

Key Figures

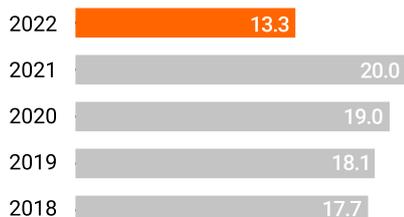
Net Sales
in CHF million

846.9



Operating Cash Flow
in % of net sales

13.3



Earnings per Share (EPS)
in CHF

9.99

Earnings before Interest and Taxes (EBIT)
in CHF million

152.4

EBIT Margin
in % of net sales

18.0

Dividend per Share
in CHF

8.50



Number of Employees
Full-time equivalents as at December 31

2'163

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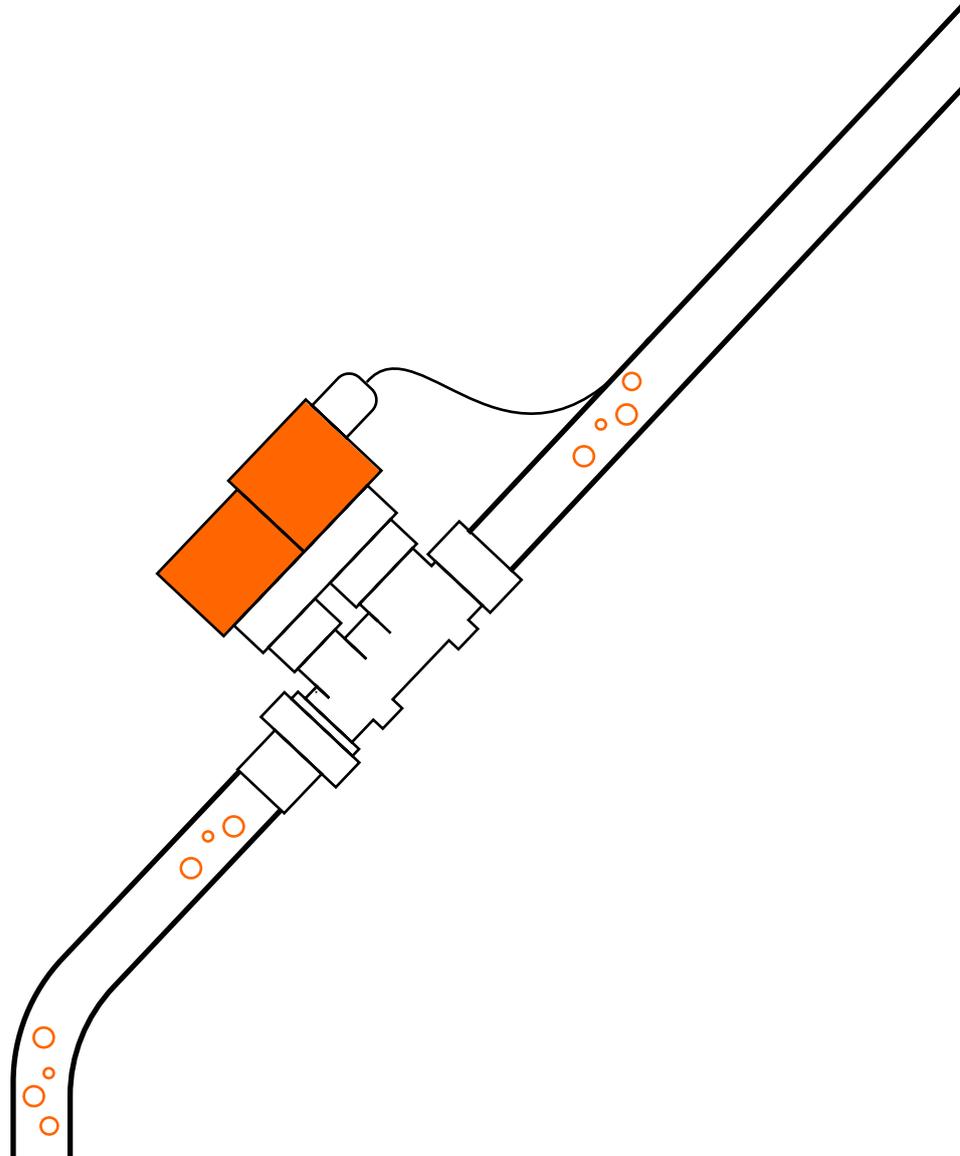
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Perfor- mance





Dear Shareholders,

Belimo successfully continued its growth path in 2022. Thanks to highly engaged employees and a strong-performing network of suppliers it mastered the year's challenges exceptionally well and offered its customers more than they expected. In line with the Group's growth strategy, we welcomed 251 additional colleagues during the year under review.

