

Compensation Report

Compensation Report

Introduction.....144
Compensation at a glance.....146
Contents.....149
Compensation Governance.....151
Compensation Structure.....155
Compensation for the financial year 2021.....166
Report of the statutory auditor.....175

Dear Shareholders,

On behalf of the Board of Directors of GF and of the Compensation Committee, I am pleased to present the 2021 Compensation Report.

In the past two years, the Compensation Committee conducted a thorough review of the compensation system applicable to the Executive Committee. As announced in the 2020 Compensation Report, the changes to the short-term- and long-term incentive plan of the Executive Committee were implemented in 2021. These changes were discussed in detail with investors and proxy advisors already in 2020 and were received very positively, which was also confirmed by the high approval rate of the Compensation Report at the last Annual Shareholders' Meeting. In addition and to increase transparency, you will find a more detailed disclosure of the short-term incentive achievement as well as information about the vesting of the long-term incentive plans.

In 2021, the Compensation Committee reviewed the Board remuneration structure and levels. Based on the outcomes of this analysis, the Compensation Committee proposed to the Board of Directors to adjust the fees for the Board Chairmanship, for the Chairmanship of the Compensation Committee and for the Chairmanship of the Nomination & Sustainability Committee. The adjustments were approved by the Board of Directors and have been effective as of the 2021 Annual Shareholders' Meeting. Further details can be found in this Compensation Report.

While business in 2020 was significantly impacted by the COVID-19 pandemic, in the year under review, the business in major market segments of the company recovered and remarkable progress was achieved toward the strategic targets. We will explain in this report how GF's performance in 2021 impacted the compensation awarded to the members of the Executive Committee in the incentive plans.

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. In addition, your valued opinion will be sought with regard to the Compensation Report through a consultative retrospective vote.

We trust that the adjustments made to the compensation system will help us to achieve the ambitious strategy and we thank you for your valuable feedback and your continued support. We are looking forward to continuing this constructive 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 ¹	Restricted shares
Basis fee		
Board Membership	CHF 70'000	150 shares
Additional fees		
Board Chairmanship ^{2,3}	CHF 290'000	150 shares
Independent Lead Director	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Compensation Committee Chairmanship ³	CHF 60'000	
Compensation Committee Membership ³	CHF 20'000	
Nomination and Sustainability Committee Chairmanship ³	CHF 60'000	
Nomination and Sustainability Committee Membership ³	CHF 20'000	

1 Fee effective as of the 2021 Annual Shareholders' Meeting (ASM).

2 The Chairman of the Board of Directors is not eligible for additional committee fees.

3 Board Chairmanship fee until ASM 2021: CHF 200'000; Compensation Committee and Nomination and Sustainability Chairmanship fee until ASM 2021: CHF 40'000.

Compensation awarded for 2021

The compensation awarded to the Board of Directors for the period from the Annual Shareholders' Meeting 2020 to the Annual Shareholders' Meeting 2021 is within the limits approved by the shareholders:

Compensation period	Amount approved	Effective amount
2020-2021	CHF 3'450'000 ¹	CHF 2'767'000 ²
2021-2022	CHF 3'140'000 ¹	n/a ³

1 Based on a share value of CHF 1'600.00.

2 Based on a share value of CHF 1'140.00 for the period in 2020 and CHF 1'385.00 for the period in 2021.

3 Compensation period not yet completed; a conclusive assessment will be provided in the Compensation Report 2022.

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

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 Sustainability (ESG) Individual objectives
Long-term incentive (LTI)	Pay for long-term performance	Performance shares	3-year vesting and additional 2-year blocking	EPS rTSR
	Align with shareholders' interests and GF's strategy			
	Participate in long-term success of the company			

Performance in 2021

After having been significantly impacted by the COVID-19 pandemic in 2020, GF recovered in many of its market segments. As a consequence, the STI payout for 2021 was higher compared to the previous year.

