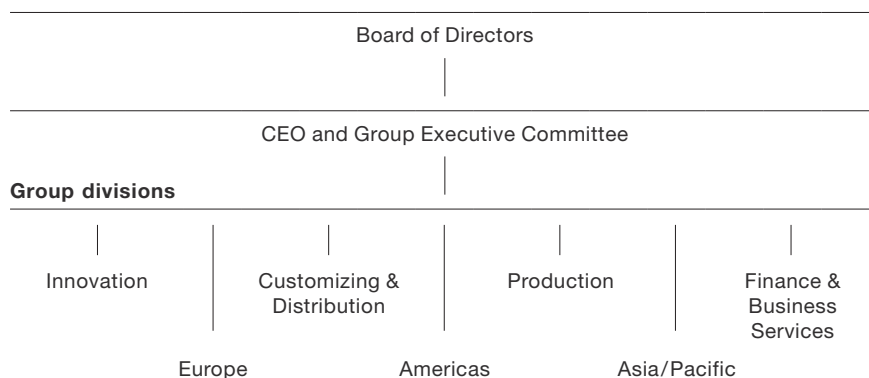
1.1 Group structure

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 (ISIN number CH0001503199) are listed on the Swiss stock exchange SIX Swiss Exchange Ltd.

The market capitalization as of December 31, 2015, amounted to CHF 1507 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 90. Further details on Belimo shares are given on pages 94 and 95. Information regarding the unlisted companies is given in the summary on page 89.

Group structure



1.2 Significant shareholders

As at December 31, 2015, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Share	Of which voting shares	Share
Ameriprise Financial, Inc.	22 405	3.64%	22 405	3.64%
The Capital Group Companies, Inc.	30 730	4.997%	30 730	4.997%
Werner Roner	35 000	5.69%	35 000	5.69%
Group Linsi	118 580	19.28%	118 580	19.28%

Disclosure notices relating to persons or groups with significant shareholdings (more than three percent of voting rights) can be found at www.six-exchange-regulation.com.

As at December 31, 2015, BELIMO Holding AG held 0.09 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 86 to 92). 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

The shareholders' equity of BELIMO Holding AG has changed during the last three years as follows:

in CHF 1 000	2015	2014	2013
Shareholders' equity as at December 31	221 727	209 709	190 968

2.4 Shares

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.

The Company maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered. Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the Annual General Meeting. 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 and legal requirements.

2.5 Participation and dividend-rights certificates

BELIMO Holding AG has issued neither participation nor 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 or the beneficial owners 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. 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. 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.

Through the use of regulations, 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. No options were issued to employees.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of five members as of December 31, 2015.

3.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are shown on page 23.

Independence of the non-executive members

The Board of Directors consists of non-executive members. This means that no member exercised an operational function for the Belimo Group during the three financial years preceding the reporting period.

The members of the Board of Directors and the companies they represent have no material business relationships with the Belimo Group.

3.3 Mandates

No member of the Board of Directors may hold more than four additional mandates in the ultimate strategic management bodies or on the ultimate boards of listed companies which do not belong to the Belimo Group. The Board of Directors may allow in maximum two exceptions per member in specific cases.

Corporate Governance

Board of Directors

Prof. Dr. Hans Peter Wehrli (1952)

Swiss

Dr. oec. publ.

Chairman of the Board of Directors since 1997

Further activities and relationships:

Datacolor AG, Lucerne, Member of the Board of Directors

Gebäudeversicherung Bern (GVB), Ittigen, Member of the Board of Directors

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

Significant professional post:

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

Adrian Altenburger (1963)

Swiss

HVAC engineer HTL/MAS Arch. ETH/SIA

Further activities and relationships:

SIA Swiss Society of Engineers and Architects, Zurich, Vice-President and Member of the Board of Directors, President of the Central Committee for Codes and Expert Council for Energy

SNV Swiss Association for Standardization, Winterthur, Vice-Chairman and Member of the Board of Directors

ASHRAE American Society of Heating, Refrigerating and Air Conditioning Engineers, Member of the Technical Committee 9.9

Significant professional posts:

1999–2015 Amstein + Walthert AG, Zurich, Partner, Member of the Group Executive Committee and Board of Directors

Since 2015 University of Applied Sciences and Arts – School of Engineering & Architecture, Lucerne, Head of degree program and department Building Technology

Patrick Burkhalter (1962)

Swiss

lic. oec. publ.