The most significant challenges were ongoing supply chain shortages, the war in Ukraine, and the inflationary economic environment. The exit from the Russian business impacted our top line by about 3%. Energy dependency and price volatility triggered by the war emphasized the necessity for energy efficiency measures in buildings.

With an organic sales growth of 11.9% in local currencies, the year's revenue developed ahead of the five-year growth average (compound annual growth rate 2016–2021) of 8.8% in local currencies. In Swiss francs, net sales grew 10.7% to CHF 846.9 million. Despite substantial increases in material expenses and higher freight costs, Belimo achieved a robust operating result. Earnings before interest and taxes (EBIT) was CHF 152.4 million, equaling an EBIT margin of 18.0%. Net income increased by 6.2% to CHF 122.7 million, and free cash flow was CHF 91.2 million. Research and development spending was 7.3% of net sales, which equates to CHF 62.1 million.

As part of our climate journey, we strive to decarbonize our value chain further. We extend the scope of our existing sustainability targets with reduction targets in line with the latest climate science and international greenhouse gas accounting standards. In the reporting period, we have set up the Belimo Climate Foundation. The purpose of the foundation is to support non-profit organizations

in reducing the greenhouse gas emissions of their buildings – by the same amount as our occurred greenhouse gas emissions from scope 1, scope 2 (both Hinwil and Danbury), and a part of scope 3 (business travel).

We firmly believe our entrepreneurial activity makes a meaningful contribution to society. Our ongoing commitment to supporting the UN Global Compact and its initiatives demonstrates this. Concerning their principles in the four issue areas human rights, labor, environment, and anticorruption, Belimo remains engaged explicitly in encouraging the development and diffusion of environmentally friendly technologies (Principal No. 9). The Communication of Progress for the financial year 2022 follows the Global Reporting Initiative (GRI) as presented in this report.

The Board of Directors is proposing a dividend of CHF 8.50 per share at the 2023 Annual General Meeting on March 27, 2023. This is based on the closing price of CHF 440.00 on December 30, 2022, equivalent to a return of 1.9% per share. On behalf of the Board of Directors and the Executive Committee of BELIMO Holding AG, we would like to thank our esteemed shareholders for your foresighted investment in a sustainable company.

Yours sincerely,



Patrick Burkhalter
Chairman of the Board of Directors



Lars van der Haegen
CEO

Belimo with Strong Results in a Demanding Environment

2022 was a very successful year for Belimo, with sales growth ahead of the five-year average and stable operational results. Supply chain excellence was the most critical factor in mastering the year.

Belimo posted excellent results in 2022 in a highly volatile economic environment. The Company withstood multiple tests of its business model, notably supply chain disruptions, inflation, and the war in Ukraine.

Maintaining supply availability and superior lead times were the main success factors in a year with global supply chain shortages. The proximity to our customers and suppliers, along with increased stock levels, were vital to maintaining product availability throughout the year. The Group's robust supply chain performance enabled full-year sales growth rates to exceed the Company's five-year sales growth average (compound annual growth rate 2016–2021) of 8.8% in local currencies and gain additional market share. Organic net sales increased by 11.9% in local currencies. In Swiss francs, net sales grew by 10.7% to CHF 846.9 million.

In 2022, the Company had to deal with rising inflation. Material, energy, and freight expenses increased more than expected. Higher input costs were partially compensated by price adjustments. Price increases had a positive effect of 6.1% and higher sales volumes of 5.3% on net sales growth.

While business performance was strong across the regions, the Americas market region stood out decisively with a net sales growth of 21.3% in local currencies. Also, the EMEA sales performance of 4.7% in local currencies is remarkable when considering the exit from the Russian market. Since March, shipments to Russia and Belarus are suspended, which had an impact on net sales of about 6% at the market region level.

Net Sales by Market Regions

in CHF 1'000	2022				2021			
	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies
EMEA	367'902	43%	-2.0%	4.7%	375'556	49%	16.5%	15.9%
Americas	368'261	43%	26.4%	21.3%	291'387	38%	14.8%	18.1%
Asia Pacific	110'737	13%	12.5%	11.4%	98'400	13%	15.7%	14.4%
Total	846'900	100%	10.7%	11.9%	765'343	100%	15.7%	16.6%

¹⁾ in % of total net sales

The damper actuators business was most impacted by the exit from the Russian business, as it was a key market for advanced fire and smoke damper actuator solutions. Considering the high market shares globally, the growth rate in local currencies of 6.6% represents a solid result. Meanwhile, net sales of control valves were up 16.5% and accelerated well ahead of damper actuators, reflective of the Company's success in driving its global market share in this application. Sensors and meters gained further traction with a growth of 38.5% in local currencies.

