Compensation Report

Compensation Report

Introduction by the Chairwoman of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors of GF and of the Compensation Committee, I am pleased to present the 2020 Compensation Report.

As in previous years, the Chairman of the Board and the Chairwoman of the Compensation Committee continued the dialogue with shareholders and proxy advisors. Based on their feedback and in the context of the new five-year strategy cycle 2025 starting in 2021, the Compensation Committee has conducted a thorough review of the compensation system. Further to this analysis, the Board of Directors decided to introduce the following changes:

- Environment – Social – Governance (ESG): In addition to the establishment of a sustainability committee (Nomination and Sustainability Committee) as per July 2020, the Board has decided to increase the weighting given to ESG objectives, which account for 10% of the short-term incentive (STI) as of financial year 2020. Consequently, the weight of the individual objectives (which include ESG) has been increased to 35% of the STI instead of 25% previously. The other individual objectives were adapted mid-year to take into account the unforeseen COVID-19 situation, in particular the measures required to cope with the pandemic. The financial targets set at the beginning of the year, which account for 65% of the STI, were not amended during the year.

- Short-term incentive (STI): Sustainability is an integral element of the Strategy 2025. Thus, starting with the financial year 2021 ESG objectives are now a dedicated separate component of the STI performance assessment, weighted 10% of the total STI.
  To further align the performance measurement of the STI with the new business strategy, the weighting of the financial objectives will be slightly adjusted, with an increase of the organic sales growth target from 20% to 30%.

- Long-term incentive (LTI): As of financial year 2021, the value of the LTI grant is based on a percentage of the fixed based salary instead of a fixed number of shares. In addition, the vesting schedule for the relative total shareholder return (rTSR) measure, as well as the vesting rules in the event of termination, have been adjusted in order to be better aligned with shareholders' interest and with the compensation philosophy of the company. These changes are based on a thorough analysis of peer company programs and follow best market practice in Switzerland.

The changes were discussed in detail with investors and proxy advisors at an early stage. The proposed changes have been supported and positively valued. Additional feedback from these conversations has been considered in the design and implementation of the new regulations. Details of the changes can be found in the Outlook section.

This Compensation Report includes all relevant information concerning the compensation policy and programs, the governance around compensation decisions, and the compensation awarded in the reporting year. You will be asked to approve the maximum compensation amount for the Board of Directors for the period until the next Annual Shareholders' Meeting and the maximum compensation amount for the Executive Committee for the next financial year (prospective binding votes) at this year's Annual Shareholders' Meeting. Additionally, your opinion will be valued in regards to the Compensation Report by a consultative retrospective vote.

We trust that the adjustments made to the compensation system will help us to achieve the ambitious strategy. We are looking forward to continuing the dialogue with you as our shareholders and stakeholders.

Sincerely,

Eveline Saupper
Chairwoman of the Compensation Committee

Compensation at a glance

Compensation for the Board of Directors

Compensation model
In order to ensure independence in their supervisory function, the Members of the Board of Directors receive fixed compensation only, paid out in cash and shares that are blocked for five years.

Responsibility	Fee	Shares
Board Membership	CHF 70'000	150 shares
Board Chairmanship	CHF 200'000	150 shares
Independent Lead Director [1]	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Other Committee Chairmanship	CHF 40'000	
Other Committee Membership	CHF 20'000	

[1] As of 15 April 2020, the additional fee for the Independent Lead Director was introduced

The compensation system for the Board of Directors does not contain any performance-related components.

Compensation awarded for 2020
The compensation awarded to the Board of Directors for the period from the Annual Shareholders' Meeting 2019 to the Annual Shareholders' Meeting 2020 is within the limits approved by the shareholders:

Compensation period	Amount approved	Effective amount
2019-2020	CHF 3'750'000 [1]	CHF 2'774'000 [2]
2020-2021	CHF 3'450'000 [1]	k.A. [3]

[1] Based on a share value of CHF 1'600.00
[2] Based on a share value of CHF 983.00 for the period in 2019 and CHF 1'140.00 for the period in 2020
[3] Compensation period not yet completed; a conclusive assessment will be provided in the Compensation Report 2021

Compensation for the Executive Committee

Compensation elements	Purpose	Vehicle	Period	Performance measure
Fixed compensation				
Fixed base salary	Pay for the function	Cash	Monthly	Skills, experience and individual performance
Benefits	Ensure protection against risks such as death, disability and old age			
Variable compensation				
Short-term incentive (STI)	Pay for annual performance based on GF strategic targets	Cash	Annual	Organic sales growth EBIT margin ROIC Individual objectives / ESG
Long-term incentive (LTI)	Pay for long-term performance Align with shareholders' interests and GF's strategy Participate in long-term success of the company	Performance shares	3-year vesting + additional 2-year blocking	EPS rTSR

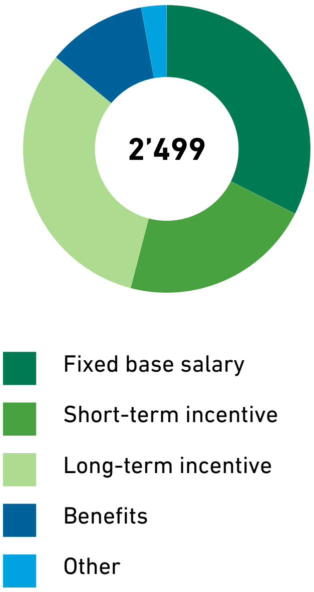
Performance in 2020
The COVID-19 pandemic impacted the business, which meant that the company and the divisions did not perform as well financially in 2020 compared with 2019. As a consequence, the STI payout for 2020 was significantly below the previous year's:

	STI payout for the year 2020
CEO	64% of target; 42% of maximum
EC	49% - 96% of target; 33% - 64% of maximum

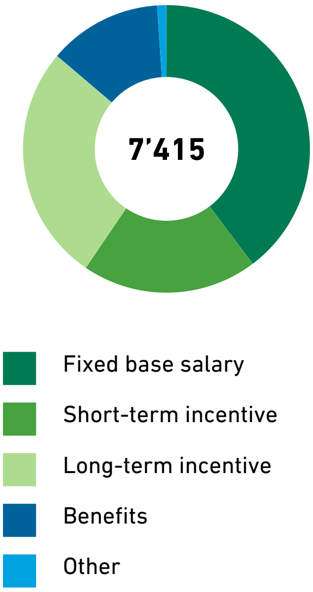
Compensation awarded for 2020
The compensation awarded to the Executive Committee (including CEO) for 2020 is within the limits approved by the shareholders at the 2019 Annual Shareholders' Meeting:

Compensation period	Amount approved	Effective amount
2020	CHF 10'531'000	CHF 7'415'000

CEO Compensation for 2020
Amounts in CHF 1'000



Executive Committee Compensation for 2020
Amounts in CHF 1'000



Compensation principles

The compensation policy applicable to the Executive Committee is designed to attract, motivate, and retain talented individuals, based on the following principles:

- Fairness and transparency;
- Pay for performance and strategy implementation;
- Long-term orientation and alignment to shareholders' interests;
- Market competitiveness.