Further activities and relationships:

U. W. Linsi Foundation, Stäfa, Member of the Foundation Board

Ochsenkultur AG, Wetzikon, Chairman of the Board of Directors

Significant professional posts:

1988–1992 Ergon Informatik AG, Zurich, Software developer

Since 1992 Ergon Informatik AG, Zurich, Chairman of the Executive Committee and Member of the Board of Directors

Martin Hess (1948)

Swiss

El.-Ing. HTL/SIA

Further activities and relationships:

Ernst Schweizer AG, Metallbau, Hedingen, Deputy Chairman of the Board of Directors

Significant professional posts:

Chairman of the Board of Directors until 2013 and Chairman of the Executive Committee until 2012 of HEFTI. HESS. MARTIGNONI. Aarau AG, Aarau

Dr. Martin Zwyssig (1965)

Swiss

Dr. oec. HSG

Deputy Chairman of the Board of Directors

Further activities and relationships:

None

Significant professional posts:

2003–2008 Schaffner Holding AG, Luterbach, Group CFO

2008–2014 Ascom Holding AG, Baar, Group CFO

Since 2014 Autoneum Holding AG, Winterthur, Group CFO

Corporate Governance



Members of the Board of Directors

Dr. Martin Zwysig, Deputy Chairman

Prof. Dr. Hans Peter Wehrli, Chairman

Patrick Burkhalter, Member

Martin Hess, Member

Adrian Altenburger, Member

The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate boards of non-listed companies which do not belong to the Belimo Group is permissible for a member of the Board of Directors as long as the exercise of the obligations to BELIMO Holding AG of the member of the Board of Directors is not impaired.

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 individually by the Annual General Meeting for a term of office of one year, which ends with the next ordinary Annual General Meeting. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office 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
Adrian Altenburger	2015
Patrick Burkhalter	2014
Martin Hess	2007
Martin Zwysig	2011

3.5 Internal organization

The Board of Directors is the most senior management body in the Belimo Group. It is empowered to make decisions in respect of all matters that are not reserved for the Annual General Meeting by law or in accordance with the Articles of Incorporation, or that the Board has not delegated to another body by regulation or resolution. The Board of Directors constitutes itself, subject to legal and statutory provisions. The Chairman and the Deputy Chairman of the Board of Directors as well as the members of the Remuneration Committee are elected individually by the Annual General Meeting for a term of office of one year, which ends with the next ordinary Annual General Meeting. The Board of Directors designates a secretary, who does not have to be a member of the Board of Directors.

By law, the Board of Directors has the following non-transferable and non-assignable tasks:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the organizational structure
- Determining the design of the accounting system, financial control and financial planning
- Nominating and removing the persons entrusted with the management and representation of the Company
- Supervision of the persons in charge of the management
- Drawing up the Annual Report and the Remuneration Report, preparing for the Annual General Meeting and carrying out its resolutions
- Notifying the judge in the event of insolvency

The Board of Directors may entrust the preparation and execution of its resolutions or the supervision of business to committees. The Board of Directors has established two permanent committees during the year under review: the Audit Committee and the Remuneration Committee. The Appointment Committee is convened when required.

The Board of Directors has delegated the operational management to the Group Executive Committee, headed by the CEO, in accordance with the Articles of Incorporation of BELIMO Holding AG and organizational regulations that have been issued (with the corporate schedule of responsibilities). 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.

Workings of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. The dates of its ordinary meetings and of committee meetings are set early so that all members can attend in person as a general rule. 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. Nine meetings were held in 2015 (including conference calls).

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 convened in writing by the Chairman. The invitation, together with the detailed agenda and attachments, is normally 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 decisions, other employees or third parties may also be invited to attend meetings.

The Board of Directors makes decisions and conducts elections by a majority of the members present at the meeting. A majority of members must be present for the Board to pass a resolution. Resolutions may also be passed by video-conferences, conference calls or by way of circulation provided that no member requests a verbal discussion at a meeting. The individual members are required to step out of the meeting if 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.

Composition/workings of the committees of the Board of Directors

The duties of the Audit, Remuneration and Appointment Committee primarily comprise evaluation, advisory and supervisory functions for the Board of Directors. The committees have no decision-making powers. They 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 Audit and Appointment Committee yearly. The members of the Remuneration Committee are elected individually by the Annual General Meeting for a term of office of one year.

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 regarding the matters discussed and submit, where necessary, the respective motions to the Board of Directors.

Audit Committee

The Audit Committee comprises at least two independent members of the Board of Directors. Based on their education or their professional experience, all members of the committee have sufficient knowledge of finance and accounting.