STI payout for 2021	
EC (incl. CEO)	84%-136.5% of target

Compensation awarded for 2021

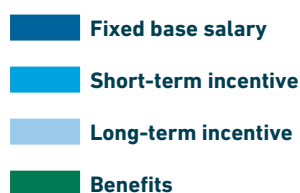
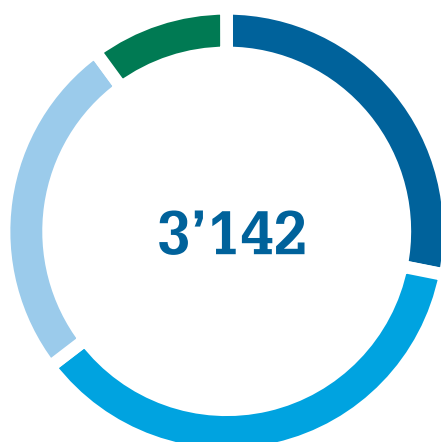
The compensation awarded to the Executive Committee (including CEO) for 2021 is within the limits approved by the shareholders at the 2020 Annual Shareholders' Meeting:

Compensation period	Amount approved	Effective amount
2021	CHF 10'531'000	CHF 8'697'000

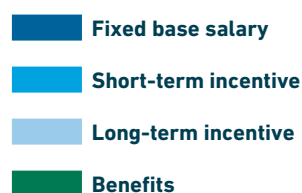
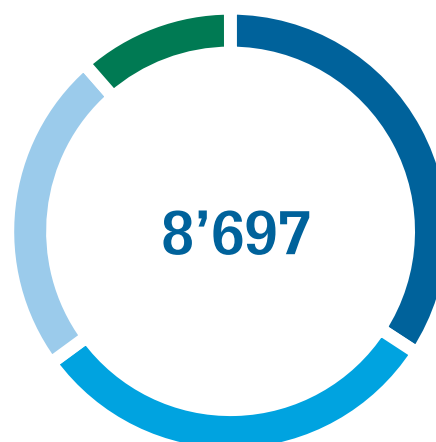
The vesting level of the LTI plan 2018 (performance period ended at the end of 2021) amounted to 0% (below threshold) for the EPS-related performance shares and to 130.73% of target for the rTSR-related performance shares, resulting in an overall vesting level of 65.37%.

Performance period	EPS-related performance shares (weighted 50% of the grant)	rTSR-related performance shares (weighted 50% of the grant)	Overall vesting level
LTI 2018	2019-2021 0% of target	130.73% of target	65.37% of target

CEO compensation for 2021 in CHF 1'000



Executive Committee compensation for 2021 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, business and sustainability 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 2021 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](#)

[Compensation Committee](#)

[Levels of authority](#)

[Method used to determine compensation](#)

Compensation structure

[Compensation of the Board of Directors](#)

[Compensation principles](#)

[Compensation model](#)

[Shareholding ownership guideline](#)

[Compensation of the Executive Committee](#)

[Compensation principles](#)

[Compensation model](#)

[Compensation mix and caps](#)

[Fixed base salary](#)

[Short-term incentive](#)

[Long-term incentive \(share-based compensation\)](#)

[Clawback and malus provisions](#)

[Benefits](#)

[Contractual terms](#)

[Shareholding ownership guideline](#)

Compensation for the financial year 2021

[Board of Directors](#)

[Executive Committee](#)

[Performance in 2021](#)

[Shareholdings of the Members of the Board of Directors and of the Executive Committee](#)

[Loans to members of the governing bodies](#)

[Report of the statutory auditor to the Annual Shareholders' Meeting](#)

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 2021 Annual Shareholders' Meeting, Eveline Saupper (Chairwoman) and Riet Cadonau were re-elected as Members of the Compensation Committee, Hubert Achermann was elected as a new Member 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 2021, the Compensation Committee performed the following regular tasks:

- Conducted a benchmark analysis for the compensation of the Board of Directors and, based on the outcomes, proposed to the Board of Directors for approval adjustments to the levels of compensation
- Conducted a benchmark analysis for the compensation of the CEO and of the other Members of the Executive Committee and proposed salary adjustments to the Board of Directors;

- Evaluated the business performance for the 2020 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;
- Determined the business objectives for the 2021 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 the Compensation Report 2020 and prepared the compensation motions to be submitted to vote at the 2021 Annual Shareholders' Meeting;
- Reviewed and discussed the voting results on the compensation motions at the 2021 Annual Shareholders' Meeting, as well as the proxy advisors' and shareholders' feedback received on compensation matters;
- Engaged with proxy advisors and major shareholders on compensation matters in order to gather their feedback and comments;
- Prepared the Compensation Report 2021.

