

Remuneration Report

Fully Aligned with Long-Term Strategy

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

Ever since the earliest days of the Company, the Belimo founding members have prioritized fair pay as a guiding principle for 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 7).

Ensuring Equal Pay and Wage Justice

Belimo is committed to internal wage justice and equal pay for men and women. 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 evaluated its Swiss entities' equal pay practices using the official "Logib" tool of the Swiss Confederation. This audited self-assessment identified no gender pay gap. In addition, the managing directors and Human Resources representatives of all subsidiar-

Approval and Authority Levels on Remuneration Matters

Decision on	Chief Executive Officer	Remuneration and Nomination Committee	Board of Directors	Annual General Meeting
Selection criteria and succession planning for the CEO/ the Board of Directors		Proposes	Approves	
Selection criteria and succession planning for the other Members of the Executive Committee	Proposes	Reviews	Approves	
Remuneration policies and guidelines, in line with the provisions of the Articles of Incorporation		Proposes	Approves	
Maximum remuneration for the Board of Directors/ the Executive Committee		Proposes	Reviews	Approves (Binding Vote)
Individual remuneration of the Members of the Board of Directors		Proposes	Approves	
Individual remuneration of the CEO (including fixed and variable compensation)		Proposes	Approves	
Individual remuneration of the other Members of the Executive Committee	Proposes	Reviews	Approves	
Performance objectives and assessment of the CEO		Proposes	Approves	
Performance objectives and assessment of the other Members of the Executive Committee	Proposes	Reviews	Approves	
Remuneration Report		Proposes	Approves	Approves (Consultative Vote)

ESPP Considerations: Simplicity and Homogeneity in Focus

When it introduced the new Employee Share Purchase Plan (ESPP) in 2020, Belimo acted with the specific intention of having a plan that is a) similar for all employees (regardless of whether for Members of the Executive Committee Member or all other employees) and b) easy to understand and simple to manage. With voluntary ESPP-participation, the redemption mechanism for the two groups is almost identical: the chosen non-mandatory portion of the variable compensation is deducted directly from the participants' cash bonus and paid out in blocked, discounted shares. In the case of the mandatory ESPP-participation that applies only to the Members of the Executive Committee, the mandatory portion

of the variable compensation is also deducted directly from the cash bonus and paid out in blocked, discounted shares. The plan thus combines the Restricted Stock from Short-Term Incentive (RS from STI) element common among SMIM companies with the characteristics of a Long-Term Incentive (LTI). Through the performance of the Belimo share over the three-year blocking period, the interests of the Members of the Executive Committee are perfectly aligned with those of the Company's shareholders. The program also leads to a long-term buildup of shares of the individual Executive Committee Members. We view this as the most straightforward and fair approach.

ies are instructed to identify any 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 eligible employees to purchase shares at preferential conditions (with a 30 percent discount). The ESPP is a component of the variable remuneration and thus performance-based (see table page 27).

The acquired shares under the ESPP are subject to a three-year restriction period from the purchase date. This restriction period continues to apply, irrespective of continued employment, i.e., shares cannot be sold

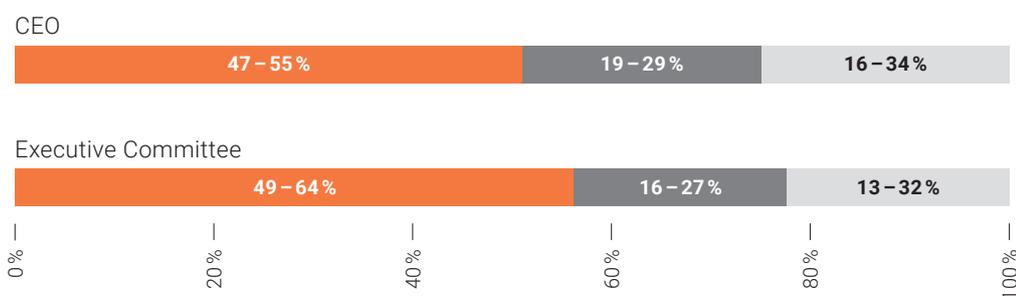
until the end of the restriction period. The program's scope was initially limited to the five Belimo subsidiaries in Switzerland, the US and Hong Kong (China) and has been expanded in 2021 to include Germany, Canada, and China. For all other employees, an alternative to the ESPP in the form of a special bonus with an equivalent value of one Belimo share was introduced in 2021.