The following members have been elected for the 2015/2016 period of office: Dr. Martin Zwysig (Chairman) and Prof. Dr. Hans Peter Wehrli

Duties:

- Evaluating 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 Annual General Meeting as statutory auditors, submitting motions to the Board of Directors
- Approving the audit plans 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
- Reviewing the internal control system
- Periodically reviewing the structure of the risk management system
- Evaluating key tax issues

The Audit Committee held two meetings in 2015 with the CEO, CFO and the statutory auditors.

Remuneration Committee

Information on the composition and duties of the Remuneration Committee are disclosed in the Remuneration Report on pages 34 to 37.

Appointment Committee

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

The following members have been elected for the 2015/2016 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Patrick Burkhalter and Martin Hess

Duties:

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

Two meetings were held in 2015.

3.6 Regulation of authority

The regulation of authority between the Board of Directors and the Group Executive Committee, which is headed by the CEO, is laid down in the organizational regulations (corporate schedule of responsibilities) of BELIMO Holding AG, in accordance with the Articles of Incorporation of BELIMO Holding AG. This describes the general duties and defines who holds the decision-making authority for which transactions.

In addition to decisions regarding the tasks that are defined under Article 716a of the Swiss Code of Obligations as being irrevocable and non-assignable, the

Board of Directors also reserves the right to approve 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 involved in the Management Information System of the Belimo Group at the appropriate level. At the end of each quarter, in addition to the monthly reporting, the Board of Directors receives an unaudited balance sheet and income statement, a sales forecast for the next two quarters and other key figures (balanced scorecard) of the Group. The figures are compared against the prior year and the budget. In the second quarter of each year the Board also receives the qualitative strategic targets and the results of medium-term planning covering a period of five years for its approval. After the end of the third quarter, the Board receives the projection for the full year, enabling it to review the likelihood of the budget being achieved.

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 regarding 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.

4 Group Executive Committee

Together with the other members of the Group Executive Committee, the CEO manages the operations of the Group. He is responsible for drawing up, implementing and achieving the Group's corporate targets. The Group Executive Committee deals with all transactions that are of significant importance to the Belimo Group.

The Group Executive Committee has the following main duties:

- Developing and implementing the overall strategy and the overall budget
- Drawing up and implementing the structures and systems necessary for the management of the Group
- Making optimal use of Group resources
- Utilizing potential synergies present within the Group
- Promoting cooperation and communication within the Group
- Preparing motions that fall within the authority of the Board of Directors

4.1 Members of the Group Executive Committee

The Group Executive Committee comprised a total of five members as of December 31, 2015.

4.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Group Executive Committee are shown on page 29.

4.3 Mandates

No member of the Group Executive Committee may hold more than two additional mandates in the ultimate strategic management bodies or on the ultimate Boards of listed companies which do not belong to the Belimo Group. The Board of Directors may allow in maximum two exceptions per member in specific cases.

Group Executive Committee

Lars van der Haegen (1968)

Swiss

MBA

CEO since July 2015 and from July 2015 to February 2016 temporary Head of Americas

Further activities and relationships:

None

Significant professional posts:

2000–2006 BELIMO Automation AG, Hinwil, BELIMO Aircontrols (USA) Inc., Danbury, various functions

2007–2010 BELIMO Servomotori S.r.l., Bergamo, Managing Director

2011–2015 BELIMO Aircontrols (USA), Inc., Danbury, Head of Americas and Member of the Group Executive Committee

Gary Economides (1970)

Australian

MBA

Head of Asia/Pacific and Member of the Group Executive Committee since November 2012

Further activities and relationships:

None

Significant professional posts:

1998–2005 Siemens Building Technologies, Hong Kong, various functions

2005–2009 Carel Asia, Hong Kong, Managing Director

2009–2012 Carel Electronic Suzhou, China, CEO

Lukas Eigenmann (1961)

Swiss

Electronic technician, TS

Head of Europe and Member of the Group Executive Committee since July 2010

Further activities and relationships:

None

Significant professional posts:

1984–2002 BELIMO Automation AG, Hinwil, BELIMO Automation Handels GmbH, Vienna and BELIMO Aircontrols (USA) Inc., Danbury, various functions

2002–2010 BELIMO Stellantriebe Vertriebs GmbH, Stuttgart, Managing Director

Peter Schmidlin (1963)

Swiss

Dipl. El.-Ing. ETH

Head of Innovation and Member of the Group Executive Committee since August 2000

Further activities and relationships:

U. W. Linsi Foundation, Stäfa, Chairman of the Foundation Board

Significant professional posts:

1988–2000 BELIMO Automation AG, Hinwil, various functions in research and development