The Compensation Committee convenes as often as necessary, but at least twice per year. In 2021, the Committee held three meetings of approximately two hours, each according to the schedule below:

Overview of meeting schedule 2021

February	April	December
Business performance 2020; STI 2020 for CEO and EC incl. approval of adapted STI policy for 2021	Review of the Board remuneration policy	Analysis of the voting results on compensation motions at the Annual Shareholders' Meeting
Approval of the LTI 2017 vesting and LTI 2021 grant incl. approval of adapted LTI policy for 2021		Review of proxy advisors' and investors' feedback on compensation
Benchmark of compensation for the Board of Directors		Approval of the Board remuneration policy
Review of the Board remuneration policy		Review compensation for the Board of Directors for the next compensation period
Benchmark of compensation for the CEO and EC members		Review target compensation for the CEO and EC members for the coming financial year
Review target compensation for the CEO and EC members for 2021 ¹		Review draft of the Compensation Report 2021
Approval of the Compensation Report 2020		
Maximum amounts of compensation for the Board of Directors until the next Annual Shareholders' Meeting		
Maximum amounts of compensation for the EC for the business year 2022		

¹ This regular agenda item was postponed from the last meeting in 2020.

In 2021, all Compensation Committee members attended all meetings. The Chairman of the Board, 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, Agnès Blust Consulting provided services related to Board of Directors and Executive Committee compensation matters. Obermatt was appointed to measure the relative performance of Georg Fischer for the purpose of the long-term incentive plan. 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 business model and size in terms of market capitalization, sales, number of employees, complexity, and geographic scope. The peer group for the compensation benchmark of the Board of Directors and the Executive Committee include the following Swiss companies: Bucher Industries, DKSH, Dormakaba, Geberit, OC Oerlikon, SIG Combibloc, Sonova, Straumann, Sulzer. The benchmarking on compensation was last conducted in 2021.

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 2021 (please refer to section [Method used to determine compensation/Benchmarking](#) for details of the peer group). Based on the outcomes of this analysis, the Compensation Committee proposed to the Board of Directors to adjust the fees for the Board Chairmanship, for the Chairmanship of the Compensation Committee and for the Chairmanship of the Nomination & Sustainability Committee. The adjustments were approved by the Board of Directors and have been effective as of the 2021 Annual Shareholders' Meeting. No other changes were made to the compensation levels or to the compensation model of the Board of Directors.

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 is lifted in the event of death or disability 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 ¹	Restricted shares
Basis fee		
Board Membership	CHF 70'000	150 shares
Additional fees		
Board Chairmanship ^{2,3}	CHF 290'000	150 shares
Independent Lead Director	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Compensation Committee Chairmanship ³	CHF 60'000	
Compensation Committee Membership ³	CHF 20'000	
Nomination and Sustainability Committee Chairmanship ³	CHF 60'000	
Nomination and Sustainability Committee Membership ³	CHF 20'000	

¹ Fee effective as of the 2021 Annual Shareholders' Meeting (ASM).

² The Chairman of the Board of Directors is not eligible for additional committee fees.

³ Board Chairmanship fee until ASM 2021: CHF 200'000; Compensation Committee and Nomination and Sustainability Chairmanship fee until ASM 2021: CHF 40'000.

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 the 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, business and sustainability 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 the form of performance shares, ensuring participation in the long-term success of the company and a strong alignment with 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 2021	LTI performance 2021
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 with shareholders' interests Participate in long-term success and align with Strategy 2025
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 2021	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 Sustainability (ESG) individual objectives	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 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 2022	Number of PS, of which 50% PS(EPS), 50% PS(rTSR)

EBIT = Earnings before interest and taxes

EPS = Earnings per share

ESG = Environment, social, governance

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 section [Method used to determine compensation/Benchmarking](#) for details of the peer group).

Compensation mix and caps

CEO

At target	Fixed base salary 100%	STI 100%	LTI 90%
Maximum payout	Fixed base salary 100%	STI 150%	LTI 135%

Other Members of the Executive Committee

At target	Fixed base salary 100%	STI 60%	LTI 60%
Maximum payout	Fixed base salary 100%	STI 90%	LTI 90%

Maximum payouts:

- STI: capped at 150% of the target;
- LTI: capped at 150% 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 and sustainability 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 ¹	Minimum ¹	Maximum ¹
CEO	100%	0%	150%
Other Members of the Executive Committee	60%	0%	90%

¹ In percent of fixed base salary.

