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Compensation Report

Going forward and shaping the future

Compensation Report

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Introduction by the Chairwoman of the Compensation Committee

Dear Shareholders,

On behalf of the Board of Directors of GF and the Compensation Committee, I am pleased to present the 2022 Compensation Report.

At the beginning of the current strategy cycle, which runs from 2021 to 2025, GF adjusted and aligned its compensation system to support the implementation of the strategy. After two years, the Compensation Committee validated the alignment with the strategy and engaged with investors and proxy advisors to discuss and respond to their comments and questions. The Compensation Committee is convinced that the current compensation system is working well, but will continue to focus on further improving it as needed.

In 2022, GF delivered a strong performance and record profitability. This is reflected in the short-term incentive (STI) compensation of the Executive Committee, which increased compared to 2021. The Annual Report for the year under review for the first time also includes the Sustainability Report. In order to enhance transparency, direct links have therefore been embedded in the section [Performance in 2022](#) that make it possible to compare certain key objectives with the level of achievement of those objectives in the Sustainability Report.

In April 2022, GF conducted a 1:20 share split. The number of shares has been adjusted accordingly. The share split has not, however, affected the total of the share-based compensation.

In the reporting year, the Compensation Committee reviewed the Board of Directors compensation structure and levels. The analysis found that the cash compensation of the Board membership is lower compared to the peer group, while the share-based compensation is higher. In order to create a better balance between these two elements of compensation, the Compensation Committee proposed appropriate adjustments to the Board of Directors, which are described in the [Outlook](#) section of the Compensation Report. As the adjustments constitute a shift between two compensation elements, the impact on total compensation is considered neutral. The Board of Directors approved the adjustments, which will become effective as of the Annual Shareholders' Meeting 2023.

This Compensation Report includes all relevant information concerning the compensation policy and programs, the governance in place for decisions relating to compensation and the compensation awarded in the reporting year. At the upcoming Annual Shareholders' Meeting, our shareholders 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). Our shareholders' valued opinion will also be sought with regard to the Compensation Report through a consultative retrospective vote.

On behalf of the Board of Directors, I would like to thank you for your valuable feedback and support. We look forward to continuing our constructive dialogue with our shareholders and stakeholders. We remain convinced that GF's compensation system rewards performance in a balanced and sustainable way, and that it is therefore well aligned with the interests of our shareholders.

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	Restricted shares ²
Basis fee		
Board membership	CHF 70'000	3'000 shares
Additional fees		
Board chairmanship ¹	CHF 290'000	3'000 shares
Independent Lead Director	CHF 22'500	
Audit Committee chairmanship	CHF 80'000	
Audit Committee membership	CHF 30'000	
Compensation Committee chairmanship	CHF 60'000	
Compensation Committee membership	CHF 20'000	
Nomination and Sustainability Committee chairmanship	CHF 60'000	
Nomination and Sustainability Committee membership	CHF 20'000	

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

2 In April 2022, a 1:20 share split was conducted. The figures have been adjusted accordingly.

Compensation awarded for 2022

The compensation awarded to the Board of Directors for the period from the Annual Shareholders' Meeting 2021 to the Annual Shareholders' Meeting 2022 is within the limits approved by the shareholders:

Compensation period	Amount approved	Effective amount
2021-2022	CHF 3'140'000 ¹	CHF 2'781'000 ²
2022-2023	CHF 3'600'000 ¹	n/a ³

1 Based on a share value of CHF 80.00.

2 Based on a share value of CHF 69.25 for the period in 2021 and CHF 56.60 for the period in 2022.

3 Compensation period not yet completed; a conclusive assessment will be provided in the Compensation Report 2023.

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 Return on sales (EBIT margin) ROIC Sustainability (ESG) Individual objectives
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 and additional 2-year blocking	EPS rTSR

Performance in 2022

In 2022, business momentum further accelerated and the company achieved significant sales growth as well as record profitability. Despite raised targets, the STI payout for 2022 was higher compared to the previous year.

