

Remuneration Report

Competitive Pay and Shared Participation

Fair pay, orientation to strategic benchmarks, and shared participation are the cornerstones of the Belimo remuneration system.

Since its early days, the Belimo founding members have prioritized fair pay as a guiding principle in their remuneration system. All employees should feel valued for their work and benefit from the Company’s success. Fair pay and the culture of employee participation is viewed as a form of recognition and job enrichment.

These principles are reflected in today’s value creation model with the Credibility Culture at its core (see page 4). Belimo is committed to labor market positioning, internal wage justice, and equal pay for men and women.

Ensuring Equal Pay and Wage Justice

In order to guarantee the principles of wage justice and competitive pay, Belimo continually monitors its remuneration system throughout the Company.

Salaries and bonus payments are benchmarked against the market and adjusted as required. The internal remuneration system is screened for potential gender pay gaps. Belimo voluntarily evaluated its Swiss entities’ equal pay practices with the official tool “Logib” of the Swiss Confederation. The unaudited self-assessment identified no gender pay gap.

Additionally, the managing directors and Human Resource (HR) representatives of all subsidiaries are instructed to identify pay-gaps during the annual salary adjustment process.

Employee Share Purchase Plan (ESPP)

To foster and strengthen a sense of ownership among all employees, Belimo introduced the Employee Share Purchase Plan (ESPP) in 2020. It allows the eligible employees to purchase shares at preferential conditions – generally with a 30 percent discount.

The acquired shares under the ESPP are subject to a three-year restriction period from the purchase date.

Remuneration Approval Process for the Board of Directors and the Group Executive Committee



Remuneration Committee
 Consists of at least two Members of the Board of Directors, develops proposals on remuneration and submits these to the Board of Directors and the Annual General Meeting (AGM).

Annual General Meeting (AGM)
 Approves the remuneration proposals.

This restriction period continues to apply, irrespective of continued employment, i.e., shares cannot be sold until the end of the restriction period. The program’s scope is initially limited to the five Belimo subsidiaries in Switzerland, the US and Hong Kong (China). It is planned to be expanded to additional locations in 2021.

Members of the Board of Directors and Members of the Group Executive Committee

Governance Approach

The Remuneration Committee is responsible for defining overall remuneration for Members of the Group Executive Committee, performance targets, and assessment criteria. The Committee also determines total compensation for the Members of the Board of Directors. Each year, the Annual General Meeting votes on the remuneration of the Board of Directors and the Group Executive Committee for the respective current financial year. The requested amounts represent maximum amounts that are capped at a certain limit based on the annual budget. In the following year, a vote will also be held on the effective previous year’s remunerations.

The Committee’s constitution is set within the framework of the statutory provisions and articles of incorporation and is subject to election by the Annual General Meeting. The Remuneration Committee also monitors compliance with the principles for remuneration in accordance with corresponding legislation and the Swiss Ordinance on Excessive Compensation.

Elements of Remuneration/Compensation Principles

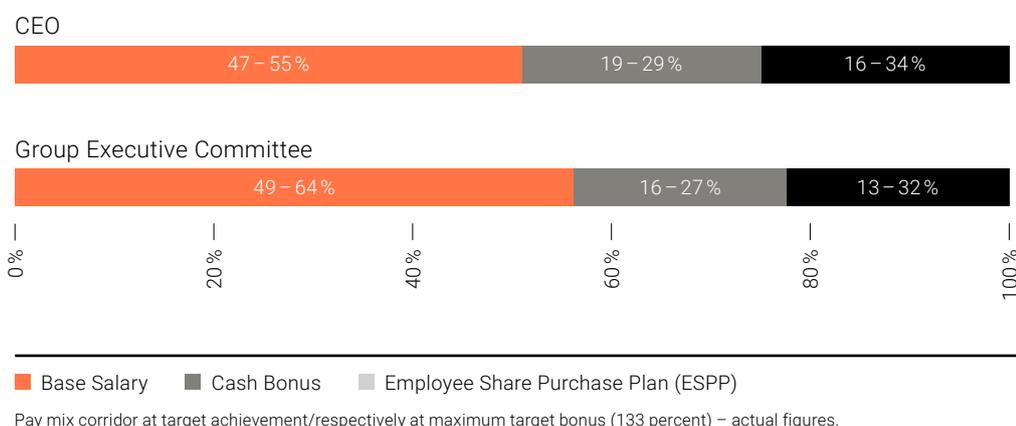
The Members of the Board of Directors receive a fixed cash remuneration only, as stipulated in the Articles of Incorporation, article 25quinquies (see bit.ly/344Enpj). The Members of the Group Executive Committee receive a fixed base salary, a cash bonus, and ESPP shares (see figure below).