Business objectives for the STI

The business objectives include organic sales growth (excluding acquisitions and divestitures), EBIT margin (EBIT in relation to sales), and return on invested capital (ROIC). The annual targets of these business objectives are derived from the five-year strategic goals, taking into account the actual results in the previous year as well as the budget and forecast of the year for which the targets are set. The annual targets are discussed and approved by the Board of Directors.

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. A special focus is set on the sales target, as growth is a strong pillar of the strategy 2025. Furthermore, the ROIC target 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.

Sustainability objectives for the STI

Sustainability objectives are based on environmental, social, and governance (ESG) criteria material to the company and its stakeholders. The Corporate sustainability targets are specifically reflected in the sustainability roadmaps of the divisions and are well represented in the objective setting of the Executive Committee.

The annual sustainability objectives are aligned with the targets 2025, which include for example:

- Product portfolio: 70% of sales with social or environmental benefits;
- Reduction of absolute CO₂e emissions by 21% to limit global warming to 1.5°C for scope 1 and 2 emissions;
- Reduction of water intensity by 20% in high stress areas;
- Reduction of 20% of waste sent to landfill or incineration;
- Reduction of accident rate by 30% by continuing with the “Be Aware-Be Safe” campaign;
- Implementation of measures to increase diversity and inclusion.

Individual objectives for the STI

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 adaptations;
- 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;
- Goals to promote the value and culture implementation according to the strategy of the company;
- 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, sustainability and individual objectives

Sustainability objectives are a separate element of the performance measurement accounting for 10% of the STI, and are not part of the individual objectives. Consequently, the individual objectives account for 25% of the STI.

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 (30%)	19.5%	7.5%	19.5%
EBIT margin (40%)	26.0%	10.0%	26.0%
ROIC (30%)	19.5%	7.5%	19.5%
Division level		40%	
Organic sales growth (30%)		12.0%	
EBIT margin (40%)		16.0%	
ROIC (30%)		12.0%	
Sustainability	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%

Long-term incentive (share-based compensation)

In the context of the new strategy cycle 2021–2025 and further to the feedback received from investors and proxy advisors, the Compensation Committee undertook a detailed review of the long-term incentive (LTI) plan in 2020 and decided to amend the design of the plan as per the beginning of 2021. The amendments were announced in the Compensation Report 2020 and were received very positively in the discussions, which took place prior to the implementation, with investors and proxy advisors.

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 a percentage of the annual fixed base salary. The target LTI amounts to 90% 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 number of PS granted corresponds to the target LTI amount divided by the average Georg Fischer share closing price of the last 60 trading days of the previous year. For financial year 2021, the PS were granted on 1 January 2021. 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	Target: 45% of ABS ¹ Vesting: 0% - 150%	Target: 45% of ABS ¹ Vesting: 0% - 150%	Target: 90% of ABS ¹ Vesting: 0% - 150%
Other Members of the Executive Committee	Target: 30% of ABS ¹ Vesting: 0% - 150%	Target: 30% of ABS ¹ Vesting: 0% - 150%	Target: 60% of ABS ¹ Vesting: 0% - 150%

¹ ABS = Annual Fixed Base Salary

The EPS target, which is determined by the Board of Directors, is in line with the ambitious Strategy 2025 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 best reflects 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 among the peer group is the average annual ranking over the three-year vesting period.