Net Sales by Applications

in CHF 1'000	2022				2021			
	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies
Damper Actuators	423'803	50%	4.6%	6.6%	405'074	53%	13.7%	14.3%
Control Valves	393'492	46%	16.2%	16.5%	338'547	44%	16.5%	17.6%
Sensors and Meters	29'605	3%	36.3%	38.5%	21'722	3%	52.1%	52.6%
Total	846'900	100%	10.7%	11.9%	765'343	100%	15.7%	16.6%

¹⁾ in % of total net sales

Earnings before interest and taxes (EBIT) rose to CHF 152.4 million (2021: CHF 145.4 million). The EBIT margin amounted to 18.0% (2021: 19.0%). Sustained disruption in global supply chains led to higher material and freight costs, negatively impacting the operating profit margin. Belimo achieved a net income of CHF 122.7 million (2021: CHF 115.5 million). Earnings per share rose to CHF 9.99 (2021: CHF 9.41).

Operating cash flow amounted to CHF 112.9 million (2021: CHF 153.0 million). Higher safety stocks and longer transport times led to an increase in net working capital and affected operating cash flow negatively. Free cash flow increased to CHF 91.2 million (2021: CHF 45.5 million). The net divestment of term deposits of CHF 35.0 million (2021: investment of CHF 60.0 million) partially compensated the increase in net working capital and higher capital expenditures.

EMEA

Belimo registered net sales of CHF 367.9 million in the EMEA market region. The Company largely compensated for the top-line impact from exiting the Russian business of about 6% at the market region level. EMEA increased sales in local currencies by 4.7% compared to the previous year (-2.0% in Swiss francs). In particular, the contracting business has developed positively, and one vertical gaining across European countries was data centers.

The most significant countries performed well. In Germany, Belimo was able to materialize on positive market trends. The post-COVID-19 building investment recovery, CO₂-emission reduction programs of companies, and higher energy costs accelerated the renewal of inefficient existing HVAC systems. In particular, the replacement of fossil-fueled primary equipment by heat pumps and the retrofit of hydronic control systems led to strong growth in the business line control valves.

Italy showed exceptional sales performance thanks to a strong demand for data center cooling applications. In France, supply chain bottlenecks on construction sites and a highly inflationary environment accelerated the cost of new construction and continued to impact contracting projects.

Americas

Among the market regions, sales growth was most pronounced in the Americas market region. Belimo registered net sales of CHF 368.3 million, corresponding to an outstanding 21.3% growth in local currencies (26.4% in Swiss francs). A critical factor for this exceptional result was a healthy non-residential construction activity throughout the market region, benefiting both new construction and retrofit.

Tremendous top-line growth in the US market that accelerated in the year's second half was possible mainly because of superior lead times of the Group, which resulted in market share gains. A key growth vertical was data centers, boosting sales in contracting and the OEM channel.

Belimo also experienced double-digit sales growth in both the Canadian and Latin American markets thanks to a combination of stable market demand, superior product availability, and shorter lead times.

Asia Pacific

In the Asia Pacific market region, Belimo recorded CHF 110.7 million in sales, corresponding to an increase of 11.4% in local currencies (12.5% in Swiss francs). The business line damper actuators grew ahead of the business line control valves, as variable air volume (VAV) control solutions saw an acceleration in popularity in new buildings. The vertical segment of data centers

performed well throughout the market region as the popularity of the expansion of 5G networks and cloud services further accelerated.

In China, sales growth was muted due to recurring pandemic-inflicted lockdowns that interrupted business activities throughout the year. Awarded projects had to be postponed amid access restrictions and logistics bottlenecks.

India showed strong growth along with Southeast Asia. The Indian market was performing exceptionally well after a further post-COVID-19 business normalization. The verticals data center, healthcare, pharma, infrastructure such as airports or subway stations, and technology parks registered the most robust growth performance on the subcontinent. The new building of Belimo India in Mumbai, which was completed at the beginning of 2022, provides the basis for future growth in the rapidly expanding Indian market (find out more [here](#)).

Outlook

For 2023, Belimo is expecting a sales revenue growth rate in local currencies around its five-year average. Energy efficiency and indoor air quality represent accelerating tailwinds that support the above-average growth of the building automation market. Capacity constraints due to a lack of qualified labor is hampering the strong underlying growth drivers. The uncertainty regarding the direction of the global economy and higher interest rates might have a negative impact on investment decisions in the non-residential building market. Furthermore, geopolitical implications and persisting supply chain challenges may further impact 2023.

Looking at the market regions, Euroconstruct predicts a slowdown of total non-residential construction output for EMEA. Nevertheless, Belimo is cautiously optimistic about the market region. While higher interest rates and inflated costs for construction are anticipated to cool down the pipeline for new construction, Belimo expects freed-up capacities used in retrofit projects will compensate. For the Americas market region, Belimo anticipates continued solid demand for the first half of 2023 thanks to a strong project pipeline of its customers. In the Asia Pacific market region, the end of strict COVID-19 measures in China might accelerate many non-residential projects and increase demand while the overall challenging economic environment is likely leading to delayed or canceled projects. In India, we expect a continuation of the growth phase because of positive GDP forecasts and the dedicated growth initiative. For the rest of the market region the project pipelines appear solid.

