

# Remuneration Report

The Remuneration Report describes the principles of Belimo's remuneration system and includes information about the remuneration of the Board of Directors and the Group Executive Committee. The content and extent are in compliance with the Ordinance Against Excessive Compensation in Listed Companies, the Articles of Incorporation of BELIMO Holding AG, the Directive Corporate Governance of the Swiss stock exchange SIX Swiss Exchange Ltd. and the principles of the Swiss Code of Best Practice of *economiesuisse*.

## 1 Remuneration Committee

Articles of Incorporation Articles 15 and 24

The Remuneration Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if 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 minimal, business relationship with the Company.

The members of the Remuneration Committee are elected individually by the Annual General Meeting for a term of office of one year until the next ordinary Annual General Meeting.

The following members have been elected for the 2015/2016 period of office: Martin Hess (Chairman), Adrian Altenburger and Patrick Burkhalter

The Remuneration Committee is entrusted with the following duties, subject to the power of the Annual General Meeting:

- Submitting proposals to the Board of Directors for the definition of principles, performance targets and assessment criteria for fixed and variable remuneration within the framework of the statutory provisions and those of the Articles of Incorporation
- Submitting proposals to the Board of Directors for the determination of the overall amounts of the fixed remuneration of the members of the Board of Directors and the fixed and variable remuneration of the members of the Group Executive Committee to be placed to the Annual General Meeting for approval
- Monitoring of compliance with the principles for remuneration pursuant to the Law, the Articles of Incorporation, regulations and decisions of the Annual General Meeting
- Submitting the Remuneration Report for the attention of the Board of Directors and the Annual General Meeting

The Remuneration Committee held two meetings in 2015.

## 2 Remuneration system

### 2.1 Principles

Articles of Incorporation Articles 15, 25<sup>quater</sup>, 25<sup>quinquies</sup> and 25<sup>sexties</sup>

Belimo offers market-oriented and performance-related remuneration in order to recruit and retain senior management members with the required capabilities and personal characteristics. The remuneration system is designed in the way that their interests are in line with those of the Company. The basic elements of the remuneration are designed in a simple and comprehensible way.

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The Annual General Meeting approves with binding effect the maximum overall remuneration for the current financial year for the Board of Directors and the Group Executive Committee. If the Annual General Meeting withholds its approval, the Board of Directors may submit new proposals for approval at the same Annual General Meeting. If the Board of Directors makes no new proposals or if the Annual General Meeting likewise declines the new proposals, the Board of Directors must convene a new General Meeting within three months.

The Remuneration Report of the Board of Directors is approved by the subsequent Annual General Meeting by advisory vote.

With the members of the Board of Directors and the Group Executive Committee temporary and permanent employment contracts may be concluded. The maximum duration of the temporary contracts is one year. Renewal is permitted.

In principle, prohibitions against competition may be agreed for the period after termination of a contract. As compensation for such a prohibition against competition, remuneration may be paid for a maximum period of two years. This amount may not exceed the last fixed annual remuneration.

There are no agreements with special conditions for the members of the Board of Directors or the Group Executive Committee, such as special severance payments or special clauses in case of change of control over the Company. Employment contracts with members of the Group Executive Committee have a notice period of a maximum of twelve months.

## **2.2 Board of Directors**

Articles of Incorporation Article 25<sup>quinquies</sup>

The members of the Board of Directors receive a fixed basic remuneration, paid out in cash, and an expense allowance for their activities. Supplements may be paid for membership of committees or for the performance of special tasks.

## **2.3 Group Executive Committee**

Articles of Incorporation Article 25<sup>sexties</sup>

The members of the Group Executive Committee receive a fixed basic remuneration for their activities, as well as a performance and success-related remuneration, which are paid out in cash. The success-related remuneration for the members of the Group Executive Committee may in maximum amount to 120 percent of the equivalent fixed annual remuneration for the CEO and to 100 percent of the equivalent fixed annual remuneration for the other members of the Group Executive Committee, according to the Articles of Incorporation.

Payment of up to 50 percent of the variable remuneration is dependent on financial targets (EBIT and sales growth) being achieved, with the rest being dependent on the achievement of personal performance targets. All targets are in line with the long-term interest of the Company.

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 between 60 and 70 percent for the other members of the Group Executive Committee. If the targets set are partially reached the bonus is lower, as set out in the target agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

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For new members of the Group Executive Committee appointed after the Annual General Meeting, the maximum amount shall be increased pro rata temporis to a maximum of one and a half times the proportion for a comparable function contained in the maximum amount approved.