STI payout for 2022	
EC (incl. CEO)	130.2%-139.1% of target

Compensation awarded for 2022

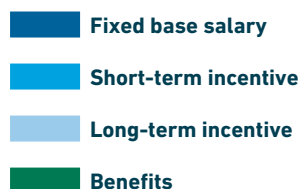
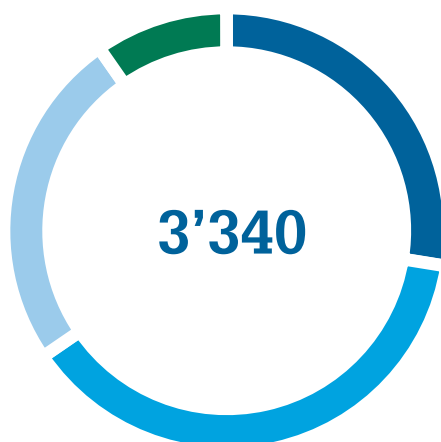
The compensation awarded to the Executive Committee (including CEO) for 2022 is within the limits approved by the shareholders at the 2021 Annual Shareholders' Meeting:

Compensation period	Amount approved	Effective amount
2022	CHF 10'829'000	CHF 9'418'000

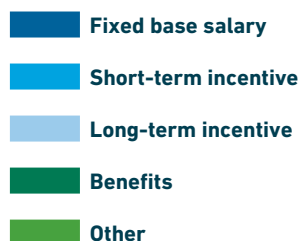
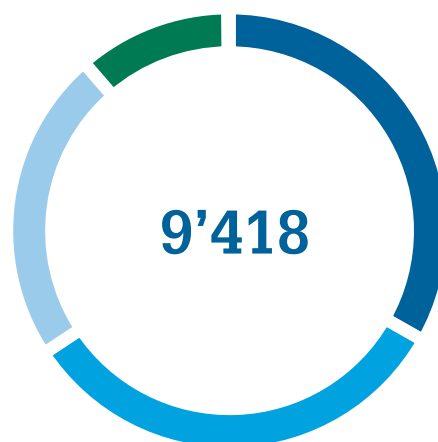
The vesting level of the LTI plan 2019 (performance period ended at the end of 2022) amounted to 0% for the EPS-related performance shares and 130.73% of target for the rTSR-related performance shares, resulting in an overall vesting level of 65.37%.

	Performance period	EPS-related performance shares (weighted 50% of the grant)	rTSR-related performance shares (weighted 50% of the grant)	Overall vesting level
LTI 2019	2020-2022	0% of target	130.73% of target	65.37% of target

CEO compensation for 2022
in CHF 1'000



Executive Committee compensation (incl. CEO) for 2022
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 for determining compensation for the Board of Directors and the Executive Committee of GF. It also includes details on the compensation payments related to the 2022 business year.

This report is written in accordance with the Swiss Ordinance against excessive pay in stock exchange listed companies ("OaEC"), the Swiss Code of Obligations ("CO"), the standards for 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:

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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. These provisions can be found 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 2022 Annual Shareholders' Meeting, Eveline Saupper (Chairwoman) and Riet Cadonau were re-elected as members of the Compensation Committee and Hubert Achermann was replaced by Roger Michaelis, who 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 2022, 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 adjustments to the Board of Directors;
- 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 2021 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 2022 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 2021 and prepared the compensation motions to be submitted to vote at the 2022 Annual Shareholders' Meeting;
- Reviewed and discussed the voting results on the compensation motions at the 2022 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 2022.

The Compensation Committee convenes as often as necessary, but at least twice per year. In 2022, the Committee held four meetings of approximately two hours, each according to the schedule below:

Overview of meeting schedule 2022

February (8 February)	February (21 February)	September (22 September)	December (15 December)
Target setting for the STI 2022 (business and individual objectives) for CEO and EC	Business performance 2021; approval of the STI 2021 (business and individual objectives) for CEO and EC	Analysis of the voting results on compensation motions at the Annual Shareholders' Meeting	Review of proxy advisors' and investors' feedback on compensation (con't)
Review draft of the Compensation Report 2021	Approval of the LTI 2018 vesting and LTI 2022 grant	Review of proxy advisors' and investors' feedback on compensation	Benchmark of compensation for the Board of Directors
	Approval of the Compensation Report 2021		Review compensation for the Board of Directors for the next compensation period
	Determination maximum amounts of compensation for the Board of Directors until the next Annual Shareholders' Meeting		Benchmark of compensation for the CEO and EC members
	Determination maximum amounts of compensation for the EC for the business year 2023		Review target compensation for the CEO and EC members for the coming financial year
			Review draft of the Compensation Report 2022

In 2022, 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.