Belimo continues to pursue its long-term growth strategy, allocating significant resources for advancing solution leadership, operational excellence, and sales network expansion. This might result in higher expenditures. Furthermore, adverse foreign exchange movements might negatively impact margins.

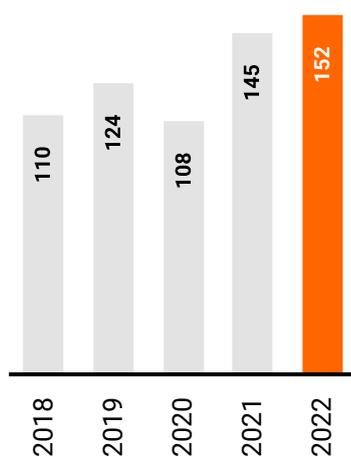
To ensure a robust supply chain aligned with the growth strategy, Belimo is accelerating capacity expansion in logistics and customization in subsequent

years, leading to higher investments in all market regions and consequently impacting cash flow.

Financial Key Performance Indicators

Income Statement

Earnings Before Interest and Taxes



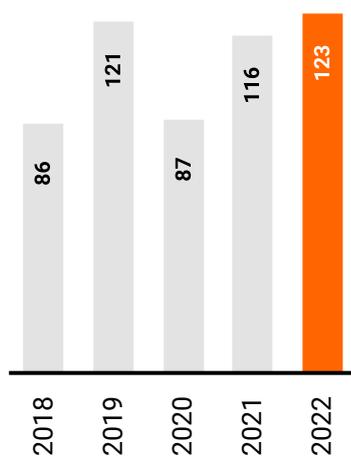
Earnings before interest and taxes (EBIT), in CHF million

A strong top line with double-digit growth combined with operational excellence in a continued challenging supply chain situation resulted in an EBIT of CHF 152.4 million (2021: CHF 145.4 million).

The EBIT margin of 18.0% (2021: 19.0%) was impacted by substantial cost increases for raw material and transport. Belimo consequently continued to pursue its growth strategy, hiring an additional 251 employees. Spending in marketing, training, and travel activities normalized with the ease of pandemic restrictions during the year.

Compared to the prior year, research and development spending remained unchanged at 7.3% of net sales. The corresponding expenses were increased by 10.9% to CHF 62.1 million (2021: CHF 56.0 million).

Net Income



Net income, in CHF million

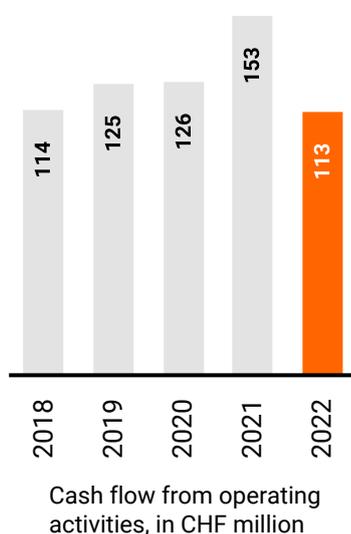
Net income rose to CHF 122.7 million (2021: CHF 115.5 million).

Income taxes amounted to CHF 24.8 million (2021: CHF 27.9 million) and foreign exchange losses of CHF 4.6 million (2021: CHF 0.8 million) were incurred in 2022.

Earnings per share rose to CHF 9.99 (2021: CHF 9.41).

Cash Flow

Cash Flow From Operating Activities



Cash flow from operating activities declined by CHF 40.2 million to CHF 112.9 million (2021: CHF 153.0 million). A higher net working capital of CHF 68.0 million negatively impacted the cash flow from operating activities. Inventory levels were increased to maintain supply availability and superior lead times – the two main success factors in a year with global supply chain disruptions.