Compensation governance

- Authority for decisions related to compensation are governed by GF's Articles of Association;
- The Board of Directors is supported by the Compensation Committee in preparing all compensation-related decisions regarding the Board of Directors and the Executive Committee;
- The maximum aggregate amounts of compensation of the Members of the Board of Directors and of the Executive Committee are subject to binding prospective shareholders' votes at the Annual Shareholders' Meeting;
- In addition, the Compensation Report is subject to a retrospective consultative vote at the Annual Shareholders' Meeting.

Contents

The Compensation Report provides information about the compensation policy, the compensation programs, and the process of determination of compensation applicable to the Board of Directors and to the Executive Committee of GF. It also includes details on the compensation payments related to the 2020 business year.
This report is written in accordance with the Swiss Ordinance against excessive pay in stock exchange listed companies, the standards related to information on Corporate Governance issued by the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.
The Compensation Report is structured as follows:

Compensation governance

Rules relating to compensation in the Articles of Association

The Articles of Association of GF contain provisions regarding the compensation principles applicable to the Board of Directors and to the Executive Committee. Those provisions are available on GF's website and include:

- Principles of compensation of the Board of Directors (Article 22);
- Principles of compensation of the Executive Committee (Article 23c);
- Additional amount for new Members of the Executive Committee (Article 23c.9);
- Provisions on the employment contracts for Members of the Executive Committee (Article 23b);
- Credits and loans (Article 23d.1);
- Provisions on early retirement for Members of the Executive Committee (Article 23d.2).

According to Articles 22 and 23 of the Articles of Association, the Annual Shareholders' Meeting approves annually the maximum aggregate compensation of the Board of Directors for the period from the Annual Shareholders' Meeting to the next Annual Shareholders' Meeting, as well as the maximum aggregate compensation of the Executive Committee for the following calendar year. In addition, the Compensation Report is submitted to the Annual Shareholders' Meeting for an advisory vote on a yearly basis, so that shareholders can express their opinion on the compensation policy and programs.

Compensation Committee

The Compensation Committee consists of three non-executive Members of the Board of Directors who are elected annually and individually by the Annual Shareholders' Meeting for a one-year period until the next Annual Shareholders' Meeting. At the 2020 Annual Shareholders' Meeting, Eveline Saupper (Chairwoman), Riet Cadonau and Zhiqiang Zhang were elected as Members of the Compensation Committee.

The Compensation Committee supports the Board of Directors with the following duties:

- Determining the compensation policy of the company at the highest corporate level, including the principles for the variable compensation and shareholding programs;
- Reviewing the guidelines governing compensation of the Board of Directors and the Executive Committee;
- Preparing the motions related to the maximum aggregate amounts of compensation for the Annual Shareholders' Meeting;
- Proposing the amount of compensation to be paid to the Board of Directors, to the CEO, and to the other Members of the Executive Committee within the limits approved by the Annual Shareholders' Meeting;
- Reviewing and proposing the annual Compensation Report to the Board of Directors.

During the year 2020, the Compensation Committee performed the following regular tasks:

- Evaluated the business performance for the 2019 financial year against the pre-set objectives and prepared a proposal to the Board of Directors on the short-term incentive to be paid to the CEO and to the other Members of the Executive Committee;
- Reviewed the Compensation Report 2019 and prepared the compensation motions to be submitted to vote at the 2020 Annual Shareholders' Meeting;
- Proposed to the Board of Directors the adjustment of the Board remuneration policy which now includes the fee for the Independent Lead Director, replacing the fee for the Board Vice-Chairmanship;
- Determined the business objectives for the 2020 financial year for the CEO and reviewed those of the other Members of the Executive Committee, before submitting them to the Board of Directors for approval;
- Reviewed and discussed the voting results on the compensation motions at the 2020 Annual Shareholders' Meeting, as well as the proxy advisors' and shareholders' feedback received on compensation matters;
- In the context of the new five-year strategy cycle 2025 starting in 2021, reviewed the compensation model applicable to Executive Committee and management levels and decided on changes for the short-term and long-term incentive plans, as described further in the Outlook section;
- Engaged with proxy advisors and major shareholders on compensation matters in order to gather their feedback and comments;
- Prepared the Compensation Report 2020.

The Compensation Committee convenes as often as necessary, but at least twice per year. In 2020, the Committee held five meetings of approximately two hours, each according to the schedule below:

Overview of meetings' schedule 2020

February	June	September	November	December
Business performance 2019; STI 2019 for CEO and EC	Analysis of the voting results on compensation motions at the Annual Shareholders' Meeting	Review of the compensation policy and incentive design applicable to the CEO and EC	Review of the compensation policy and incentive design applicable to the CEO and EC	Approval of the compensation policy and incentive design applicable to the CEO and EC
Approval LTI 2016 vesting	Review of proxy advisors' and investors' feedback on compensation		Review and discussion of investors' and proxy advisors' feedback on planned changes to the incentive design	Review compensation for the Board of Directors for the next compensation period
Determination business objectives for the year 2020	Approval of the Board remuneration policy			Review target compensation for the CEO and EC members for the coming financial year [1]
Adjustment of the Board remuneration policy	Review of the compensation policy and incentive design applicable to the CEO and EC			Review draft of the Compensation Report 2020
Approval of the Compensation Report 2019				
Maximum amounts of compensation for the Board of Directors until the next Annual Shareholders' Meeting				
Maximum amounts of compensation for the EC for the financial year 2021				

[1] This regular agenda item was postponed to the first meeting in 2021

In 2020, all Compensation Committee members attended all meetings. The Chairman of the Board, the Independent Lead Director, the CEO, the Head of Corporate Human Resources, and the Head of Corporate Compensation and Benefits are invited to attend the Compensation Committee meetings in an advisory capacity. The Chairman of the Board and the CEO do not attend the meeting when their own compensation or performance is discussed.

The Chairwoman of the Compensation Committee reports to the Board of Directors after each meeting on the activities of the Compensation Committee. The minutes of the Compensation Committee meetings are available to all Members of the Board of Directors.

The compensation proposals and decisions are made based on the following levels of authority:

Levels of authority

Approval framework

Subject	Recommendation from	Final approval from
Compensation policy and principles	Compensation Committee	Board of Directors
Aggregate compensation amount of the Board of Directors	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (binding vote)
Individual compensation of the Members of the Board of Directors	Compensation Committee	Board of Directors
Aggregate compensation amount of the Executive Committee	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (binding vote)
Individual compensation of the CEO	Compensation Committee based on proposal by the Chairman of the Board	Board of Directors
Individual compensation of the Executive Committee members	Compensation Committee based on proposals by the CEO	Board of Directors
Compensation Report	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (consultative vote)

On behalf of the Board of Directors, internal and external Auditors annually review the compliance of the compensation decisions made with the Articles of Association, the Organizational Rules and the compensation regulations for the Executive Committee and the Board of Directors.

The Compensation Committee regularly calls in external compensation specialists and consultants to obtain independent advice and/or benchmarking compensation data. In the year under review, external compensation specialists provided advice on the review of the compensation policy and were involved in the new incentive design for the EC as well as for other executive compensation matters. These companies have no other mandates with GF.