After each meeting, the Chairwoman of the Compensation Committee reports to the Board of Directors about the activities of the Compensation Committee. The minutes of the Compensation Committee meetings are available to all members of the Board of Directors.

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, [dialog]unlocked provided services related to Executive Committee compensation. 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 and Sulzer. Compensation benchmarking was last conducted in 2022.

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, for which 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 analysis was conducted in 2022 and adjustments will become effective as of the 2023 Annual Shareholder's Meeting (please refer to section [Method used to determine compensation/Benchmarking](#) for details on the peer group and the [Outlook](#) section for the changes). In 2022, no 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 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	Restricted shares ²
Basis fee		
Board membership	CHF 70'000	3'000 shares
Additional fees		
Board chairmanship ¹	CHF 290'000	3'000 shares
Independent Lead Director	CHF 22'500	
Audit Committee chairmanship	CHF 80'000	
Audit Committee membership	CHF 30'000	
Compensation Committee chairmanship	CHF 60'000	
Compensation Committee membership	CHF 20'000	
Nomination and Sustainability Committee chairmanship	CHF 60'000	
Nomination and Sustainability Committee membership	CHF 20'000	

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

2 In April 2022, a 1:20 share split was conducted. The figures have been adjusted accordingly.

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 2022	LTI performance 2022
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 2022	3 years Grant date: 1 January 2022 Vesting period: 2022-2024
Blocking period	-	-	-	Additional 2 years: 2025-2026
Performance measures	Skills, experience and performance of the individual	-	Organic sales growth Return on sales (EBIT margin) ROIC Sustainability (ESG) Individual objectives (MBO)	All LTI-related shares depend on performance: 50% EPS, 50% rTSR EPS-related achievement determination: Ø (EPS value years 2022, 2023, 2024) divided by Ø (EPS value years 2019, 2020, 2021) rTSR-related achievement determination: Ø (ranking in 2022, 2023, 2024 of GF within the SMI MID)
Delivery	Monthly cash	Contributions to social security, pension and insurances	Cash, one-off payment in March 2023	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).

The compensation model of the Executive Committee remained unchanged in 2022 compared to the previous year.

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 GF Corporation and its divisions, as well as the fulfillment of individual performance objectives as defined within the MBO process, over a period 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), return on sales (EBIT margin) 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. Particular focus is placed 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 GF 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, highlighted below, of the Framework 2025, which include:

- Product portfolio: 70% of sales with social or environmental benefits;
- Reduction of absolute CO₂e emissions by 30% to limit global warming to 1.5°C for scope 1 and 2 emissions;
- Reduction of accident rate by 30% by continuing with the "Be Aware-Be Safe/Zero risk" 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, do not overlap with 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 implementation of value and culture according to the company's strategy;
- 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. 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 and account for 10% of the STI. They are not part of the individual objectives. 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%
Return on sales (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%	
Return on sales (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)

The purpose of the LTI plan, which remained unchanged for the year under review, 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. Every year, the CEO and the other members of the Executive Committee are granted a certain number of PS based on a percentage of their 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 2022, the PS were granted on 1 January 2022. 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.