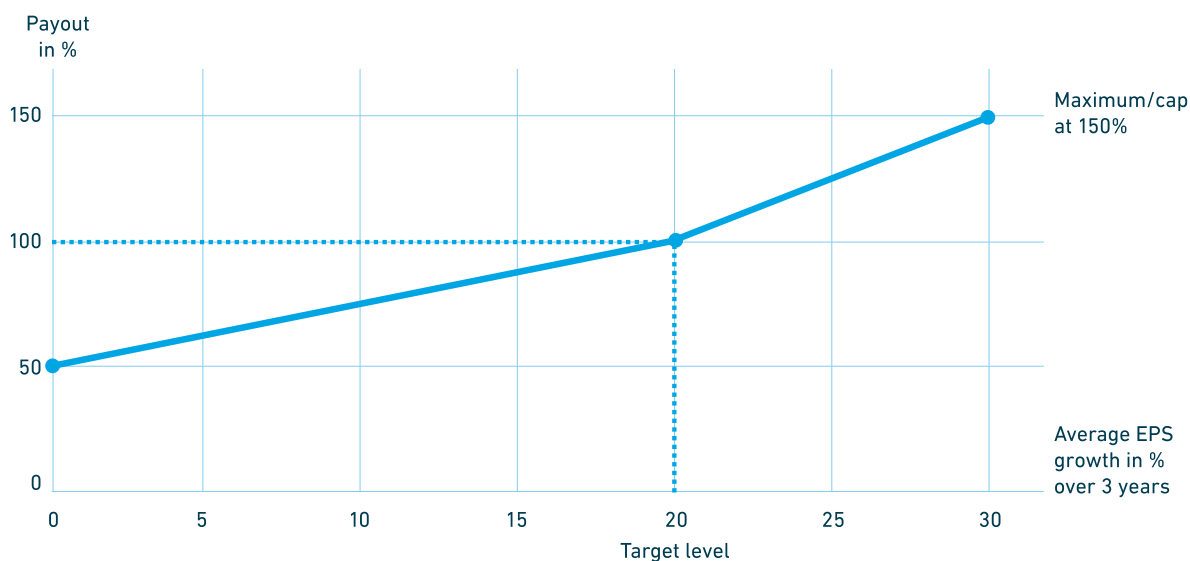
For both performance measures, a threshold level of performance (hurdle), under which there is no vesting of the PS, is defined, as well as the target level, corresponding to a vesting level of 100% and a maximum achievement level, for which the vesting is capped at 150%.

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.

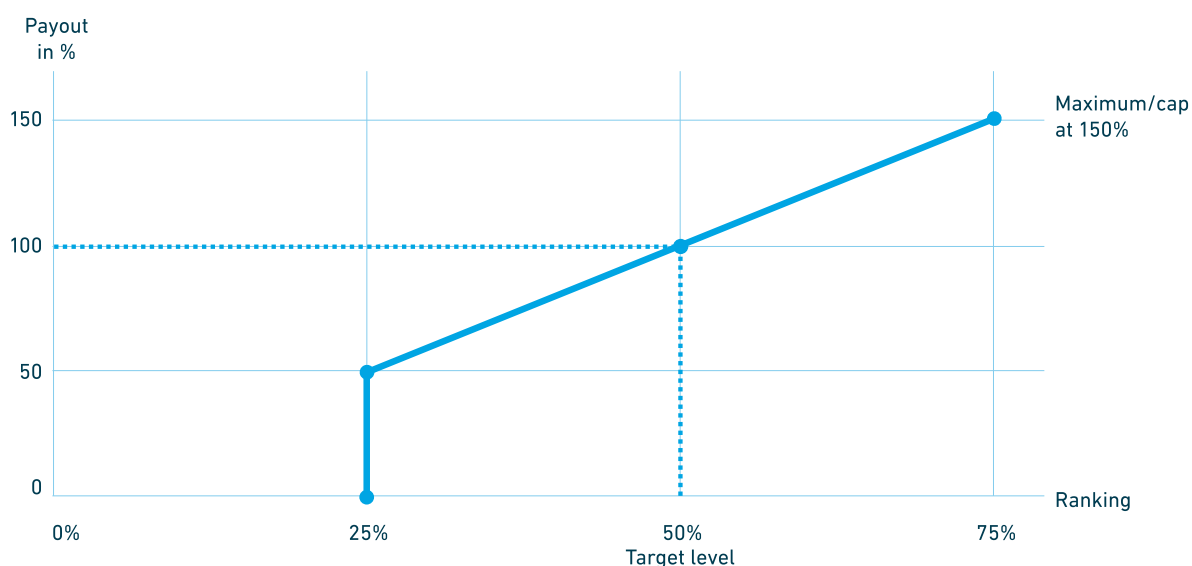
The vesting rules of the LTI plan are summarized in the table below:

Performance measure	Earnings per share (EPS)	Relative total shareholder return (rTSR)
Description	EPS: (Average EPS value years x, x+1, x+2) divided by (Average EPS value years x-1, x-2, x-3)	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	150%	150%
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 Maximum: 30% EPS growth over 3 years = 150% vesting Linear interpolation in between EPS decline over 3 years: 0% payout	Threshold: 25th percentile = 50% vesting Target: 50th percentile = 100% vesting Maximum: 75th percentile = 150% vesting Linear interpolation between threshold/target and maximum

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 2021, no adjustments were necessary.