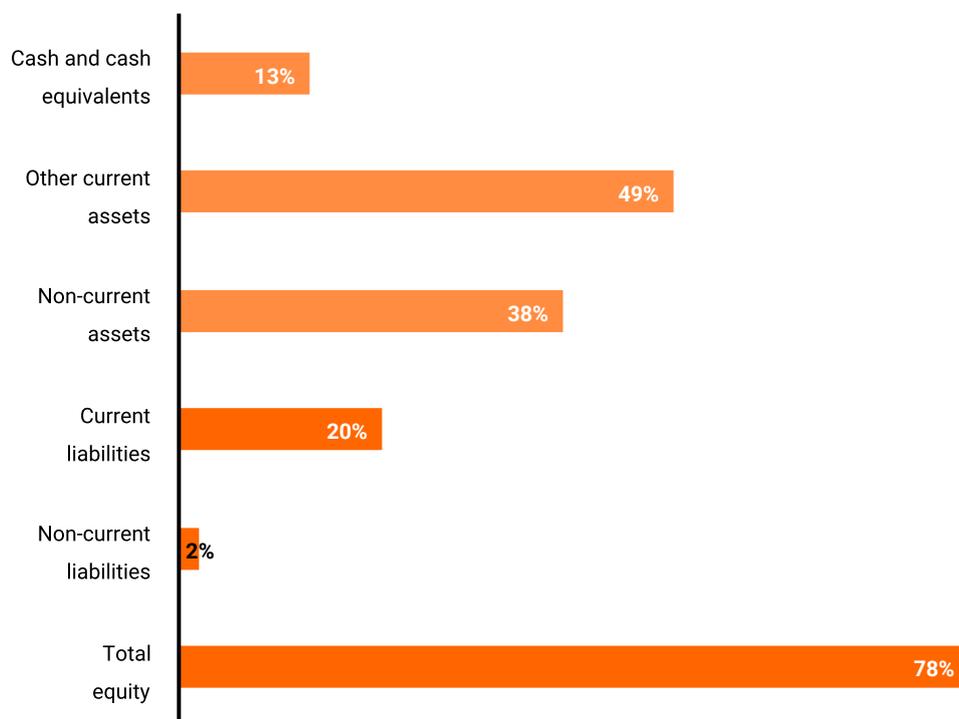
Cash flow used in investing activities of CHF 21.7 million (2021: CHF 107.5 million) included a net divestment of term deposits of CHF 35.0 million (2021: investment of CHF 60.0 million). Capital expenditures in property, plant and equipment and intangible assets amounted to CHF 54.7 million (2021: CHF 46.7 million). The increase was driven by the capacity expansion strategy.

As a result, free cash flow rose to CHF 91.2 million (2021: CHF 45.5 million).

Cash flow used in financing activities was CHF 112.3 million (2021: CHF 101.2 million). It contained the dividend payment of CHF 104.5 million (2021: CHF 92.2 million) to the shareholders of BELIMO Holding AG, in addition to leasing payments and the purchase of treasury shares.

Balance Sheet

Balance Sheet as at December 31, 2022



Balance sheet as at December 31, 2022, in % of total assets

Belimo was successful in maintaining a strong balance sheet in 2022. Total shareholders' equity amounted to CHF 521.8 million (2021: CHF 511.3 million) or 77.6% of total assets (2021: 79.6%).

The decrease in cash and cash equivalents to CHF 86.8 million (2021: CHF 109.4 million) was mainly attributable to the increase in net working capital as well as the higher dividend distribution to the shareholders of BELIMO Holding AG in 2022.

The Board of Directors of BELIMO Holding AG will propose a dividend of CHF 8.50 (2021: CHF 8.50) at the Annual General Meeting 2023.

Management Approach Economic Performance

Why Is Economic Performance Important?

Successful economic performance is crucial for Belimo, as it enables us to create healthy indoor air and improve comfort while using less energy, both now and into the future. Delivering more value to our customers creates a virtuous cycle, leading to greater demand for products and more sales, boosting productivity and profitability.

How Is Economic Performance Managed?

Belimo places significant importance on developing its niche and maintaining market leadership. The Company is committed to solving customer issues and safeguarding against competition by maintaining its leading market position in innovation and quality. It does this by focusing on organic growth and outsourcing manufacturing and services to those with greater expertise or more efficient economies of scale. Sustaining economic performance involves optimal use of available resources, as well as balancing growth and profitability. Sharing investment allocations between different business lines relies on the following processes: strategic planning (long-term), budgeting (annual), forecasting (during the year), and controlling actual returns and costs (continuous).

How Is Economic Performance Measured?

We track the following key performance indicators to measure our success in economic performance:

Sales

- Market volume and share by market region and business line.
- Sales growth by market region and business line.
- Price analysis by market region and business line.

Profitability

- Contribution margin analysis by market region and business line.
- Earnings before interest and taxes, and net income development at Group level.
- Operating expenses by group division.

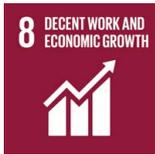
Cash flow

- Cash flow from operating activities.
- Free cash flow.
- Cash effective investments in property, plant and equipment as well as intangible assets.
- Dividend distribution.

Optimal use of capital

- Return on invested capital.
- Return on equity.
- Equity-to-fixed-asset ratio.
- Inventory period.

For all other financial key performance indicators, please refer to the [information for investors](#) section.