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

Governance Approach

The Remuneration and Nomination Committee is responsible for defining overall remuneration for Members of the Executive Committee, performance targets, and assessment criteria (see table on page 24). The

Compensation Framework for Members of the Executive Committee



Fixed compensation: ■ Base Salary

Variable compensation: ■ Cash Bonus ■ Employee Share Purchase Plan (ESPP)

Pay mix corridor upon target achievement/upon maximum target bonus (133 percent), respectively – actual figures.

Committee also determines total compensation for the Members of the Board of Directors. Further duties of the Remuneration and Nomination Committee include:

- Pre-selection of suitable candidates for membership in the Board of Directors to be elected at the Annual General Meeting (AGM)
- Submitting motions to the Board of Directors for proposal to the AGM
- Selecting suitable candidates to fill positions on the Executive Committee
- Preparation of the Remuneration Report
- Personal development of the Executive Committee and periodic assessment of compensation policies/ programs

The AGM approves, with **binding** effect, the maximum overall remuneration for the current financial year for the Board of Directors and the Executive Committee. If the AGM withholds its approval, the Board of Directors may submit new proposals for approval at the same AGM. If the Board of Directors makes no new proposals or the AGM declines the new proposals, the Board of Directors must convene a new General Meeting within three months. The Remuneration Report is approved by the subsequent AGM by a **consultative** vote.

The Committee’s constitution is set within the framework of the statutory provisions and articles of incorporation

and is subject to a vote at each AGM. The Remuneration and Nomination Committee also monitors compliance with the principles for remuneration in accordance with corresponding legislation and the Swiss Ordinance on Excessive Compensation in Listed Companies. The Members of the Remuneration and Nomination Committee for the 2021/2022 period of office are Sandra Emme (Lead), Prof. Adrian Altenburger, and Urban Linsi.

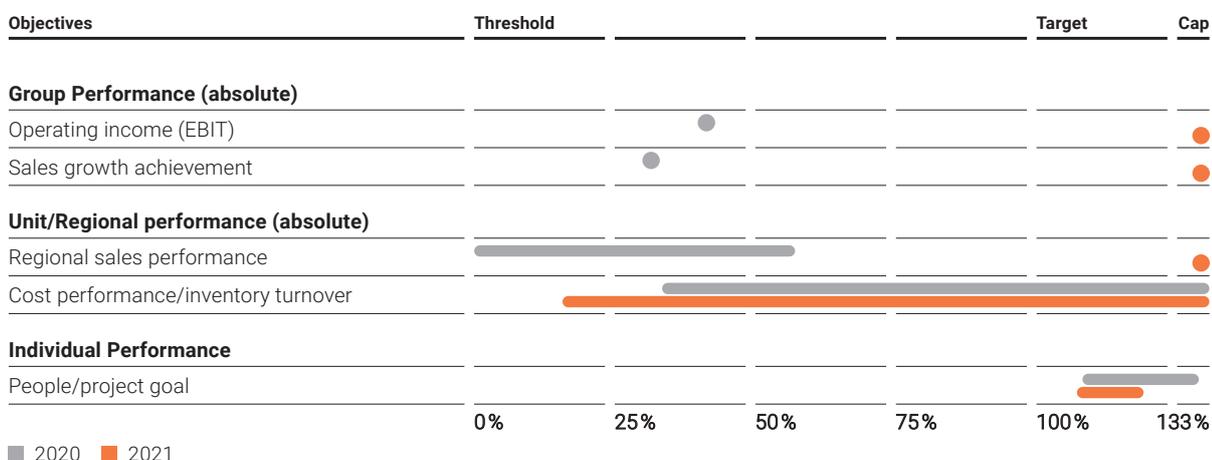
Elements of Remuneration/Compensation Principles

The Members of the Board of Directors receive a fixed cash remuneration only, as stipulated in the Articles of Incorporation, article 25^{quinquies} (see bit.ly/3tfdLMT). The Members of the Executive Committee receive a fixed base salary, a cash bonus, and are required to purchase ESPP shares (as part of their performance-based variable compensation, see graph below). The ESPP allows them to voluntarily purchase additional shares. The amount of the base salary depends on the market value of the position, the incumbent’s qualifications, his/her skill set and experience.

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

Performance of the Members of the Executive Committee in 2020/2021

The graph below shows the consolidated performance of the Members of the Executive Committee for the financial year 2020/2021. In 2020, the average performance was 76 percent, mainly due to the COVID-19 impact on sales performance and profitability, whereas in 2021 the average performance was 127 percent.