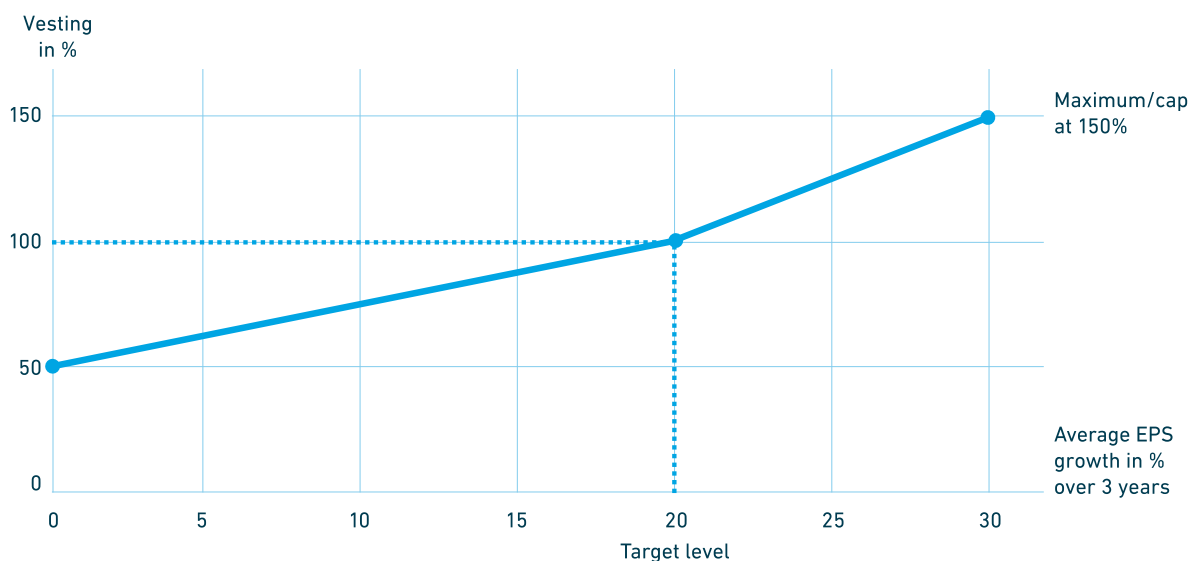
A threshold performance level (hurdle) is defined for both performance measures under which there is no vesting of the PS. The target level, which corresponds to a vesting level of 100%, and the maximum achievement level, for which the vesting is capped at 150%, are also defined.

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

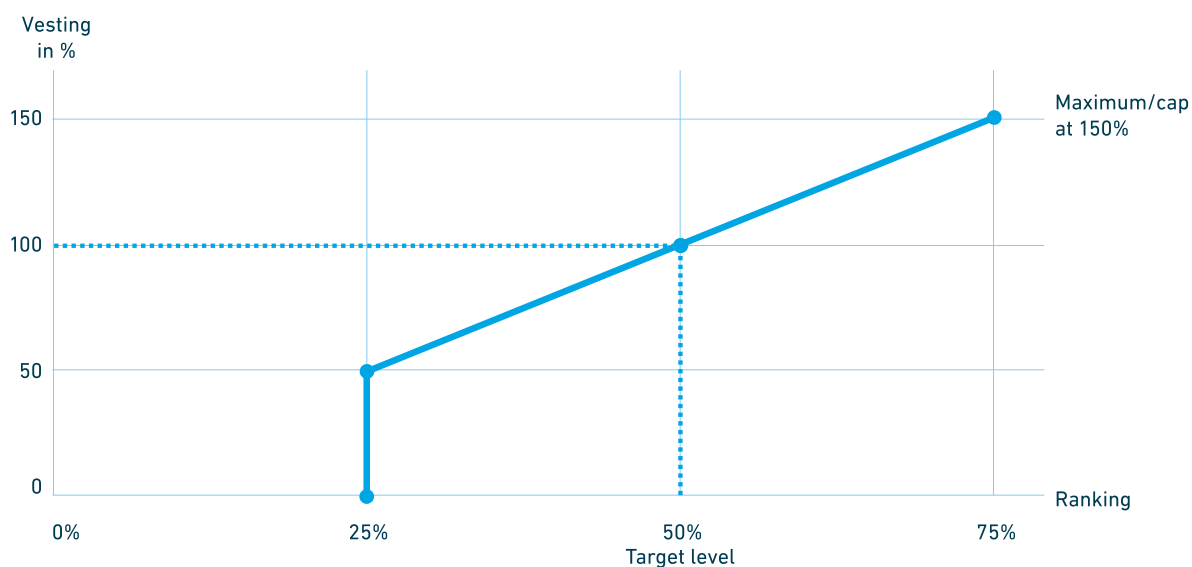
The vesting rules of the LTI plan are summarized in the table below:

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% vesting	Relative TSR at the median of the peer group: 100% vesting
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% vesting	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 2022, 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 that has 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 12 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 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 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 2022

Audited by PwC Switzerland

Board of Directors

The members of the Board of Directors received cash compensation of CHF 1.131 million in the year under review (previous year: CHF 1.070 million). In addition, a total of 26'084 GF registered shares with a total market value of CHF 1.477 million were allocated (previous year: 24'940 GF shares with a market value of CHF 1.729 million; in April 2022, a 1:20 share split was conducted and previous year figures have been adjusted accordingly). Together with other benefits, the total compensation paid to the Board of Directors in 2022 amounted to CHF 2.736 million (previous year: CHF 2.934 million).