The variable components of remuneration for the CEO may amount to a maximum of 120 percent of the equivalent base salary in accordance with the articles of incorporation. For the other Members of the Group Executive Committee the variable components of remuneration may amount to a maximum of 100 percent of the base salary.

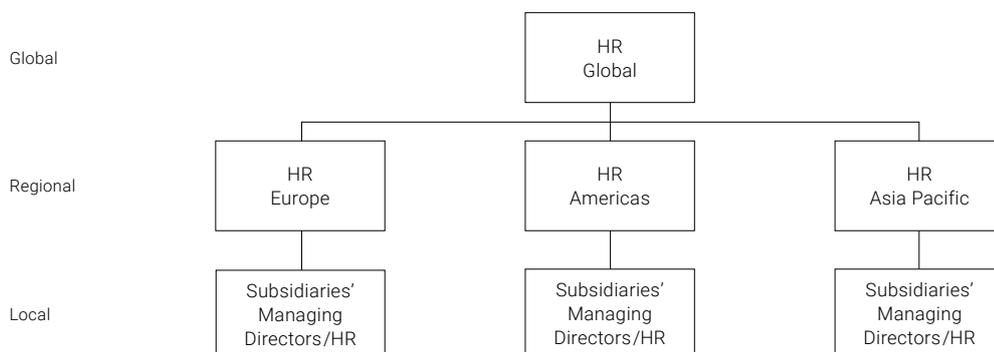
The amount of the variable remuneration components received when all set targets have been reached is approximately 45 percent of the CEO’s total compensation and up to 42 percent for the other Members of the Group Executive Committee. If targets are partially reached, the variable remuneration components are lower. If they are exceeded, they can be increased by a maximum factor of 1.33.

Payment of up to 60 percent of the variable components of remuneration is based on operating income (EBIT) and sales growth achievement. The payment of the remaining portion of the variable components of remuneration is based on personal performance targets. Such targets include the total cost of a Member’s division, inventory turnover, or specific projects. All targets are in line with the Company’s core values, long-term goals and the interests of shareholders as well as other stakeholders.

Compensation Framework for Members of the Group Executive Committee



Group Remuneration Governance Structure



The ESPP requires the CEO to invest a defined mandatory percentage – generally 16 percent of total compensation at target achievement – in shares at preferential conditions. Other Members of the Executive Committee are required to invest up to 15 percent of total compensation in shares (at target achievement). The ESPP allows the CEO to voluntarily purchase additional shares worth up to 34 percent of the total compensation, while other Members of the Executive Committee are allowed to invest up to 32 percent of total compensation in shares.

All Other Employees

Governance Approach

Global HR defines the minimum standards of employee remuneration throughout the Group. Together with local HR representatives, managing directors are respon-

sible for ensuring these requirements are met (see figure above). Regional HR positions support subsidiaries in implementing appropriate policies in accordance with local laws, regulations, cultures, and market conditions, and are responsible for monitoring compliance with them.

Elements of Remuneration/Compensation Principles

The compensation principles for employees are based on the Hay Chart Profile method of job evaluation, which Belimo introduced in Switzerland and the US in 2000. It defines twelve different salary bands in conjunction with the three dimensions “Know-How,” “Problem Solving,” and “Accountability.” All employees receive a fixed component (base salary) and a variable component of remuneration, consisting of a cash bonus and non-mandatory participation in the ESPP (see table page 23).