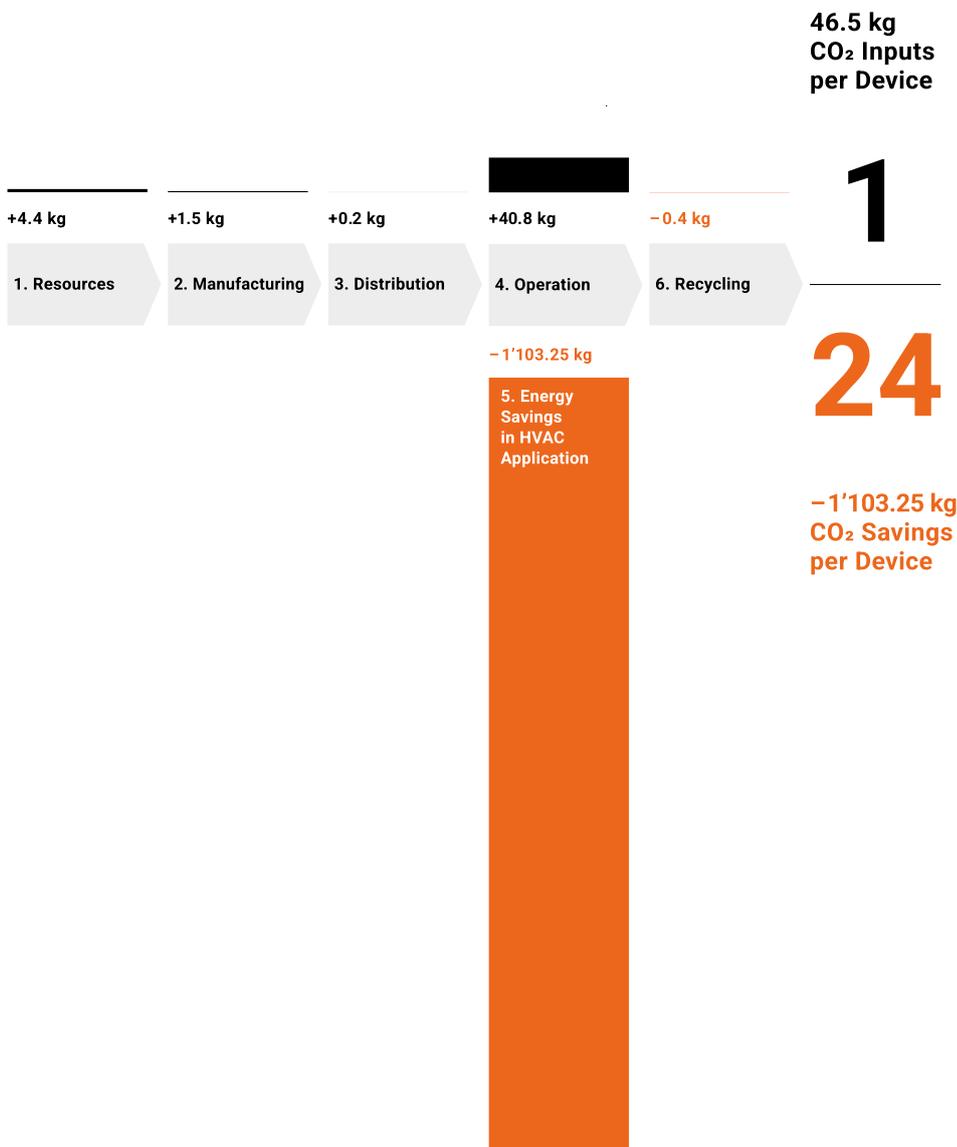
SDG 8: UN Sustainable Development Goals Approach

With its sustained economic growth and the continuous creation of new and attractive workplaces, Belimo contributes to [SDG 8 “Decent Work and Economic Growth.”](#) Other contributions include the empowerment of our employees, the fostering of their skills, and equal employment practices.

Sustainability Goals

In 2021, we initiated goals to help us fulfill our mission to “Create Healthier Indoor Comfort with Less Energy” with ever greater leverage. In 2022, we updated and enhanced these goals.

Our CO₂ model serves as the basis for showing the impact of our field devices:



Our impact model shows the weighted average impact of an air-side and water-side actuator (in kg of CO₂e) over a lifetime of 15 years.