Method used to determine compensation

Benchmarking

The compensation structure and levels of the Board of Directors and the Executive Committee are reviewed every two to three years and are tailored to the relevant sectors and labor markets in which GF competes for talent. For the purpose of comparison, the Compensation Committee relies on compensation surveys published by independent consulting firms and on publicly available information such as the compensation disclosures of comparable companies. Comparable companies are defined as multinational industrial companies listed on the Swiss stock exchange (SIX) with a similar size in terms of market capitalization, sales, number of employees, complexity, and geographic scope. The benchmark for the Board of Directors includes the companies in the SMI MID: AMS, Aryzta, Baloise, Barry Callebaut, Clariant, Dormakaba, Dufry, EMS-Chemie, Flughafen Zurich, GAM, Helvetia, Kühne + Nagel, Lindt, Logitech, OC Oerlikon, Partners Group, PSP Swiss Property, Schindler, Sonova, Straumann, Sunrise, Swiss Prime Site, Temenos, VAT and Vifor Pharma and was last conducted in 2019. The benchmark for the Executive Committee comprises the following industrial companies listed in Switzerland: Arbonia, Autoneum, Bobst, Bucher Industries, Conzzeta, Datwyler, Dormakaba, Geberit, Huber + Suhner, OC Oerlikon, Rieter, Schweiter Technologies, SFS Group, Sika, Sulzer, and Sonova and was also performed most recently in 2019.

Performance management

The Compensation Committee also takes into consideration effective business and individual performance while determining the compensation amounts to be paid to the CEO and to the other Members of the Executive Committee. Individual performance is assessed through the annual Management By Objectives (MBO) process, where individual objectives are defined at the beginning of the year and the achievement against those objectives is evaluated at the end of the year. The objective setting and the performance assessment of the Members of the Executive Committee are conducted by the CEO and by the Chairman of the Board for the CEO. The performance assessment of the CEO and the other Members of the Executive Committee is reviewed by the Compensation Committee.

Compensation structure

Compensation of the Board of Directors

Compensation principles

In order to ensure their independence in exercising their supervisory duties, the Members of the Board of Directors receive fixed compensation only. The compensation is paid partially in cash and partially in shares blocked for a period of five years in order to closely align their compensation with shareholders' interests.

Compensation model

The compensation applicable to the Board of Directors is reviewed every two to three years based on competitive market practice and its basic structure is kept as constant as possible. The last benchmarking analysis was conducted in 2019 (please refer to section Method of determination of compensation/Benchmarking for details of the peer group). No subsequent changes were made to this analysis and the compensation model of the Board of Directors has been unchanged since 2015, except for the Board Vice-Chairmanship fee that was discontinued after the 2019 Annual Shareholders' Meeting and the introduction of the Independent Lead Director's fee.

In order to guarantee the independence of the Members of the Board of Directors in executing their supervisory duties, their compensation is fixed and does not contain any performance-related component. The annual compensation for each Member of the Board of Directors depends on the functions and tasks carried out in the year under review and consists of an annual basis board fee paid in cash and in blocked shares, as well as additional committee fees paid in cash. The cash fees are paid in January for the previous calendar year, while the shares are allocated in December of the respective calendar year. The shares are blocked for a period of five years. The blocking period may be lifted at the discretion of the Board of Directors in the event of death and remains in place in all other instances of termination. The shares are disclosed at their market value based on the closing share price on the last trading day of the reporting year.

Responsibility	Fee	Restricted shares
Basis fee		
Board Membership	CHF 70'000	150 shares
Additional fees		
Board Chairmanship	CHF 200'000	150 shares
Independent Lead Director [1]	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Other Committee Chairmanship	CHF 40'000	
Other Committee Membership	CHF 20'000	

[1] As of 15 April 2020, the additional fee for the Independent Lead Director was introduced

The compensation of the Board of Directors is subject to regular social security contributions and is not pensionable.

Shareholding ownership guideline

Members of the Board of Directors are required to hold 200% of the annual basis cash fee in GF shares. Newly elected members must build up required ownership within five years of their election to the Board of Directors. In the event of a substantial rise or drop in the share price, the Board of Directors may at its discretion amend that time period accordingly.

The minimum holding requirements are illustrated in the table below:

	Shareholding ownership requirement	Build-up period
Board of Directors	200% of annual basis cash fee	5 years

To calculate whether the minimum holding requirement is met, all held shares are considered regardless of whether they are blocked or not. The Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

Compensation of the Executive Committee (including CEO)

Compensation principles

The compensation policy applicable to the Executive Committee is designed to attract, motivate and retain talented individuals, based on the following principles:

- Fairness and transparency;
- Pay for performance and strategy implementation;
- Long-term orientation and alignment to shareholders' interests;
- Market competitiveness.

Fairness and transparency (internal equality)	Pay for performance and strategy implementation	Long-term orientation and alignment with shareholders' interests	Market competitiveness
Compensation programs are straightforward, clearly structured and transparent. They ensure fair compensation based on the responsibilities and competencies required to perform the function.	A portion of compensation is directly linked to the company's performance, to the implementation of the business strategy and to individual performance.	A significant portion of the compensation is delivered in form of performance shares, ensuring participation in the long-term success of the company and a strong alignment to shareholders' interests.	Compensation levels are competitive and in line with relevant market practice.

Compensation model

The compensation of the Executive Committee includes the following elements:

- Fixed base salary in cash;
- Benefits such as pension and social insurance funds;
- Performance-related short-term incentive (STI) in cash;
- Share-based compensation (long-term incentive, LTI).

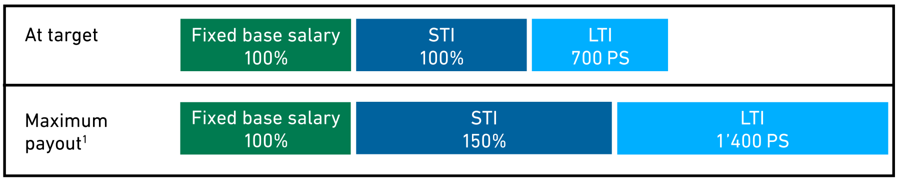
	Fixed compensation elements		Variable compensation elements	
	Fixed base salary	**Benefits**	**STI Performance year 2020**	**LTI Performance year 2020**
Purpose	Ensure basic fixed remuneration	Ensure protection against risks such as death, disability and old age	Pay for annual performance	Pay for long-term performance Align to shareholders' interests Participate in long-term success and align with Strategy 2020
Drivers	Scope and complexity of the function Profile of the individual Market practice	Local legislation and market practice	Performance against business and individual objectives	Long-term value creation
Performance / Vesting period	-	-	Year 2020	3 years Grant date: 1 January 2021 Vesting period: 2021 - 2023
Blocking period	-	-	-	Additional 2 years: 2024 - 2025
Performance measures	Skills, experience and performance of the individual	-	Organic sales growth EBIT margin ROIC Individual objectives (including ESG)	All LTI-related shares depend on performance: 50% EPS, 50% rTSR EPS-related achievement determination: Ø (EPS value years 2021, 2022, 2023) divided by Ø (EPS value years 2018, 2019, 2020) rTSR-related achievement determination: Ø (ranking in the years 2021, 2022, 2023 of GF within the SMI MID)
Delivery	Monthly cash	Contributions to social security, pension and insurances	Cash, one-off payment in March 2021	Number of PS, of which 50% PS(EPS), 50% PS(rTSR)

EBIT = Earnings before interest and taxes
EPS = Earnings per share
PS = Performance shares
PS(EPS) = EPS dependent performance shares
PS(rTSR) = rTSR dependent performance shares
ROIC = Return on invested capital
Ø = Average

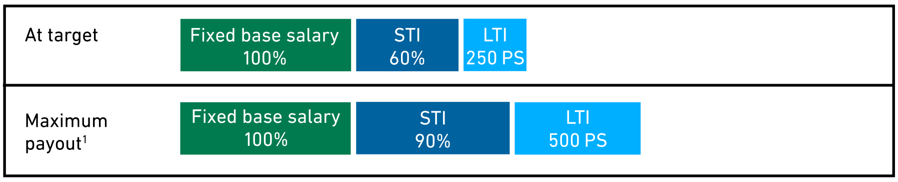
For the purpose of comparison, the compensation of the Executive Committee is regularly benchmarked against compensation surveys published by independent consulting firms and on publicly available compensation information of comparable multinational industrial companies (please refer to the Method of determination of compensation/Benchmarking section for details of the peer group).

