

Remuneration Report

The remuneration report describes the principles of the remuneration system of Belimo 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 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 2018/2019 period of office: Martin Hess (Chairman), Prof. Adrian Altenburger and Sandra Emme

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 three meetings in 2018.

2 Remuneration System

2.1 Principles

Articles of Incorporation Articles 15, 25^{quater}, 25^{quinquies} and 25^{sexties}

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 consultative vote.

The following agenda items are being voted at the annual general meeting 2019:

- Consultative vote on the remuneration report 2018
- Approval of the fixed remuneration of the Board of Directors for the financial year 2019
- Approval of the fixed and variable remuneration of the Group Executive Committee for the financial year 2019

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^{quinquies}

The members of the Board of Directors receive a fixed basic remuneration, which is paid out, 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^{sexties}

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. The success-related remuneration for the CEO may in maximum amount to 120 percent and for the other members of the Group Executive Committee to 100 percent of the equivalent fixed annual remuneration, according to the articles of incorporation.

Payment of up to 50 percent of the variable remuneration is dependent on the achievement of the financial targets operating income (EBIT) and sales growth, 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.

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The amount of the target bonus, which is paid when all set targets have been reached, amounts to between 70 and 90 percent of fixed remuneration for the CEO and between 40 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.

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 approved by the annual general meeting on April 9, 2018.

	Fixed remuneration			Expense allowance
	Basic remuneration	Social security contributions	Total	
in CHF 1 000				
2018				
Prof. em. Dr. Hans Peter Wehrli, Chairman	254	15	269	6
Dr. Martin Zwysig, Deputy Chairman	124	9	133	6
Prof. Adrian Altenburger, Member	124	9	133	6
Patrick Burkhalter, Member	124	9	133	6
Sandra Emme, Member*	83	6	89	4
Martin Hess, Member	124	7	131	6
Total	833	55	888	34
Approved remuneration by the annual general meeting 2018			900	
2017				
Prof. em. Dr. Hans Peter Wehrli, Chairman	254	13	267	6
Dr. Martin Zwysig, Deputy Chairman	124	6	130	6
Prof. Adrian Altenburger, Member	124	6	130	6
Patrick Burkhalter, Member	124	6	130	6
Martin Hess, Member	124	5	129	6
Total	750	36	786	30

* Sandra Emme was elected to the Board of Directors at the Annual General Meeting on April 9, 2018.

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 former members of the Board of Directors.

3.2 Group Executive Committee

The amount of remuneration for the Group Executive Committee was as follows. The total remuneration is within the amount approved by the annual general meeting on April 9, 2018. 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.

	Fixed remuneration				Variable remuneration			Total remuneration	Expense allowance
	Basic remuneration	Pension contributions*	Other remuneration	Total	Bonus	Pension contributions*	Total		
in CHF 1 000									
2018									
Lars van der Haegen (CEO)	390	89	7	486	392	78	470	956	18
Other members of the Group Executive Committee	1 539	296	176	2 011	1 057	176	1 233	3 244	60
Total**	1 929	385	183	2 497	1 449	254	1 703	4 200	78
Approved remuneration by the annual general meeting 2018				2 520			1 980	4 500	
2017									
Lars van der Haegen (CEO)	380	76	7	463	330	57	387	850	18
Other members of the Group Executive Committee	1 456	240	146	1 842	930	130	1 060	2 902	54
Total	1 836	316	153	2 305	1 260	187	1 447	3 752	72

* Social security and pension plan contributions.

** As of September 1, 2018, for the purpose of handing over CFO position, this includes seven members of the Group Executive Committee.

No remuneration other than that disclosed here was assigned. There has been no remuneration to former 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^{bis}

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 2018, no credits or loans were granted to present or former members of the senior management or related parties, and there were none outstanding as at December 31, 2018.

Report of the Statutory Auditor

To the General Meeting of BELIMO Holding AG, Hinwil

We have audited the accompanying remuneration report of BELIMO Holding AG for the year ended 31 December 2018. 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 sections “3 Remunerations” on pages 36 to 37 of the annual 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 31 December 2018 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



Dr. Shqiponja Isufi
Licensed Audit Expert

Zurich, 20 February 2019

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