Compensation of the members of the Board of Directors 2022

	Cash compensation		Share-based compensation			Total compensation 2022 ⁶	Total compensation 2021 ⁶
	Basis fee	Committee fees	Number of shares	Share-based compensation ⁴	Other benefits ⁵		
Yves Serra	70	290	6'000	339	32	731	781
Chairman Board of Directors							
Chairman Nomination and Sustainability Committee							
Hubert Achermann	70	128	3'000	170	16	384	432
Vice-Chairman Board of Directors							
Independent Lead Director							
Chairman Audit Committee							
Member Nomination and Sustainability Committee							
Member Compensation Committee ¹							
Riet Cadonau	70	20	3'000	170	14	274	313
Member Compensation Committee							
Peter Hackel	70	30	3'000	170	14	284	324
Member Audit Committee							
Roger Michaelis	70	20	3'000	170	14	274	313
Member Compensation Committee ²							
Member Nomination and Sustainability Committee ¹							
Eveline Saupper	70	60	3'000	170	15	315	349
Chairwoman Compensation Committee							
Jasmin Staiblin	70	30	3'000	170	14	284	324
Member Audit Committee							

Ayano Senaha²	49	14	2'084	118	9	190	
Member Nomination and Sustainability Committee							
Zhiqiang Zhang³							98
Member Compensation Committee							
Total	539	592	26'084	1'477	128	2'736	2'934

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

1 Until 20 April 2022.

2 As of 21 April 2022.

3 Former member of the Board of Directors until 21 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 2022, ie CHF 56.60.

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.

The total compensation paid to the Board of Directors in 2022 was lower compared with the previous year. This change was due to the following factor:

- Although the number of Board members increased by one compared to the previous year, the decrease in the value of the shares (CHF 56.60 on 30 December 2022 compared with CHF 69.25 on 30 December 2021) resulted in a lower compensation overall.

The compensation system for the Board of Directors was unchanged compared with the previous compensation period.

At the 2021 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.140 million (based on a share value of CHF 80.00) for the Board of Directors for the compensation period from the 2021 Annual Shareholders' Meeting until the 2022 Annual Shareholders' Meeting. For this period, the effective compensation amounted to CHF 2.781 million (based on a share value of CHF 69.25 for the period in 2021 and CHF 56.60 for the period in 2022), and is thus within the approved limits.

At the 2022 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.600 million for the Board of Directors for the compensation period from the 2022 Annual Shareholders' Meeting until the 2023 Annual Shareholders' Meeting. This compensation period has therefore not yet been completed, and a conclusive assessment will be provided in the 2023 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 9.418 million for the year under review (previous year: CHF 8.697 million), compared with a total amount of CHF 10.829 million approved by the shareholders at the 2021 Annual Shareholders' Meeting.

Under the LTI plan, 31'040 performance shares with a total value at grant of CHF 2.160 million were granted to members of the Executive Committee for the year under review (previous year: 39'760 performance shares with a total value of CHF 2.055 million; in April 2022, a 1:20 share split was conducted and previous year figures have been adjusted accordingly).

Compensation of the members of the Executive Committee 2022

	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 ⁵	Total compensation 2022 ⁶	Total compensation 2021
Executive Committee	3'128	3'060	15'520	15'520	2'160	506	552	12	9'418	8'697
Of whom										
Andreas Müller, CEO ⁷	920	1'266	5'960	5'960	830	176	148	0	3'340	3'142

All in CHF 1'000 and stated in gross amounts, except the "EPS dependent performance shares" and "rTSR dependent performance shares" columns, which are stated as number of shares.

1 The STI is based on the STI plan. The STI for the 2022 business year was approved by the Board of Directors on 23 February 2023. Payment will be made in March 2023.

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 2022, ie CHF 69.59. In April 2022, a 1:20 share split was conducted. The figures have been adjusted accordingly.

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 Based on the company's regulation for all employees, two members of the Executive Committee received a jubilee gift that is reflected in the table based on its fair value.