Compensation mix and caps

CEO



Other Members of the Executive Committee



[1] Does not take into account the share price evolution during the three-year vesting period

Maximum payouts:

- STI: capped at 150% of the target;
- LTI: capped at 200% of the target;
- Overall cap: the overall variable compensation is capped (value of the STI payout and of the LTI grant) at 250% of the fixed compensation, as stipulated in the Articles of Association.

Fixed base salary

The fixed base salary is determined primarily based on the following factors:

- Scope and complexity of the role, as well as the skills required to perform the function;
- Skills, experience, and performance of the individual in the function;
- External market value of the function.

Fixed base salaries of the Members of the Executive Committee are reviewed every year based on those factors and adjustments are made according to market developments.

Short-term incentive

The short-term incentive (STI) is a variable incentive designed to reward the achievement of business objectives of the Corporation and its divisions, as well as the fulfillment of individual performance objectives as defined within the MBO process, over a time horizon of one year.

The STI is expressed as a target in % of the annual fixed base salary. The target STI amounts to 100% of the annual fixed base salary for the CEO and to 60% of the annual fixed base salary for the other Members of the Executive Committee. The STI payout is capped at 150% of target level.

	Target	Minimum	Maximum
CEO	100%	0%	150%
Other Members of the Executive Committee	60%	0%	90%

Business and individual objectives for the STI

The business objectives are set by the Board of Directors in accordance with the published mid-term strategy goals. They include absolute financial figures and are set for a period of several years in order to ensure sustainable and long-term performance. The business objectives include organic sales growth (excluding acquisitions and divestitures), EBIT margin (EBIT in relation to sales), and Return on Invested Capital (ROIC).

For each business objective, the Board of Directors sets a target level and a threshold level (hurdle) of achievement under which there is no payout. The hurdles and the targets are valid for a period of several years. Furthermore, the ROIC hurdle is set at a level clearly over the weighted average cost of capital (WACC) of the Corporation in order to maximize value creation. The respective achievement level of each business objective is measured on a yearly basis and determines a payout factor for that business objective.

For the period 2016–2020, the hurdles and targets for the business objectives at Corporation level are as follows:

Performance measure	Organic sales growth (at constant currencies)	EBIT margin	Return on invested capital (ROIC)
Rationale / driver	Maximizing growth from within (innovations, improved services, etc.)	Operating profitability	Efficiency at allocating the capital to profitable investments
Hurdle [1]	1%	6%	14%
Strategy targets 2016–2020	3-5%	9-10%	20-24%

[1] Achievements below the hurdle result in zero payout for the respective business objective; for the organic sales growth objective, the payout for reaching the hurdle starts at 0%, while it starts at 50% for reaching the hurdle for the objectives EBIT margin and ROIC.

The individual objectives are set within the MBO process at the beginning of the year. These objectives are clearly measurable, not duplicating the financial targets, and are set in different categories:

- Non-financial strategic goals, such as acquisitions or portfolio adaptions;
- Operational goals, such as the implementation of digitalization projects, the successful launch of new products, implementation of corporate training initiatives, acquisition and integration of new technologies and services, development of new business segments, and expansion of production to new regions.
  In 2020, the focus of the operational goals was set mainly to master the effects of the COVID-19 pandemic;
- Environment – Social – Governance (ESG) goals are an inherent part of the MBO of each Executive Committee member. Annual targets are set in accordance with the sustainability strategy of the company, which includes qualitative and quantitative goals.
  The goals for the five-year period ending in 2020 are explained in detail in the annual sustainability report. Examples for ESG goals are: Systematic introduction of ecodesign measures in product development in order to promote energy and resource-efficient products, reduction of CO_2 emissions, reduction of water consumption in water-scarce and water-stressed areas, reduction of accident rate and severe accidents;
- Personal goals, such as personal improvement and/or training sessions and succession planning.

At the end of the year, the achievement of each individual objective is assessed and this determines the payout factor for the portion of the STI related to individual objectives.

Weighting of the business and individual objectives

Further to the establishment of a sustainability committee (Nomination and Sustainability Committee), the Board decided as of 2020 to increase the weighting given to ESG objectives, which must account for 10% of the STI. Consequently, the individual objectives (including ESG) account as of 2020 for 35% of the STI instead of 25% previously. Their content has also been adapted mid-year to take into account the unforeseen COVID-19 situation, in particular the measures required to cope with the pandemic. Business objectives account for 65% of the STI (instead of 75% previously). These financial targets set at the beginning of the period were not amended during the year.

The weighting of the business and individual objectives for the CEO and the other Members of the Executive Committee depends on the function (the highest weighting is allocated to the organization the individual is responsible for) and is described in the following table:

	CEO	Division President	CFO
Business objectives			
Corporation level	**65%**	**25%**	**65%**
Organic sales growth (20%)	13%	5%	13%
EBIT margin (40%)	26%	10%	26%
ROIC (40%)	26%	10%	26%
Division level		**40%**	
Organic sales growth (20%)		8%	
EBIT margin (40%)		16%	
ROIC (40%)		16%	
Individual objectives	**35%**	**35%**	**35%**
MBO	35%	35%	35%
Total	**100%**	**100%**	**100%**

Long-term incentive (share-based compensation)

In 2019, GF introduced a revised performance-based long-term incentive (LTI) plan. The purpose of the LTI plan is to:

- Align the interests of Executives with those of GF's shareholders;
- Allow Executives to participate in the long-term success of GF;
- Foster and support a high-performance culture.

The LTI is a performance share (PS) plan. The CEO and the other Members of the Executive Committee are granted a number of PS annually based on the length of employment in the year prior to the grant. For financial year 2020, the PS are granted on 1 January 2021 and their grant value is based on the closing share price on the last trading day of 2020. The PS are subject to a three-year cliff vesting followed by an additional two-year blocking period on the vested shares.

The vesting of the PS is conditional upon the achievement of two specific performance objectives over a prospective period of three years: Earnings per Share (EPS) as an internal performance measure and relative Total Shareholder Return (rTSR) as an external performance measure.

The number of PS granted is split as follows:

- 50% of the PS depend on the EPS performance (PS(EPS));
- 50% of the PS depend on the rTSR performance (PS(rTSR)).