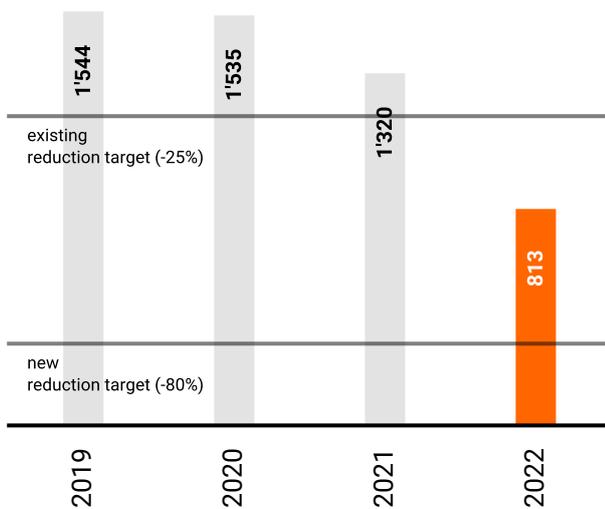
In the wake of our initiation of sustainability goals in 2021 based on steps 2, 4, and 5 of the model and on the total sum of savings from our field devices sold, we now first provide an update on each of these goals (read more on our impact model [here](#)).

2. Manufacturing: Carbon-Neutral Buildings

Last year, we announced our target of reducing 25% of greenhouse gas (GHG) emissions in Belimo-owned buildings by 2025 (Hinwil and Danbury, as measured in CO₂e relative to the 2019 output).

During the year under review, we were able to implement energy-efficiency measures in our buildings in Hinwil and Danbury and switch to 100% renewable electricity in Hinwil. Combined, these measures allowed us to achieve savings of 38.4% compared to 2021 and to exceed the existing reduction target. These achieved savings have led us now to readjust our targeted reductions to achieve a 80% reduction in GHG emissions by 2025 (Hinwil and Danbury, as measured in tCO₂e relative to the 2019 output, see graph).

GHG Emissions Scope 1 and 2



Total GHG emissions in tCO₂e, scope 1 and 2, Hinwil and Danbury

To learn more about the progress regarding our journey toward carbon-neutral buildings, go to the section [Energy Efficiency in Operations](#) of this report.

4. Operation: Reduce Energy Consumption

In 2021, we announced our ambition to further reduce energy consumption per field device in standby and operation modes.

A total of 30 innovation team leaders and senior experts gathered during the reporting period for a workshop to discuss the best ways to reduce energy consumption going forward in Step 4 "Operation". They concluded that further

transparency regarding device efficiency was needed to pinpoint optimal leverage.

With respect to future product development, the creation of a Company standard for measuring energy consumption per field device as part of standard testing was proposed. For selected products in the existing product assortment, analyzing energy consumption in various operation modes shall provide additional clarity.

5. Energy Savings: Increase Impact in the Application

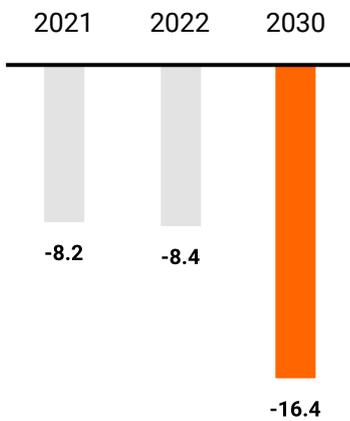
On the application side of our impact model, we focus on increasing the CO₂-savings factor of our products in applications. In particular, we are striving to increase the overall savings factor of our field devices and to improve tracking of the CO₂ impacts of retrofit projects.

In 2022, Belimo ramped up its RetroFIT+ sales organization by hiring product managers, RetroFIT+ Application Specialists, and creating a dedicated business development manager role. The latter predominantly focuses on addressing the facility management of end clients. Meanwhile, the RetroFIT+ team explored doctor kits for selected pilot installations that allows them to make a before and after analysis, leading to comprehensive recommendations for refurbishing HVAC systems.

What is more, the “Belimo Climate Foundation” has been established in 2022. The foundation aims to increase energy efficiency in buildings housing non-profit institutions and non-governmental organizations. For this purpose, it supports selected institutions in the optimization of their HVAC systems, thus increasing the impact of our field devices in their applications.

Our Absolute Goal: Doubling Total CO₂ Savings

Doubling Our Total Savings



As announced in 2021, Belimo is committed to doubling the total CO₂ savings realized with its sold field devices from 8.2 million tons of CO₂e in 2021 to 16.4 million tons of CO₂e in 2030.

In 2022, with 8.0 million sold field devices (2021: 7.8 million), we were again able to save 8.4 million tCO₂e. We are, however, currently slightly below plan to achieve our 2030 target (learn more about our impact model [here](#)).

We are striving to double the total CO₂ savings from our sold field devices by 2030 (basis 2021, measured in million tons CO₂e).

Goals that Go Beyond Our Impact Model

We have also adopted sustainability goals that go beyond our impact model, namely with respect to indoor air quality, for which we are not only supplying an update but also introducing two new goals.

Improve Indoor Air Quality

In 2021, we committed ourselves to further promoting healthy indoor comfort in our customers' buildings worldwide by increasing the sales of field devices with a positive impact on indoor air quality.