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

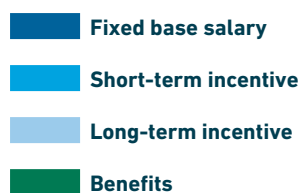
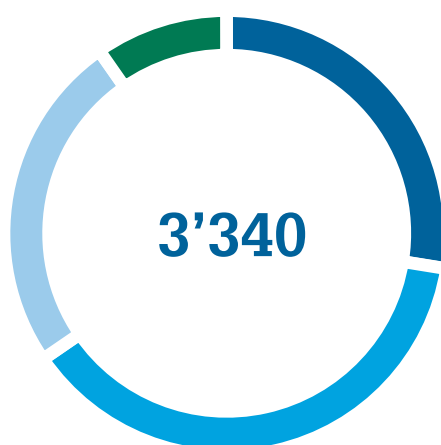
7 Highest individual compensation.

The total compensation for the CEO and the other members of the Executive Committee in 2022 was higher than in 2021. The change in the compensation was due to the following factors:

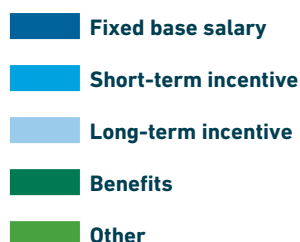
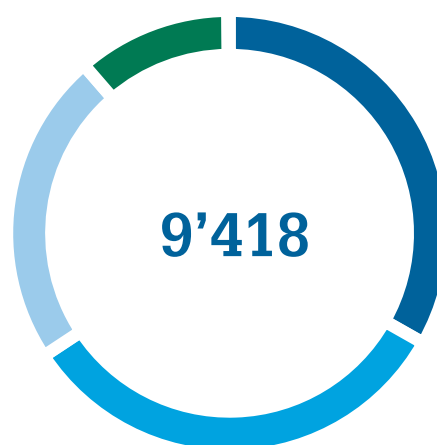
- **Fixed base salary:** The fixed base salaries of the CEO and members of the Executive Committee were appropriately increased in line with market practice and the result of the benchmark analysis conducted in 2021. Taking the increase for the year under review into consideration, fixed base salary is at mid-market benchmark level, while total direct compensation (including variable compensation elements STI and LTI on target level) is slightly below;
- **STI:** The financial performance of the Corporation and the divisions was higher in 2022 compared with 2021, which resulted in a higher STI payout, despite raised targets (see details in the section [Performance in 2022](#)). For the year under review, the STI payout for the CEO was CHF 1'266'000 (STI for the CEO in 2021 was CHF 1'146'000) and CHF 3'060'000 for the Executive Committee (incl. CEO; STI for the Executive Committee incl. CEO in 2021 was CHF 2'674'000). The overall payout for the Executive Committee is based on target achievements in the range from 130.2% to 139.1% (84% to 136.5% in 2021);
- **LTI:** The overall value of the share-based remuneration increased from last year in line with the fixed base salary increase as the grant amount is linked to the fixed base salary;
- 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 2022 was as follows:

CEO compensation for 2022
in CHF 1'000



Executive Committee compensation (incl. CEO) for 2022
in CHF 1'000

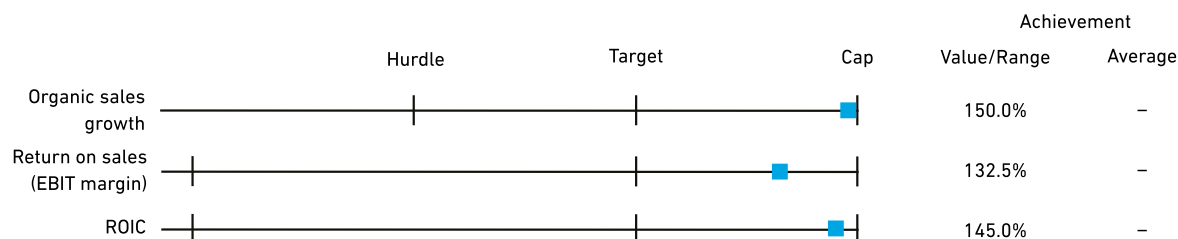


No compensation was paid to parties closely related to members of the Executive Committee.