Performance shares

	PS(EPS)	PS(rTSR)	Total shares
CEO	Grant: 350 Vesting: 0% - 200%	Grant: 350 Vesting: 0% - 200%	Grant: 700 Vesting: 0% - 200%
Other Members of the Executive Committee	Grant: 125 Vesting: 0% - 200%	Grant: 125 Vesting: 0% - 200%	Grant: 250 Vesting: 0% - 200%

The EPS target, which is determined by the Board of Directors, is in line with the ambitious Strategy 2020 goals of GF and is measured at the end of the vesting period. Share buybacks, major acquisitions/divestitures or capital increases are neutralized and have no impact on the EPS value calculation.

The rTSR is measured as a percentile rank in relation to a peer group. The peer group consists of the companies of the SMI MID index as these companies are comparable to GF in terms of organizational size, complexity, and market capitalization and the SMI MID index reflects best the economic environment for companies listed in Switzerland. The percentile rank is evaluated on an annual basis: at the end of the vesting period, the final ranking of GF amongst the peer group is the average annual ranking over the three-year vesting period.

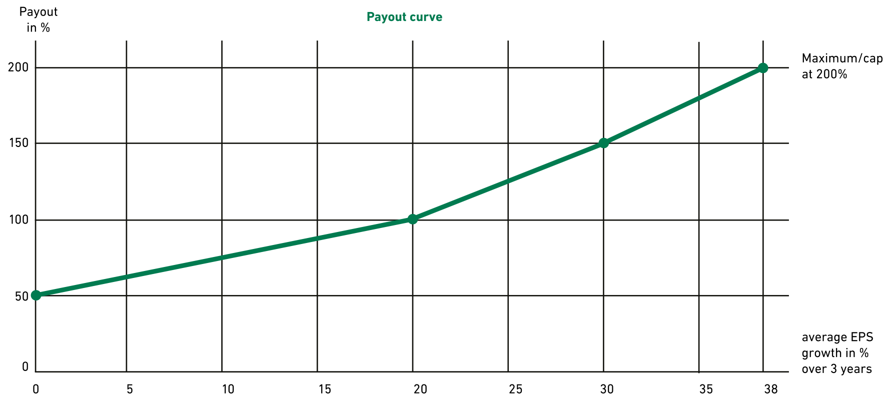
For both performance measures, a threshold level of performance (hurdle), under which there is no vesting of the PS, is defined, as well as the target level, corresponding to a vesting level of 100% and a maximum achievement level, for which the vesting is capped at 200%.

Both EPS and rTSR, are measured individually; hence, the vesting of the PS(EPS) cannot be compensated by the vesting of PS(rTSR) and vice-versa.

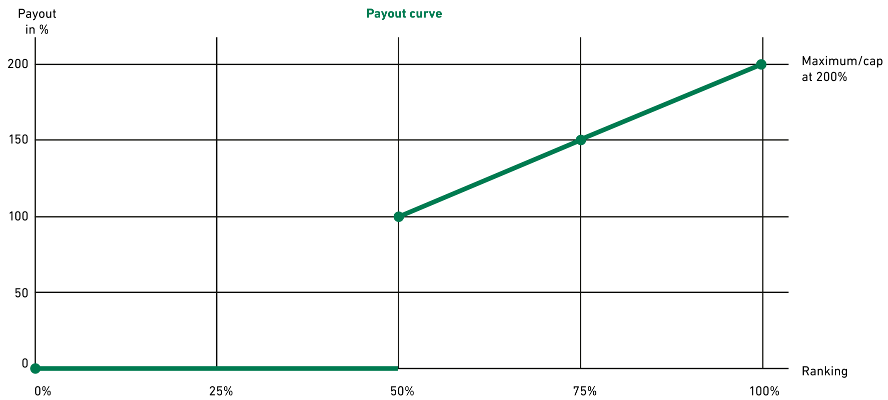
The vesting rules of the LTI plan are summarized in the table below:

Performance measure	Earnings per Share (EPS)	Relative Total Shareholder Return (rTSR)
Description	EPS: (Average EPS value years x+1, x+2, x+3) divided by (Average EPS value years x, x-1, x-2)	TSR: starting value of Volume Weighted Average Share price (VWAP) over the first 30 trading days of the year and ending value of the VWAP over the last 30 trading days of the year. Relativity measured as the average annual ranking within the peer group (companies of the SMI MID) over 3 years.
Rationale	Internal measure Reflects GF's profitability and how efficiently the Strategy is implemented	External measure Reflects GF's relative value compared to the SMI MID
Weighting	50% of the PS grant	50% of the PS grant
Target level	20% EPS growth over 3 years: 100% payout	Relative TSR at the median of the peer group: 100% payout
Maximum achievement level	200%	200%
Vesting period	3 years Followed by 2-year blocking period on vested shares	3 years Followed by 2-year blocking period on vested shares
Vesting rules	Threshold: 0% EPS growth over 3 years = 50% vesting Target: 20% EPS growth over 3 years = 100% vesting Point 30: 30% EPS growth over 3 years = 150% vesting Maximum: 38% EPS growth over 3 years = 200% vesting Linear interpolation in between EPS decline over 3 years: 0% payout	Threshold and target: 50th percentile = 100% vesting Maximum: best of all peers = 200% vesting Linear interpolation between threshold/target and maximum No vesting for performance below median

Vesting curve Earnings per Share (EPS)



Vesting curve relative Total Shareholder Return (rTSR)



The Compensation Committee is responsible for evaluating each year if extraordinary, one-time events have significantly influenced any of the performance objectives, EPS, and rTSR, and, if so, to make adjustment recommendations to the Board of Directors. The explanations for such adjustments, if any, will be included in the Compensation Report of the relevant year. For 2020, no adjustments were necessary.

In the event of termination for cause, the vested shares remain blocked until the end of the respective blocking periods and any unvested PS is forfeited. There is no accelerated vesting of unvested PS except in the case of a change of control and termination following death, disability, or ordinary retirement according to GF pension fund regulations. In such situations, unvested PS vest immediately based on the latest performance estimate available at the time of termination. The blocking period of vested shares may only be lifted in the case of a change of control or death.

The shares in the LTI plan are either treasury shares or repurchased on the market. No issuance of shares is foreseen for the LTI plan in order to avoid shareholder dilution.

Clawback and malus provisions

For the LTI, in the event a lower amount would have been awarded or paid out due to misstatement of financial results or of fraudulent or willful substantial misconduct by a Member of the Executive Committee, the Board of Directors will review the specific facts and circumstances and take actions. With respect to awards granted under the LTI in respect of the years for which a restatement has to be made and/or in which the misconduct took place, the Board of Directors may determine at any time before or after the delivery of the shares to forfeit or suspend the vesting of any LTI award in full or in part (malus), require the transfer for nil consideration of some or all the shares delivered under the LTI plan (clawback), and/or require a reimbursement in form of a cash payment in respect of some or all the shares delivered under the LTI plan (clawback).

The clawback and malus provisions apply to the Members of the Executive Committee for the entire duration of their membership and for up to three years following the termination thereof.

Benefits

Benefits consist primarily of retirement and insurance plans that are designed to provide reasonable level of income in case of retirement as well as a reasonable level of protection against risks such as death and disability. All Members of the Executive Committee have a Swiss employment contract and participate in the pension fund of GF offered to all Swiss-based employees. The pension fund exceeds the minimum legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors, and Disability Pension Plans (BVG) and is in line with commensurate market practice. In the case of top-management positions, including the Members of the Executive Committee, an early retirement plan is in place. The plan is entirely funded by the employer and is administered by a Swiss foundation. Beneficiaries may opt for early retirement from the age of 60. Regular retirement is at the age 65.