In case of termination of employment during the vesting period, unvested PS are forfeited except in the following situations: termination of employment due to retirement, death, disability, involuntary termination by the employer other than for cause or behavior, change of control, in which cases unvested PS vest pro-rata based on the time period expired from the grant date until the termination date.

The vesting is accelerated to the termination date and is based on an estimated performance assessment, except in case of retirement or involuntary termination, in which case the vesting will occur at the regular vesting date based on the performance measurement for the entire performance period.

Vested shares remain blocked until the end of the respective blocking periods, except in the event of death, disability, or change of control, in which case the restriction period is immediately lifted.

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 a 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 action. With regard 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 a 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 lump sum representation 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 section [Long-term incentive \(share-based compensation\)](#). 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 2021

Audited by PwC Switzerland

Board of Directors

The Members of the Board of Directors received cash compensation of CHF 1.070 million in the year under review (previous year: CHF 1.009 million). In addition, a total of 1'247 GF registered shares with a total market value of CHF 1.729 million were allocated (previous year: 1'396 GF shares with a market value of CHF 1.591 million). Together with other benefits, the total compensation paid to the Board of Directors in 2021 amounted to CHF 2.934 million (previous year: CHF 2.726 million).

Compensation Members of the Board of Directors 2021

	Cash compensation ³		Share-based compensation			Total compensation 2021 ⁶	Total compensation 2020 ^{6,7}
	Basis fee	Committee fees	Number of shares	Share-based compensation ⁴	Other benefits ⁵		
Yves Serra	70	262	300	416	33	781	524
Chairman Board of Directors							
Chairman Nomination and Sustainability Committee							
Andreas Koopmann¹							185
Chairman Board of Directors							
Chairman Nomination Committee							
Hubert Achermann	70	136	150	208	18	432	357
Vice-Chairman Board of Directors							
Independent Lead Director							
Chairman Audit Committee							
Member Compensation Committee ²							
Member Nomination and Sustainability Committee							
Riet Cadonau	70	20	150	208	15	313	270
Member Compensation Committee							
Peter Hackel	70	30	150	208	16	324	199
Member Audit Committee							
Roger Michaelis	70	20	150	208	15	313	274
Member Nomination and Sustainability Committee							
Eveline Saupper	70	54	150	208	17	349	290
Chairwoman Compensation Committee							
Jasmin Staiblin	70	30	150	208	16	324	278
Member Audit Committee							
Zhiqiang Zhang	22	6	47	65	5	98	270
Member Compensation Committee ²							
Roman Boutellier¹							79
Member Compensation Committee							
Total	512	558	1'247	1'729	135	2'934	2'726

All in CHF 1'000 and stated in gross amounts, except "Number of shares" column.

1 Former member of the Board of Directors until 15 April 2020.

2 Until 21 April 2021.

3 As of 22 April 2021.

4 The share-based compensation consists of 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 2021, i.e. CHF 1'385.00.

5 Other benefits represent employer contributions to social insurance funds.

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

7 The amounts in the Total compensation 2020 column include 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.

The total compensation paid to the Board of Directors in 2021 was higher compared with the previous year. This change was due to the following factors:

- Although the number of board members declined by one compared to the previous year, the increase in the value of the shares (CHF 1'385.00 on 31 December 2021 compared with CHF 1'140.00 on 31 December 2020) and the increase of the fees for the Board Chairmanship and for the Chairmanship of the Compensation Committee, which has been based on a benchmark analysis among the defined peer group, resulted in a higher compensation overall;
- In 2020, the cash compensation was temporarily reduced due to the COVID-19 pandemic.

Except for the adjustment to the fees for the Board Chairmanship, for the Chairmanship of the Compensation Committee, and for the Chairmanship of the Nomination & Sustainability Committee, the compensation system for the Board of Directors was unchanged compared with the previous year.