## 3 Remunerations

### 3.1 Board of Directors

The amount of remuneration for the Board of Directors (non-executive members) was as follows. The total remuneration is within the amount of CHF 0.8 million approved by the Annual General Meeting on April 20, 2015.

in CHF 1 000	Basic remuneration	Pension contributions	Total 2014	Expense allowance
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	6
Patrick Burkhalter, Member	119	6	125	6
Martin Hess, Member	119	5	124	6
Walter Linsi, Member	119	5	124	6
Dr. Martin Zwyszig, Deputy Chairman	119	6	125	6
<b>Total</b>	<b>720</b>	<b>35</b>	<b>755</b>	<b>30</b>

in CHF 1 000	Basic remuneration	Pension contributions	Total 2015	Expense allowance
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	6
Adrian Altenburger, Member (since AGM 2015)*	79	4	83	4
Patrick Burkhalter, Member	119	6	125	6
Martin Hess, Member	119	5	124	6
Walter Linsi, Member (until AGM 2015)*	40	2	41	2
Dr. Martin Zwyszig, Deputy Chairman	119	6	125	6
<b>Total</b>	<b>720</b>	<b>36</b>	<b>756</b>	<b>30</b>

\* Adrian Altenburger was elected to the Board of Directors at the Annual General Meeting on April 20, 2015. At the same time, Walter Linsi left the Board.

No additional remuneration was made available for activities carried out in a Board Committee.

No remuneration other than that disclosed here was assigned. There has been no remuneration to past members of the Board of Directors.

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## 3.2 Group Executive Committee

The amount of remuneration for the Group Executive Committee was as follows. The total remuneration is within the amount of CHF 4.5 million approved by the Annual General Meeting on April 20, 2015 (of which CHF 2.5 million is fixed and CHF 2.0 million is variable). The remuneration is based on the accrual principle of accounting.

The highest remuneration paid to a member of the Group Executive Committee was to Lars van der Haegen, CEO (previous year Dr. Jacques Sanche, CEO).

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other remuneration components	Total 2014	Expense allowance
Dr. Jacques Sanche (CEO)	367	295	126	7	795	18
Other members of the Group Executive Committee	1 560	859	392	82	2 893	72
<b>Total*</b>	<b>1 927</b>	<b>1 154</b>	<b>518</b>	<b>89</b>	<b>3 688</b>	<b>90</b>

\* As at December 31, 2014, there were seven members on the Group Executive Committee (including the CEO).

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other remuneration components	Total 2015	Expense allowance
Lars van der Haegen (CEO)	309	203	84	11	607	9
Other members of the Group Executive Committee	1 619	933	404	85	3 041	84
<b>Total*</b>	<b>1 928</b>	<b>1 135</b>	<b>489</b>	<b>96</b>	<b>3 649</b>	<b>93</b>

\* Lars van der Haegen took over as CEO from Dr. Jacques Sanche on July 1, 2015. As at December 31, 2015, there were five members on the Group Executive Committee (including the CEO). The Global Product Management division was decentralized at the end of June 2015. As of July 1, 2015, Lars van der Haegen is being temporary Head of Americas.

No remuneration other than that disclosed here was assigned. There has been no remuneration to past members of the Group Executive Committee.

## 3.3 Related parties

During the year under review, no further remuneration was assigned to related parties of present or past members of the Board of Directors or the Group Executive Committee.

## 3.4 Credits and loans

Articles of Incorporation Article 25<sup>bis</sup>

Credits and loans to members of the Board of Directors and the Group Executive Committee may only be granted in justified exceptional cases and only at market conditions. The total amount of such credits and loans shall not exceed CHF 200 000 per member.

In 2015, no credits or loans were granted to present or past members of the senior management or related parties, and there were none outstanding as at December 31, 2015.

# Report of the Statutory Auditor to the General Meeting of BELIMO Holding AG, Hinwil

We have audited the remuneration report of BELIMO Holding AG for the year ended December 31, 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the section “3 Remunerations” on pages 34 to 37 of the remuneration report.

## *Responsibility of the Board of Directors*

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

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the accompanying remuneration 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 remuneration 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 remuneration 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 remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration 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 remuneration report for the year ended December 31, 2015, of BELIMO Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG



Jürg Meisterhans  
Licensed Audit Expert  
Auditor in Charge



Jan Brönnimann  
Licensed Audit Expert

Zurich, February 23, 2016