Members of the Executive Management do not receive special benefits. They are entitled to a representation lump-sum allowance and to reimbursement of business expenses in accordance with the expense rules applicable to all employees at management levels employed in Switzerland. The expense regulation has been approved by the relevant cantonal tax authorities.

Contractual terms

The employment contracts with the CEO and the other Members of the Executive Committee foresee a notice period of a maximum of twelve months. There are no entitlements to severance payments, nor any change of control provisions, other than the early vesting and early unblocking of share awards as disclosed in the Long-term incentive (share-based compensation) section. Their contracts may foresee non-competition provisions that are limited in time to a maximum of two years and which allow compensation up to a maximum of the last total annual compensation paid.

Shareholding ownership guideline

The CEO and the other Members of the Executive Committee are required to hold a minimum percentage of annual base salary in GF shares.

Newly appointed members must build up the required ownership within five years of their appointment. In the event of a substantial rise or drop in the share price, the Board of Directors may at its discretion amend that time period accordingly.

The minimum holding requirements are illustrated in the table below:

	Shareholding ownership requirement	Build-up period
CEO	200% of annual fixed base salary	5 years
Other Members of the Executive Committee	100% of annual fixed base salary	5 years

To calculate whether the minimum holding requirement is met, all vested shares are considered regardless of whether they are blocked or not. Unvested PS are excluded. The Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

Compensation for the financial year 2020

Audited by PwC Switzerland

Board of Directors

The Members of the Board of Directors received cash compensation of CHF 1.009 million in the year under review (previous year: CHF 1.143 million). In addition, a total of 1'396 GF registered shares with a total market value of CHF 1.591 million were allocated (previous year: 1'501 GF shares with a market value of CHF 1.472 million). Together with other benefits, the total compensation paid to the Board of Directors in 2020 amounted to CHF 2.726 million (previous year: CHF 2.735 million).

Compensation Members of the Board of Directors 2020

	Cash compensation [1]		Share-based compensation				
	Basis fee	Committee fees	Number of shares	Share-based compensation [2]	Other benefits [3]	Total compensation 2020 [4]	Total compensation 2019 [4]
Yves Serra	67	142	257	293	22	524	181
Chairman Board of Directors [6]							
Chairman Nomination and Sustainability Committee [6]							
Vice-Chairman Board of Directors [5]							
Member Audit Committee [5]							
Andreas Koopmann	20	57	88	100	8	185	589
Chairman Board of Directors [5]							
Chairman Nomination Committee [5]							
Hubert Achermann	67	104	150	171	15	357	309
Vice-Chairman Board of Directors [6]							
Independent Lead Director [6]							
Chairman Audit Committee							
Member Nomination and Sustainability Committee [6]							
Roman Boutellier	20	6	44	50	3	79	246
Member Compensation Committee [5]							

Riet Cadonau	**67**	**19**	**150**	**171**	**13**	**270**	**249**
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Peter Hackel	**47**	**20**	**107**	**122**	**10**	**199**	**84**
Member Audit Committee [6]							
Roger Michaelis	**67**	**22**	**150**	**171**	**14**	**274**	**284**
Member Nomination and Sustainability Committee [6]							
Member Audit Committee [5]							
Eveline Saupper	**67**	**38**	**150**	**171**	**14**	**290**	**270**
Chairwoman Compensation Committee							
Jasmin Staiblin	**67**	**26**	**150**	**171**	**14**	**278**	**249**
Member Audit Committee [6]							
Member Compensation Committee [5]							
Zhiqiang Zhang	**67**	**19**	**150**	**171**	**13**	**270**	**274**
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Total	**556**	**453**	**1'396**	**1'591**	**126**	**2'726**	**2'735**

(all in CHF 1'000 and stated in gross amounts, except "Number of shares" column)

1 Includes a temporary reduction in cash compensation implemented in 2020 in order to contribute to a solidarity-fund of the GF Corporation intended to mitigate hardship caused by short-time work due to the COVID-19 pandemic.

2 The share-based compensation consists in the allocation of a fixed number of shares. The amount of the share-based compensation is calculated based on the share value on 31 December 2020, i.e. CHF 1'140.00.

3 Other benefits represent employer contributions to social insurance funds.

4 The total compensation includes the cash compensation (basis and committee fees), the share-based compensation and the contribution to social insurance funds.

5 Until 15 April 2020

6 As of 16 April 2020

The total compensation paid to the Board of Directors for the year 2020 was slightly lower compared with the previous year. Although the value of the shares increased (CHF 1'140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019), the number of board members declined by one compared with the previous year, which contributed to a slightly lower compensation overall.

Except for the Board Vice-Chairmanship fee that was discontinued after the 2019 Annual Shareholders' Meeting and the implementation of the Independent Lead Director fee in 2020, the compensation system for the Board of Directors was unchanged compared with the previous year.

At the 2019 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.750 million (based on a share value of CHF 1'600.00) for the Board of Directors for the compensation period from the 2019 Annual Shareholders' Meeting until the 2020 Annual Shareholders' Meeting. For this period, the effective compensation amounted to CHF 2.774 million (based on a share value of CHF 983.00 for the period in 2019 and CHF 1'140.00 for the period in 2020) and is thus within the approved limits.

At the 2020 Annual Shareholders’ Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.450 million for the Board of Directors for the compensation period from the 2020 Annual Shareholders’ Meeting until the 2021 Annual Shareholders’ Meeting. This compensation period is not yet completed, a conclusive assessment will be provided in the 2021 Compensation Report.

In the reporting year, no further compensation was paid to Members of the Board of Directors and no compensation was paid to parties closely related to Members of the Board of Directors.

Executive Committee

The Members of the Executive Committee received cash, share-based compensation, social security, pension contributions, and other compensation amounting to CHF 7.415 million for the year under review (previous year: CHF 7.488 million) compared with a total amount of CHF 10.531 million approved by the shareholders at the 2019 Annual Shareholders' Meeting.

Under the LTI plan, 1'764 performance shares with a total value at grant of CHF 1.977 million were granted to Members of the Executive Committee for the year under review (previous year: 1'644 performance shares with a total value of CHF 1.628 million).

Compensation Members of the Executive Committee 2020

	Fixed salary in cash [2]	Short-term incentive (STI) in cash [3]	EPS dependent performance shares PS(EPS)	rTSR dependent performance shares PS(rTSR)	Share-based remuneration (LTI) [4]	Social insurance funds [5]	Pension funds [6]	Other compensation [7]	Total compensation 2020 [8]	Total compensation 2019 [9]
Executive Committee [1]	2'948	1'466	882	882	1'977	407	541	76	7'415	7'488
Of whom Andreas Müller, CEO (highest individual compensation)	811	540	350	350	798	133	146	71	2'499	2'006

(all in CHF 1'000 and stated in gross amounts, except the "EPS dependent performance shares" and "rTSR dependent performance shares" columns stated as number of shares)

[1] The compensation of the Executive Committee in 2020 includes an overlap in compensation for Ivan Filisetti (Executive Committee member since 1 July 2020) and Pascal Boillat (retired by end of September 2020).