At the 2020 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.450 million (based on a share value of CHF 1'600.00) for the Board of Directors for the compensation period from the 2020 Annual Shareholders' Meeting until the 2021 Annual Shareholders' Meeting. For this period, the effective compensation amounted to CHF 2.767 million (based on a share value of CHF 1'140.00 for the period in 2020 and CHF 1'385.00 for the period in 2021), and is thus within the approved limits.

At the 2021 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.140 million for the Board of Directors for the compensation period from the 2021 Annual Shareholders' Meeting until the 2022 Annual Shareholders' Meeting. This compensation period has therefore not yet been completed, and a conclusive assessment will be provided in the 2022 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, and social security and pension contributions amounting to CHF 8.697 million for the year under review (previous year: CHF 7.415 million), compared with a total amount of CHF 10.531 million approved by the shareholders at the 2020 Annual Shareholders' Meeting.

Under the LTI plan, 1'988 performance shares with a total value at grant of CHF 2.055 million were granted to Members of the Executive Committee for the year under review (previous year: 1'764 performance shares with a total value of CHF 1.977 million).

Compensation Members of the Executive Committee 2021

	Fixed base salary in cash	Short-term incentive (STI) in cash ¹	EPS dependent performance shares PS(EPS) ²	rTSR dependent performance shares PS(rTSR) ²	Share-based compensation (LTI) ²	Social insurance funds ³	Pension funds ⁴	Other compensation	Total compensation 2021 ⁵	Total compensation 2020 ⁶
Executive Committee	2'974	2'674	994	994	2'055	473	521	0	8'697	7'415
Of whom										
Andreas Müller, CEO ⁷	884	1'146	385	385	796	168	148	0	3'142	2'499

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 STI is based on the STI plan. The STI for the 2021 business year was approved by the Board of Directors on 22 February 2022. Payment will be made in March 2022.

2 The share-based compensation is based on the LTI plan. The number of PS granted corresponds to the target LTI amount (90% of the annual fixed base salary for the CEO, 60% of the annual fixed base salary for the other Members of the Executive Committee) divided by the average Georg Fischer share closing price of the last 60 trading days prior to the grant date on 1 January 2021, i.e. CHF 1'033.72.

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

4 The pension funds expenses represent employer contributions to pension funds.

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

6 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. Compensation for Ivan Filisetti was not for the full financial year 2020, as he was promoted to the Executive Committee on 1 July 2020.

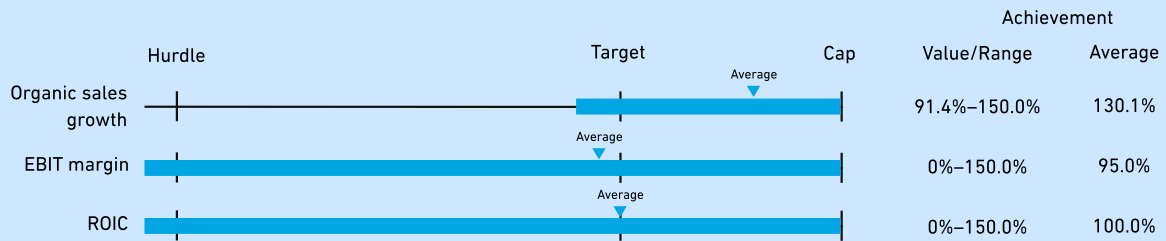
7 Highest individual compensation.

The total compensation for the CEO and the other Members of the Executive Committee in 2021 was higher than in 2020. The change in the compensation was due to the following factors:

- **Fixed base salary:** The fixed base salaries of the CEO and Members of the Executive Committee were increased in line with market practice and the result of the benchmark analysis conducted in 2021. When comparing 2021 and 2020, it should be noted that a temporary reduction in fixed salary in 2020 was implemented 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;
- **STI:** The financial performance of the Corporation and the divisions was higher in 2021 compared with 2020, which resulted in a higher STI payout (see details in the section [Performance in 2021](#)). For the year under review, the STI payout for the CEO was CHF 1'146'000 (STI for the CEO in 2020 was CHF 540'000) and CHF 2'674'000 for the Executive Committee (incl. CEO). The overall payout for the Executive Committee is based on target achievements in the range from 84% to 136.5% (49% to 96% in 2020);
- **LTI:** The overall value of the share-based remuneration increased from last year, which resulted from the change in the grant value mechanism of the new LTI plan design, implemented as per January 2021;
- 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 2021 was as follows:

Division level



Short-term incentive – Sustainability

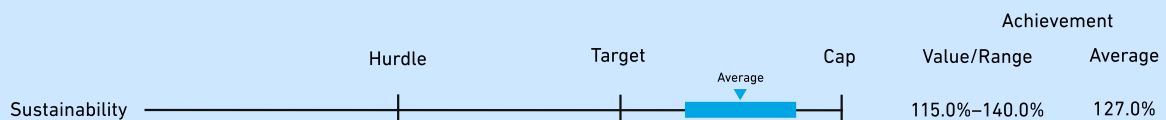
Sustainability measures have been implemented very successfully in 2021 and the organization has made significant progress on the roadmap to achieve its long-term targets.

For example, absolute reduction measures in line with science-based targets have been defined for Scope 1, 2, and 3 emissions for production sites globally and the achievement will now be measured over the course of the next five years. Such measures include switching to renewable energy, replacing old machines with energy efficient ones, heat recovery for processing aluminum, and adopting a bio-based product portfolio.

The roll-out of the “Be Aware – Be Safe” campaign is already showing initial signs of success, as the company continued to have no work-related fatalities.

GF’s global operations have been assessed according to TCFD (Task Force on Climate-related Financial Disclosures). The TCFD report quantifies GF’s exposure to physical risks such as rising sea levels, severe drought, heavy precipitation, etc. and identifies major transition risks and opportunities.

The achievement of the individual sustainability objectives ranged from 115% to 140% of target.

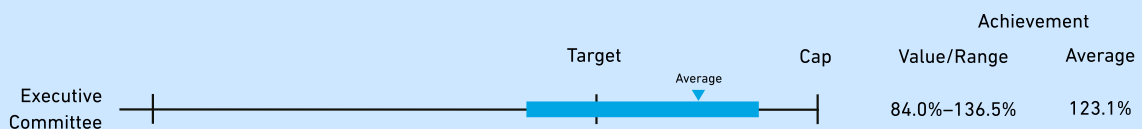


Short-term incentive – Individual objectives



Short-term incentive – Overall payout

The overall payout of the business, sustainability, and individual objectives amounts to 84% to 136.5% of target for the Executive Committee (incl. CEO). No discretionary adjustments have been made.

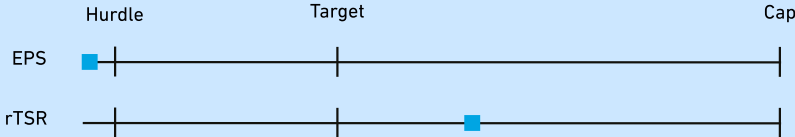


Long-term incentive vesting overview

LTI 2018

The performance period for the LTI 2018 ended at the end of 2021 with the following vesting levels of the performance measures:

- The performance factor calculated based on the average EPS in the years 2019, 2020, 2021 (performance period) divided by the average EPS in 2016, 2017, 2018, resulted in a ratio of 62.71%, which corresponds to a vesting level of 0% (below threshold);
- With regard to the rTSR performance, Georg Fischer ranked at 17 for the year 2019 and at 7 for 2020 and 2021 of the SMIM. The rTSR average percentile ranking of Georg Fischer in 2019, 2020, and 2021 (performance period) in the SMIM was 65.37% (Georg Fischer outperformed 65.37% of peers) and resulted in a vesting level of 130.73% of target;
- This resulted in an overall vesting level of 65.37%.



LTI 2017

For reference, the LTI 2017 (performance period ended at the end of 2020) resulted in an overall vesting level of 79.01%.



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 notes to the financial statements of Georg Fischer Ltd under [4.5 Shareholdings of Members of the Board of Directors and Executive Committee](#).

Loans to Members of the governing bodies

Neither Georg Fischer 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 2021, no loans to Members of the Board of Directors or the Executive Committee or related parties were outstanding.

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 2021.

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 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

Zurich, 22 February 2022

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.