2000–2007 BELIMO Automation AG, Hinwil, Head of Technology

Beat Trutmann (1954)

Swiss

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CFO and Member of the Group Executive Committee since January 2003

Further activities and relationships:

None

Significant professional posts:

1992–2000 Elex AG, Schwerzenbach, Head of Finance and Accounting

2000–2002 Disetronic Holding AG, Burgdorf, CFO and Member of the Executive Committee



Members of the Group Executive Committee

Lukas Eigenmann, Head of Europe

Lars van der Haegen, CEO

Beat Trutmann, CFO

Gary Economides, Head of Asia/Pacific

Peter Schmidlin, Head of Innovation

The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate boards of non-listed companies which do not belong to the Belimo Group is permissible for a member of the Group Executive Committee as long as the exercise of the obligations to BELIMO Holding AG of the member of the Group Executive Committee is not impaired.

4.4 Management contracts

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

5 Remuneration, participations and loans

Details on the principles of the remuneration system, the granted remuneration, participations and loans to current and former members of the Board of Directors and the Group Executive Committee are provided on pages 34 to 37 in the Remuneration Report and in the notes of the financial statements of BELIMO Holding AG on pages 90 and 91 of this Annual Report.

6 Shareholders' rights of influence

6.1 Limitation of voting rights and proxies

Each share entered in the share register as a voting share at the date determined in advance by the Board of Directors entitles the holder to one vote at the Annual General Meeting.

Every shareholder may have his/her shares represented at the Annual 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. The independent voter representative is elected by the Annual General Meeting for the term of office of one year including the subsequent Annual General Meeting. The Board of Directors may issue procedural rules for participation, representation and giving instructions. Shareholders can issue their proxy and instructions to the independent voter representative electronically. The independent voter representative is obliged to exercise the voting rights that he represents as per the instructions. The general instruction to vote in accordance with the Board of Directors is deemed to be a valid instruction for exercising the right to vote.

See the provisions under note 2.6 of this Corporate Governance section regarding limits on the transferability of shares and nominee entries.

6.2 Quorum as per Articles of Incorporation

The Annual General Meeting resolves and elects with the absolute majority of votes cast, insofar as the law does not compulsorily specify otherwise. In case of a tie, the Chairman of the meeting shall have the casting vote. If the absolute majority is not reached in a first election round, the relative majority shall be decisive in the second round. Resolutions based on Article 704 of the Swiss Code of Obligations, require at least two-thirds of the votes represented and the absolute majority of the nominal values of the shares represented.

6.3 Convening the Annual General Meeting

The Annual 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 the law.

6.4 Putting an item on the agenda for the Annual General Meeting

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request that an item be put on the agenda of the Annual General Meeting. Such requests shall be submitted in writing to the Chairman of the Board of Directors at latest 45 days prior to the Annual General Meeting.

6.5 Entry in the share register

For administrative reasons the share register is closed for about ten days before an Annual General Meeting (the exact date will be determined by the Board of Directors of BELIMO Holding AG and is published in the invitation to the Annual General Meeting).

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

Information on change of control clauses for members of the Board of Directors and Group Executive Committee is on pages 34 to 37 in the Remuneration Report.

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 2013 is Jürg Meisterhans. The statutory auditors are selected each year by the Annual General Meeting for one financial year.

8.2 Audit fee

KPMG invoiced a total of CHF 0.4 million to the Belimo Group in 2015 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 0.2 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. Two meetings took place in the year under review. In each case the statutory auditors supplied the participants with written points for discussion beforehand.

9 Information policy

9.1 Principles

BELIMO Holding AG and the Belimo Group pursue an open, active and transparent information policy with all stakeholders. Each year a Summary Annual Report, an Annual Report including a Remuneration Report and a Semiannual Report are published. At least one conference for the media and financial analysts takes place at the time of publication of the annual financial statements.

9.2 Agenda

Publication of Annual Report 2015/ Media and financial analysts conference	March 21, 2016
Annual General Meeting 2016	April 25, 2016
Dividend payment	April 29, 2016
Publication of Semiannual Report 2016	August 3, 2016
Publication of 2016 preliminary results	February 9, 2017
Publication of Annual Report 2016/ Media and financial analysts conference	March 13, 2017
Annual General Meeting 2017	April 3, 2017

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

9.3 Contact Investor Relations

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Beat Trutmann, CFO
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone +41 43 843 62 65
Fax +41 43 843 62 41
E-Mail ir@belimo.ch

9.4 Publicity principles/Avoidance of insider offences

BELIMO Holding AG publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss stock exchange SIX Swiss Exchange Ltd.