[2] Includes a temporary reduction in fixed salary implemented in 2020 in order to contribute to a solidarity-fund of the GF Corporation intended to mitigate hardship caused by short-time work due to the COVID-19 pandemic.

[3] The STI is based on the STI plan. The STI for the 2020 financial year was approved by the Board of Directors on 25 February 2021. Payment will be made in March 2021.

[4] The share-based compensation is based on the LTI plan. The disclosed value corresponds to the grant value of the 2020 LTI (that is granted on 1 January 2021) and is calculated based on the share value on 31 December 2020, i.e. CHF 1'140.00. The value of the share based compensation for Pascal Boillat is calculated on the date of his retirement (30 September 2020), i.e. CHF 959.00.

[5] The social insurance funds expenses represent employer social security contributions. The amounts indicated are based on the compensation amounts disclosed in the table (including the value at grant of the share-based remuneration).

[6] The pension funds expenses represent employer pension funds contributions.

[7] Based on the company's regulation for all employees, the CEO received a jubilee premium for 25 years of employment with the company. A further member of the Executive Committee received a retirement gift that is reflected in the table based on its fair value.

[8] The total compensation includes the fixed salary, the STI, the share-based compensation, social and pension contributions, as well as other compensation.

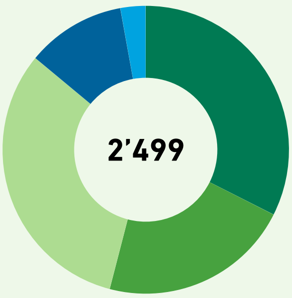
[9] Compensation for Andreas Müller was not for the full financial year as CEO as he started in this position on 18 April 2019; the same applies to the compensation for Mads Joergensen who started as CFO on 18 April 2019.

The total compensation for the CEO and the other Members of the Executive Committee in 2020 was lower than in 2019. The change in the compensation was due to the following factors:

- Fixed salary: Fixed salaries increased slightly, mainly due to the change in the composition of the Executive Committee. Firstly, the CEO was in his role for the full year 2020 (compared with eight months as CEO and four months as CFO in 2019). Secondly, Ivan Filisetti was promoted to become the new President of GF Machining Solutions as of 1 July 2020, succeeding Pascal Boillat, who retired from the company on 30 September 2020 (overlapping compensation during three months). Finally, the fixed salaries of the CEO and Members of the Executive Committee were increased in line with market practice.
- STI: The financial performance of the Corporation and the divisions was lower in 2020 compared with 2019, which resulted in a lower STI payout (see details in the Performance in 2020 section).
  For the year under review, the STI payout for Andreas Müller was CHF 540'000, which corresponds to 64% of target and 42% of the maximum STI (STI for the CEO in 2019 was CHF 547'000 for eight months as CEO and four months as CFO, which corresponded to 89% of target and 59% of maximum STI). For the other Members of the Executive Committee, the STI ranged from 49% to 96% of target (64% to 130% in 2019).
- LTI: The overall value of the share-based remuneration increased by 21% from last year. First of all, the CEO received 700 PSU (compared with 496 PSU in 2019) in order to gradually align his LTI compensation to market practice and reflects a full-year grant (compared with a pro-rata grant in 2019). Secondly, the share price was higher in 2020 (CHF 1'140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019). The number of PS granted to each other Member of the Executive Committee remained unchanged compared with previous year.
- Please note that a significant portion of the social security payments of the employer to the Swiss social security system represents a solidarity payment as the individuals will never get any return or benefit due to these payments.

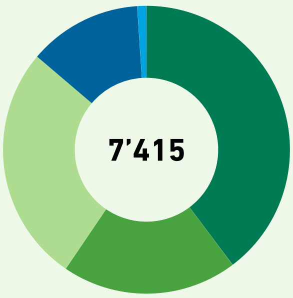
The ratio between fixed and awarded variable compensation in 2020 was as follows:

CEO Compensation for 2020
Amounts in CHF 1'000



Fixed base salary
Short-term incentive
Long-term incentive
Benefits
Other

Executive Committee Compensation for 2020
Amounts in CHF 1'000



Fixed base salary
Short-term incentive
Long-term incentive
Benefits
Other

No compensation was paid to parties closely related to Members of the Executive Committee.

Performance in 2020

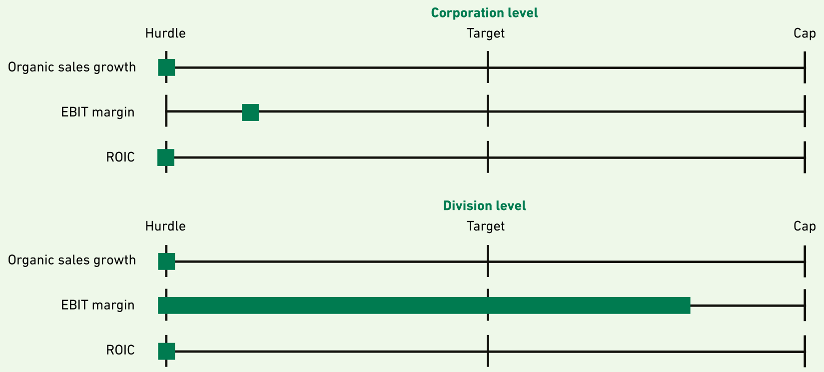
Short-term incentive 2020

The achievement of the business objectives for the 2020 short-term incentive is as follows:

	Strategic goal	Hurdle [1]	Achievement/ payout factor [2]
Business Objectives			
Corporation level			**25%**
Organic sales growth	3-5%	1%	0%
EBIT margin	9-10%	6%	63%
ROIC	20-24%	14%	0%
Division level			
Organic sales growth	Not disclosed [3]	Not disclosed [3]	0%
EBIT margin	Not disclosed [3]	Not disclosed [3]	0%-133%
ROIC	Not disclosed [3]	Not disclosed [3]	0%

[1] Achievements below the hurdle result in zero payout for the respective business objective; for the organic sales growth objective, the payout for reaching the hurdle starts at 0%, while it starts at 50% for reaching the hurdle for the objectives EBIT margin and ROIC.
[2] Adjusted for items relating to structural measures, mainly in the division GF Casting Solutions
[3] Those targets and hurdles are not disclosed as they are considered commercially sensitive and confidential

Weighted achievement/payout factor



The overall payout amounts to 64% of target for the CEO and to 49% to 96% of target for the other EC members.

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

The information on shareholdings of the Members of the Board of Directors and of the Executive Committee is included in the section Compensation and shareholdings.

Loans to Members of the governing bodies

Neither GF Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to Members of the Board of Directors or the Executive Committee or related parties in the year under review. As of 31 December 2020, no loans to Members of the Board of Directors or the Executive Committee or related parties were outstanding.

Outlook

GF is starting the new strategy cycle 2021–2025. In this context, the Compensation Committee undertook a review of the compensation system to ensure that it is still aligned with the strategy, shareholders' expectations, and market practice. The decision was made to adapt the compensation program as of financial year 2021.

Short-term incentive

The overall design of the STI remains unchanged, including the target in % of the annual fixed base salary for the CEO and the other members of the Executive Committee.

The weightings of the business objectives will be slightly amended, with organic sales growth accounting for 30% of the business objectives (previously 20%) and equally weighted with ROIC (also 30%, previously 40%).