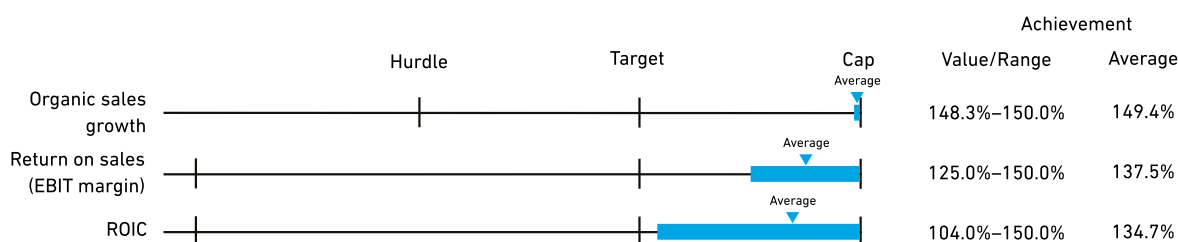
Performance in 2022

Short-term incentive – Business objectives

Corporation level



Division level



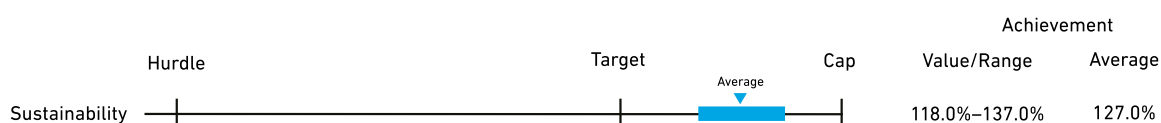
Short-term incentive – Sustainability

Sustainability measures have been implemented successfully during 2022 and the organization has made significant progress on the roadmap to achieve its long-term goals. The following are examples of some of the most important achievements with regard to the sustainability measures (see further details in the section [Sustainability key figures 2022](#) of the Sustainability Report):

- 63% of sales delivered social or environmental benefits to GF's customers (see details in the section [Product portfolio](#) of the Sustainability Report);
- The science-based targets initiative has validated GF's GHG emission reduction targets and the measures for scope 1 and 2 emissions were implemented successfully (see details in the section [Science Based Targets initiative \(SBTi\)](#) of the Sustainability Report);
- In addition, the accident rate target was achieved due to a reduction in the number of accidents (see details in the section [Safety and well-being](#) of the Sustainability Report);
- Furthermore, GF increased the amount of renewable energy at its facilities to 31%, which contributed significantly to the reduction of scope 1 and 2 emissions (see details in the section [Actions for managing energy and mitigating climate impact](#) of the Sustainability Report).

GF's global operations have been assessed according to the 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. In 2022, GF further improved the TCFD-aligned risk assessment, adding a financial quantification to material climate-related risks and opportunities.

Overall, the achievement of the individual sustainability objectives exceeded the ambitious targets and ranged from 118.0%–137.0% of target.



Short-term incentive – Individual objectives

The targets of the individual objectives for the members of the Executive Committee set for the year 2022 have been surpassed and reached 125.2% of target on average. Key individual achievements have been:

Strategic objectives

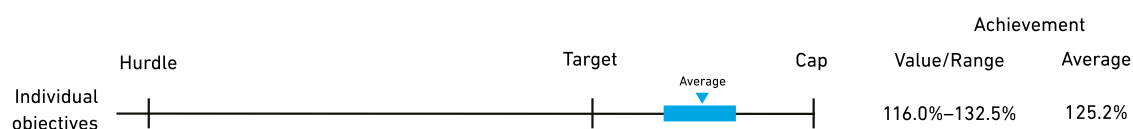
- Strengthening of the North American presence;
- Successful integration and further development of recently acquired businesses;
- Increase of businesses in resilient end markets, eg share of e-mobility orders and non-revenue water applications;
- Development of new business segments.

Operational objectives

- Product launches on time and reaching set sales targets in time;
- Implementation of lean management initiative with clear operational benefits;
- Successful ramp-up of new facilities within budget and on time;
- Significant improvements in challenging operation and production facilities;
- Further improvement of ERP and IT systems.

Value and culture change initiative

- Evolving culture to further strengthen GF's learning and performance capabilities;
- Diversity and inclusion activities reaching pre-set targets.



Short-term incentive – Overall payout

The overall payout of the business, sustainability and individual objectives amounts to 130.2% to 139.1% of target for the Executive Committee (incl. CEO). No discretionary adjustments have been made.