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 Executive Committee. If targets are partially achieved, 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 Earnings Before Interest and Taxes (EBIT) and sales growth achievement, as these two KPIs are of great strategic importance. 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, and specific projects. All targets are in line with the Company's core values, long-term goals and the interests of stakeholders.

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 (upon target achievement). The ESPP allows the CEO to voluntarily purchase additional shares worth up to 34 percent of the total compensa-

tion, while other Members of the Executive Committee can invest up to 32 percent of total compensation in shares.

All Other Employees

Governance Approach

Global Human Resources defines the minimum standards of employee remuneration throughout the Group. Together with local Human Resources representatives, managing directors are responsible for ensuring these requirements are met. Regional Human Resources heads support subsidiaries in the implementation of 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 voluntary participation in the ESPP (see table below).

Elements of Remuneration

Remuneration for all employees, including Members of the 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 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 Executive Committee: mandatory between 13 to 15 percent of total compensation, voluntary between 28 to 32 percent of total compensation. – For all other employees: voluntary.
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 upon target achievement or upon maximum target bonus, respectively (133 percent) – actual figures.

²⁾ Excluding expense allowance.

Remuneration 2021

Board of Directors

The 2021 AGM approved a projected maximum total compensation for the Board of Directors of CHF 0.97 million for the 2021 financial year. It consisted of fixed compensation, paid in cash, and included social security payments.

The Members of the Board of Directors receive a fixed cash remuneration only. Except for the Chairman, the remuneration is the same for all Members and has remained unchanged since 2017. Differences from year to year arise solely in the case of new entries/retirements during the year or in the event of a change of function (e.g., election to the position of Chairman).

In 2021, 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, 2021, no credits or loans were outstanding.

Remuneration of the Board of Directors

	2021 2020	Fixed cash compensation	Social security	Total fixed	Expense allowance
in CHF 1 000					
Patrick Burkhalter, Chairman		254	19	273	6
		254	19	273	6
Dr. Martin Zwyssig, Deputy Chairman		124	9	133	6
		124	9	133	6
Prof. Adrian Altenburger, Member		124	9	133	6
		124	9	133	6
Sandra Emme, Member		124	9	133	6
		124	9	133	6
Urban Linsi, Member		124	9	133	6
		124	9	133	6
Stefan Ranstrand, Member (from April 2020)		124	9	133	6
		83	6	89	4
Total		874	66	940	36
		833	63	895	34
Approved Remuneration by the Annual General Meeting				970	
				950	

Proposed remuneration for the Members of the Board of Directors for the financial year 2022 (six members) to the Annual General Meeting 2022: TCHF 970.

Executive Committee

The 2021 Annual General Meeting approved a projected total maximum compensation of CHF 5.9 million for the Members of the Executive Committee (see table below). This is split between a maximum fixed compensation of CHF 3.0 million and a maximum variable compensation of CHF 2.9 million. In 2021, the highest remuneration paid to a Member of the Executive Committee was to Lars van der Haegen, CEO.

All members of the Executive Committee have permanent employment contracts with notice periods of a maximum of 12 months. Members of the Executive Committee are not entitled to any severance or change of control payments.

None of the 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 Executive Committee. There has been no remuneration assigned to former Members of the Executive Committee or related parties.

As of December 31, 2021, no credits or loans were outstanding.

Remuneration of the Members of the Executive Committee

	2021 2020	Lars van der Haegen, CEO	Other Members, Executive Committee	Total	Approved Remuneration by the Annual General Meeting
in CHF 1 000					
Fixed compensation		500	1 619	2 119	
		500	1 512	2 012	
Social security and pension		128	369	497	
		118	276	394	
Other compensation		9	89	98	
		12	92	104	
Total fixed compensation		637	2 078	2 714	3 000
		630	1 880	2 511	3 100
Variable compensation		480	1 303	1 783	
		242	798	1 040	
ESPP Discount		104	237	341	
		44	173	217	
Social security and pension		101	221	321	
		65	154	219	
Total variable compensation		685	1 761	2 446	2 900
		351	1 125	1 476	2 700
Total compensation		1 321	3 839	5 160	5 900
		982	3 005	3 987	5 800
Expense allowance		18	65	83	
		18	57	75	

Proposed remuneration for the Members of the Executive Committee (seven members) for the financial year 2022 to the Annual General Meeting 2022: TCHF 6 900.



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 2021. 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 “Remuneration 2021” on pages 28 to 29 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 2021 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, 4 March 2022

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