Elements of Remuneration

Remuneration for all employees, including Members of the Group Executive Committee, is structured as follows: fixed and variable remuneration components, and benefits (pension plans and other benefits):

Remuneration element	Type	Delivery	Entitlement
Fixed components	Base salary	Cash	For all employees.
Variable components¹⁾	Short-term incentive: Cash bonus	Cash	<ul style="list-style-type: none"> – For the CEO: ranging from 19 to 29 percent of total compensation. – For all other Members of the Group Executive Committee: ranging from 16 to 27 percent of total compensation. – For all other employees: part of total compensation.
	Long-term incentive: Employee Share Purchase Plan (ESPP)	Discounted shares (with a 30 percent discount and a three-year restriction period)	<ul style="list-style-type: none"> – For the CEO: mandatory 16 percent of total compensation, voluntarily up to 34 percent of total compensation. – For all other Members of the Group Executive Committee: between 13 to 15 percent of total compensation mandatory, voluntarily between 28 to 32 percent of total compensation. – For all other employees: non-mandatory.
Benefits²⁾	Pension plans	Pension contributions	For all employees, in line with local market practices.
	Other benefits	Various forms	For all employees, in line with local market practices.

¹⁾ Pay mix corridor at target achievement or at maximum target bonus, respectively (133 percent) – actual figures.

²⁾ Excluding expense allowance.

Remuneration 2020

Board of Directors

The 2020 Annual General Meeting approved a projected maximum total compensation for the Board of Directors of CHF 0.95 million for the 2020 financial year (see table below). It consisted of fixed compensation, paid in cash, and included social security. The Board of Directors was expanded at the Annual General Meeting 2020 to include one additional member as full replacement for all Members who departed the Company in 2019. The fixed compensation per board member and term of office of one year remained unchanged from 2019.

In 2020, none of the Members of the Board of Directors received any compensation or loans from the Group other than those disclosed in this report. No allowance or loans were paid to related parties of the Members of the Board of Directors, and no payments were made to former members or related parties.

As of December 31, 2020, no credits or loans were outstanding.

Remuneration of the Board of Directors

2020 2019	Fixed cash compensation	Social security	Total fixed	Expense allowance
in CHF 1 000				
Patrick Burkhalter, Chairman	254 211	19 15	273 226	6 6
Dr. Martin Zwysig, Deputy Chairman	124 124	9 9	133 133	6 6
Prof. Adrian Altenburger, Member	124 124	9 9	133 133	6 6
Sandra Emme, Member	124 124	9 9	133 133	6 6
Urban Linsi, Member (from April 2019)	124 83	9 6	133 89	6 4
Stefan Ranstrand, Member (from April 2020)	83 –	6 –	89 –	4 –
Martin Hess, Member (until April 2019)	– 4	– –	– 4	– –
Prof. em. Dr. Hans Peter Wehrli Chairman and Member (until April 2019)	– 85	– 5	– 90	– 2
Total	833 755	63 53	895 808	34 30
Approved Remuneration by the Annual General Meeting			950 900	

Group Executive Committee

The 2020 Annual General Meeting approved a projected total maximum compensation of CHF 5.8 million for the Members of the Group Executive Committee (see table below). It is split between a maximum fixed compensation of CHF 3.1 million and a maximum variable compensation of CHF 2.7 million. In 2020, the highest remuneration paid to a Member of the Group Executive Committee was to Lars van der Haegen, CEO.

None of the Group Executive Committee Members received any compensation or loans from the Group other than those disclosed in this report. No allowance or loans were paid to related parties of the Members of the Group Executive Committee. Remuneration in the amount of CHF 460 thousand was assigned to a former Member of the Group Executive Committee and none to related parties.

As of December 31, 2020, no credits or loans were outstanding.

Remuneration of the Members of the Group Executive Committee

2020 2019	Lars van der Haegen, CEO	Other Members, Group Executive Committee	Total	Approved Remuneration by the Annual General Meeting
in CHF 1 000				
Fixed compensation	500 490	1 512 1 683	2 012 2 173	
Social security and pension	118 111	276 334	394 445	
Other compensation	12 7	92 109	104 116	
Total fixed compensation	630 608	1 880 2 126	2 511 2 734	3 100 3 000
Variable compensation	242 446	798 1 237	1 040 1 683	
ESPP Discount	44 –	173 –	217 –	
Social security and pension	65 87	154 205	219 292	
Total variable compensation	351 533	1 125 1 442	1 476 1 975	2 700 2 400
Total compensation	982 1 141	3 005 3 568	3 987 4 709	5 800 5 400
Expense allowance	18 18	57 69	75 87	

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 2020. 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 “Remunerations” on pages 24 to 25 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 2020 of BELIMO Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge



Reto Kaufmann
Licensed Audit Expert

Zurich, 5 March 2021

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