Environment – Social – Governance (ESG) objectives will be a dedicated separate element in the STI with a weighting of 10% and will not be included in the individual objectives as in the past years. The objectives will be specifically set for the individual divisions and their sustainability strategy and roadmap.

Examples of these ESG-related objectives for 2021 include:

- Environment: Definition of measures to reduce CO_2 emissions in line with science-based targets; further integration of sustainability in production technology process development;
- Social: Reduction of accident rate and severe accidents, continuation of the "zero accident" campaign;
- Governance: Development of a sustainability roadmap in context of the Strategy 2025 for the individual area of responsibility, including findings based on the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD).

Weighting of the performance objectives

	CEO	Division President	CFO
Business objectives			
Corporation level	**65%**	**25%**	**65%**
Organic sales growth (30%, previously 20%)	19.5%	7.5%	19.5%
EBIT margin (40%)	26.0%	10.0%	26.0%
ROIC (30%, previously 40%)	19.5%	7.5%	19.5%
Division level		**40%**	
Organic sales growth (30%, previously 20%)		12.0%	
EBIT margin (40%)		16.0%	
ROIC (30%, previously 40%)		12.0%	
Sustainability (new)	**10%**	**10%**	**10%**
ESG	10.0%	10.0%	10.0%
Individual objectives	**25%**	**25%**	**25%**
MBO	25.0%	25.0%	25.0%
Total	**100%**	**100%**	**100%**

Annual targets will be derived from the five-year strategic goals, taking into consideration the actual results in the previous year as well as the budget and forecast. These targets are discussed and approved by the Board of Directors.

Long-term incentive

The changes described below have been proposed based on feedback received from investors and proxy advisors and have been intensively discussed prior to the implementation with this target audience. The valuable feedback from these conversations has been considered for the design and implementation of the new regulations.

The main topics were the following:

- Grant value mechanism: the grant value was based on a fixed number of shares, and the value could therefore fluctuate with the share price. This will not be the case anymore, as the grant value will be based on a percentage of the fixed base salary;

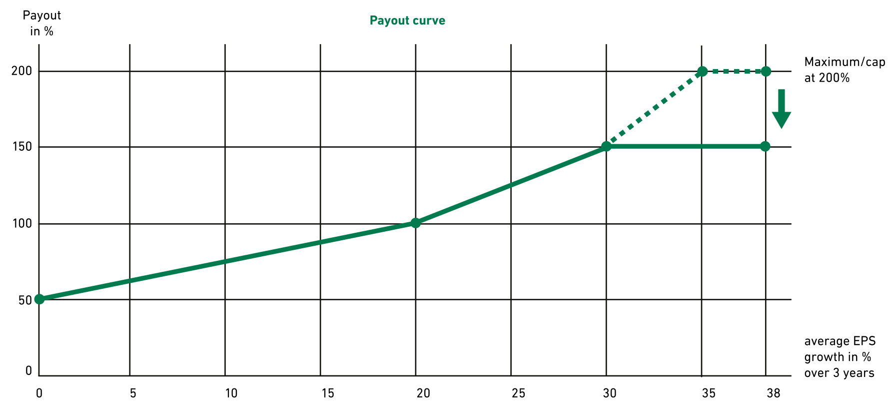
- Pay-for-performance/vesting curves: a thorough analysis of the previous LTI setup, including a back-testing of the previous years' performance assessment and vesting levels, showed some misalignments. The new vesting curves provide a better balance between pay-for-performance, reasonable leverage, and are also better aligned with market practice. The new vesting schedules allow for a low payout in case of below-target performance (but not under the threshold level of performance) and limits the maximum payout to 150% in case of extraordinary performance, which is more in line with the compensation philosophy of the company (no "all or nothing" plans).

The LTI will continue to be a performance share plan subject to a three-year vesting based on EPS growth and rTSR, followed by a two-year blocking period.

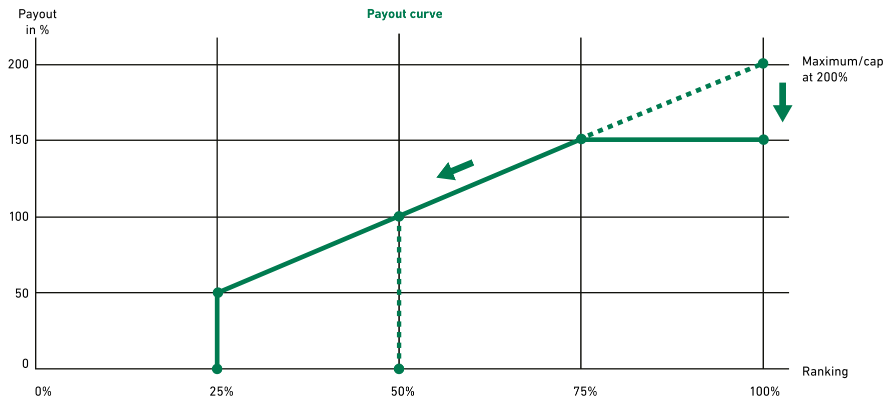
The following overview shows the main items of the new LTI plan as well as the amendments, introduced as of financial year 2021:

	Current LTI plan	Changes
Grant value	Based on a fixed number of shares: CEO: 700 shares EC: 250 shares	Based on a percentage of the annual fixed base salary CEO: 90% EC: 60%
Performance objectives	Earnings per Share (EPS) Relative Total Shareholder Return (rTSR)	No change
Vesting curve EPS	Threshold: 0% EPS growth = 50% payout Target: 20% EPS growth = 100% payout Point 30: 30% EPS growth = 150% payout Maximum/cap: 38% EPS growth = 200% payout	Max payout reduced from 200% to new cap at 150% payout
Vesting curve rTSR	Threshold and Target: median rank = 100% payout Point 75: 75th percentile rank = 150% payout Maximum/cap: 1st rank = 200% payout	Symmetrical shift: Max payout reduced from 200% to new cap at 150% payout (75th percentile rank), threshold at 50% payout (25th percentile rank)
Vesting period	3 years Followed by 2-year blocking period on vested shares	No change
Termination rules	Bad leaver: forfeiture Good leaver: full vesting at regular vesting date or accelerated (retirement, death, disability)	Stricter definition of bad leaver including any termination except retirement, disability, death and change of control Bad leaver: forfeiture Good leaver: pro-rata vesting at regular vesting date (retirement) or accelerated (death, disability or change of control)

Vesting curve Earnings per Share (EPS)



Vesting curve relative Total Shareholder Return (rTSR)



The Compensation Committee trusts that these changes will improve the compensation design by aligning it better with shareholder interests, ensuring a strong connection with the business strategy for the new strategy cycle 2025 and a good balance between the pay-for-performance principle and the sustainability and stability of the compensation system.

Further details on the new STI and LTI design will be provided in the 2021 Compensation Report.

Report of the statutory auditor

to the General Meeting of Georg Fischer Ltd

Schaffhausen

We have audited the content marked as "audited by PwC Switzerland" of the compensation report of Georg Fischer Ltd for the year ending 31 December 2020.

Board of Directors' responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation 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 compensation 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 compensation 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 compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation 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 compensation report of Georg Fischer Ltd for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen	Tobias Handschin
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2021

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