

+GF+

# Compensation Committee Charter



# Board Directive V008

Edited by Andreas Koopmann, Chairman of the Board

Date 26 June 2015  
Responsible Peter Ziswiler  
Version 1 (new)  
Valid as of 2 July 2015

## Compensation Committee Charter

This charter describes and defines the rules, competencies and duties of the Compensation Committee (CC).

<b>1. General Information</b>	<b>3</b>
<b>2. Responsibilities</b>	<b>3</b>
<b>3. Appointment and Term of Office</b>	<b>3</b>
<b>4. Duties and Responsibilities</b>	<b>3</b>
4.1. Compensation Policy	3
4.2. Compensation	3
4.3. Motions to the Shareholders' Meetings	3
4.4. Compensation Report	3
4.5. Early Retirement CEO and Executive Committee	3
<b>5. Meetings and Organization</b>	<b>3</b>
<b>6. Meeting Participation</b>	<b>4</b>
<b>7. Reporting</b>	<b>4</b>
7.1. Reporting to the CC	4
7.2. Reporting to the Board of Directors	4
<b>8. Responsibility</b>	<b>4</b>
<b>9. Corporate Regulations</b>	<b>4</b>
9.1. Abstention	4
<b>10. Concluding Provision</b>	<b>4</b>
10.1. Entry into force	4
10.2. Revisions, amendments and adaptations	4
<b>11. Disclaimer</b>	<b>4</b>

## 1. General Information

The Compensation Committee (hereinafter referred to as "CC") is a standing board committee of the Board of Georg Fischer Ltd (hereinafter referred as the "Board"). The recommendation by the Board for the election of the members of the CC to the Shareholders' Meeting is based on the Articles of Association, § 20, and the Organization and Business Rules, § 4, in particular § 4.2. Based on the elected members of the CC the Board appoints its Chairman.

## 2. Responsibilities

The CC supports the Board in reviewing and defining the compensation and benefits policies and proposes to the Board the compensation level for the members of the Board, the CEO and other members of the Executive Committee.

## 3. Appointment and Term of Office

The CC shall consist of a minimum of three non-executive Board members who are elected yearly and individually by the Annual Shareholders' Meeting for a one-year period until the next Annual Shareholders' Meeting. An unlimited number of re-elections shall be possible.

The CC members shall possess the knowledge and experience in order to ensure the CCs compliance with the applicable laws, 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 as well as ensure adherence with the Corporations' Articles of Association.

## 4. Duties and Responsibilities

**4.1. Compensation Policy //** The CC proposes to the Board the compensation policies at the highest corporate levels and regularly reviews the guidelines governing compensation of the executives. The CC may make use of external compensation specialists to obtain independent advice and/or to get benchmarking compensation data. The elements and levels of compensation of the Board and the Executive Committee shall be reviewed regularly and shall be tailored to the relevant sector and labor market in which the Corporation competes for talent. For the purpose of comparison, the CC shall rely on compensation surveys published by independent consulting firms and on publicly available information, such as compensation disclosures from comparable companies.

It regularly reviews the guidelines governing remuneration applicable to the Board and requests amendments if appropriate.

**4.2. Compensation //** The CC proposes the compensation to be paid to the members of the Board, to the CEO and to the other members of the Executive Committee as a whole, the later based on a proposal from the CEO.

In particular, the CC is responsible for:

- Elaboration of a proposal to the Board on the short-term incentive to be paid to the CEO, based on the evaluation of the business performance in the previous year against the preset targets and objectives and requests Board approval.
- Elaboration of a proposal to the Board on the short-term incentive targets for the CEO for the following year;
- Review of the targets set for the Executive Committee based on a proposal of the CEO and requests Board approval.

**4.3. Motions to the Shareholders' Meetings //** The CC prepares the motions for the Annual Shareholders' Meeting according to the Articles of Association, § 22 and § 23c.

**4.4. Compensation Report //** The CC reviews and proposes the annual Compensation Report to the Board for approval, subject to a consultative vote of the Shareholders' Meeting in accordance of the Articles of Association, § 15a.

**4.5. Early Retirement CEO and Executive Committee //** The CC reviews and proposes early retirement benefits for the CEO and members of the Executive Committee, taking into account the Articles of Association, § 23d.2 and submits to the Board for approval.

## 5. Meetings and Organization

The CC convenes as often as deemed necessary, at least twice per annum. Meetings are convened by the CCs Chairman or upon request of a CC member or in special cases, as a result of a Board decision.

A minimum of two members must be present in order for a resolution to be passed. The CC Chairman is entitled to cast the deciding vote. Members of the CC may participate in meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation will constitute presence in person at such meeting.

Minutes of the committee meetings are recorded and signed by the CC Chairman and the Secretary, represented by the Head of Corporate HR.

The CC generally carries out a self-assessment of its performance once a year.

## **6. Meeting Participation**

In an advisory and non-voting capacity, the CC meetings are generally attended by:

- a) the President & Chief Executive Officer (CEO);
- b) the Head of Corporate HR;
- c) and, upon invitation, internal or external experts

The CEO shall withdraw from the meeting when present and his/her own compensation will be discussed.

## **7. Reporting**

**7.1. Reporting to the CC //** The CEO, the Head of Corporate HR as well as the executives designated by the committee, update the CC at the next CC meeting on all relevant matters pursuant to the duties and responsibilities list in paragraph 4 of this charter.

The Chairman of the CC has the right to request information independently and directly from the CEO and the Head of Corporate HR.

**7.2. Reporting to the Board of Directors //** The Chairman of the CC updates the Board at their meetings on the activities of the committee and submits the CC's opinion and recommendations on crucial compensation and benefits matters.

Every member of the Board receives the minutes of the CC meetings.

## **8. Responsibility**

In principle and to the extent this charter does not provide otherwise, the committee has an advisory and supervisory function in its area of expertise. Its activities do not discharge the Board from its legal obligations and responsibilities, particularly with regard to compensation and benefits matters.

## **9. Corporate Regulations**

**9.1. Abstention //** Should there be any danger of a conflict of interest in the decision-making process involving business and subject matters, the person concerned is excluded from deliberation and adoption of resolutions and abstains from voting.

## **10. Concluding Provision**

**10.1. Entry into force //** This regulation takes effect on 2 July 2015. It was approved by the Board on 1 July 2015. It replaces no previous regulations or charters.

**10.2. Revisions, amendments and adaptations //** This charter is reviewed generally every year and adapted if necessary.

## **11. Disclaimer**

This Directive is subject to change and does not constitute the base for any claims by any employee or third parties with regard to Georg Fischer AG or any of its corporate subsidiaries.

### **Georg Fischer Ltd**

Amsler-Laffon-Strasse 9  
8201 Schaffhausen  
Switzerland  
Phone: +41 (0) 52 631 11 11  
www.georgfischer.com