Long-term incentive vesting overview
LTI 2019

The performance period for the LTI 2019 ended at the end of 2022 with the following vesting levels of the performance measures:

- The performance factor calculated based on the average EPS in the years 2020, 2021, 2022 (performance period) and the average EPS in 2017, 2018, 2019, resulted in a ratio of 71.46%, which corresponds to a vesting level of 0%;
- With regard to the rTSR performance, Georg Fischer ranked at 7th for 2020 and at 7th for 2021 and at 17th for 2022 in the SMI MID. The rTSR average percentile ranking of Georg Fischer in 2020, 2021 and 2022 (performance period) in the SMI MID 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 2018

For reference, the LTI 2018 (performance period ended at the end of 2021) resulted in an overall vesting level of 65.37%.



Audited by PwC Switzerland

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](#).

As at 31 December 2022, a total of 392'684 shares (previous year adjusted for share split: 356'540 shares) were held by the Board of Directors and the Executive Committee, corresponding to 0.5% of issued shares (previous year: 0.4%).

The shares of the share-based compensation program are either treasury shares or repurchased on the market.

There are no outstanding convertible bonds, and GF has issued no options.

Loans to members of the governing bodies

Neither Georg Fischer Ltd nor its GF 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 2022, no loans to members of the Board of Directors or the Executive Committee, or related parties were outstanding.

Functions of the members of the Board of Directors

Further activities and functions of the members of the Board of Directors are listed in the [Members of the Board of Directors](#) section in the Corporate Governance Report.

Functions of the members of the Executive Committee

Further activities and functions of the members of the Executive Committee are listed in the [Members of the Executive Committee](#) section in the Corporate Governance Report.

Equal pay analyses

Information about equal pay analyses can be found in the [Nomination and Sustainability Committee](#) section in the Corporate Governance Report.

Outlook

Changes in compensation for the Board of Directors

The Compensation Committee conducted a benchmarking analysis in 2022 for the Board of Directors compensation on the same basic structures as in prior years. Feedback from exchanges with investors and proxy advisors was also taken into consideration. The results showed that total compensation levels are at market level. However, the Board membership basis cash fee was found to be significantly lower, while the share-based compensation was determined to be higher compared to the peer group. This leads to volatility in total compensation when the share price fluctuates significantly. To better balance cash and share-based compensation and to reduce the volatility of total compensation, from the Annual Shareholders' Meeting 2023, the following changes will become effective for all members of the Board of Directors, including the Chair:

Responsibility	Fee	Restricted shares
Basis fee		
Board membership	Currently: CHF 70'000 Change to: CHF 100'000	Currently: 3'000 shares Change to: 2'500 shares
Additional fees		
Board chairmanship ¹	Currently: CHF 290'000 Change to: CHF 260'000	Currently: 3'000 shares Change to: 3'500 shares
Independent Lead Director	CHF 22'500	
Audit Committee chairmanship	CHF 80'000	
Audit Committee membership	CHF 30'000	
Compensation Committee chairmanship	CHF 60'000	
Compensation Committee membership	CHF 20'000	
Nomination and Sustainability Committee chairmanship	CHF 60'000	
Nomination and Sustainability Committee membership	CHF 20'000	

¹ The Chairman of the Board of Directors is not eligible for additional committee fees.

Based on an estimated share price of CHF 60.00, the reduction by 500 shares in the Board membership basis fee reflects an approximate value of CHF 30'000. Consequently, the cash component will be increase by that amount. As a result, total compensation levels will be more stable in the future. With respect to the Board chairmanship fee, the aforementioned benchmarking analysis showed that the total compensation level is adequate. The fee for the Board chairmanship will therefore be adjusted in line with the change for the basis Board membership fee, in order to keep the total Board chairmanship compensation unchanged. No further fees will be changed.

Report of the statutory auditor

to the General Meeting of Georg Fischer Ltd

Schaffhausen

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Georg Fischer Ltd (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'Audited by PwC Switzerland' on pages 358 to 360 and page 365 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'Audited by PwC Switzerland' in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

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

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Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Beat Inauen
Audit expert
Auditor in charge



Tobias Handschin
Audit expert

Zürich, 27 February 2023