Sensors are a valuable proxy for measuring our progress with respect to this goal, as they are the foundation of indoor air quality and are crucial for ensuring the health of building occupants. In the period under review, the business line sensors and meters gained further traction with a growth of 38.5% in local currencies. With total sales of CHF 29.6 million Swiss francs, Belimo successfully further increased its market share in this field device segment.

To operationalize the impact Belimo has on indoor air quality further, in 2022 the Sustainability Steering Committee reviewed the European Union's Smart Readiness Indicator, which is based on the Energy Performance of Buildings Directive (EPBD) Art. 8 (10). It could serve as a framework for measuring the Company's progress on improving indoor air quality in buildings worldwide.

New Goal: Drive Credibility Culture

Belimo has a unique purpose, which is to reduce the amount of energy required for creating healthier indoor comfort. Personal commitment, teamwork, and the courage to take risks in order to inspire our customers are vital factors for increasing the impact of our employees' contribution to this mission.

Our credibility culture is built on trust, integrity, competence, and responsibility. It represents a cornerstone of our value-creation model, which is why we have initiated a dedicated goal to advance our credibility culture further. We track the progress through two key performance indicators: [engagement score, tenure, and turnover](#).

Our Contribution to the United Nations Sustainable Development Goals

Belimo contributes directly to the UN's [Sustainable Development Goals](#) (SDGs). By incorporating the UN Global Compact principles into strategies, policies, and procedures, Belimo upholds its primary responsibilities to humanity and to the planet itself, and sets the stage for the long-term success of our industry.



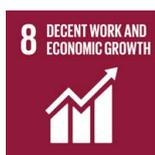
SDG 3: Good Health and Well-Being

Belimo contributes to [SDG 3 "Good Health and Well-Being"](#) by ensuring optimum air quality and well-being in indoor spaces. Its intelligent HVAC components control the major factors affecting room climate: temperature, humidity, air flow, and indoor air quality (concentrations of CO₂ and Volatile Organic Compounds – VOCs). High-performance HVAC systems and proper humidification strategies are required to maintain stable and healthy indoor air quality. Belimo sensors serve as a critical link for ensuring optimum conditions between the zones and the HVAC system.



SDG 7: Affordable and Clean Energy

Buildings and their HVAC systems play a critical role in the doubling of the global rate of improvement in energy efficiency stipulated by SDG target 7.3. An estimated 30% of all energy used in buildings is lost due to insufficiently controlled systems. By providing smart HVAC controls, Belimo makes an active contribution to [SDG 7 "Ensure access to affordable, reliable, sustainable, and modern energy for all"](#).



SDG 8: Decent Work and Economic Growth

With its sustained economic growth and the continuous creation of new and attractive workplaces, Belimo contributes to [SDG 8 "Decent Work and Economic Growth"](#). Other contributions include the empowerment of our employees, the fostering of their skills, and equal opportunity employment practices.



SDG 9: Industry, Innovation, and Infrastructure

With respect to [SDG 9 “Industry, Innovation and Infrastructure”](#), Belimo sets standards in HVAC damper actuator, control valve, sensor, and meter technologies. While the majority of Belimo field devices drive the energy efficiency of buildings, it is its fire and smoke actuators that contribute to their resilience.



SDG 11: Sustainable Cities and Communities

By 2050, two thirds of all humanity – 6.5 billion people – will live in cities. This megatrend of urbanization actively drives the number of people living and working indoors and, along with it, the necessity of intelligently controlled HVAC systems, i.e., Belimo applications. Concerning [SDG 11 “Sustainable Cities and Communities”](#), Belimo helps make cities more sustainable and safer by providing products such as the Belimo Energy Valve™ and a wide range of safety actuators for motorized fire dampers and smoke control dampers.



SDG 12: Responsible Consumption and Production

Belimo contributes to [SDG 12 “Responsible Consumption and Production”](#) by upholding sustainable procurement practices and localized sourcing, minimizing waste, and optimizing logistics through the modularization of its product ranges and by applying environmental management standards at its main production sites.



SDG 13: Climate Action

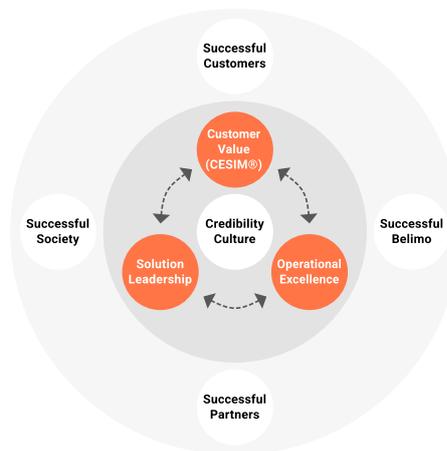
Buildings currently consume 40% of the world's energy, with HVAC systems accounting in turn for 40% of that figure. The application of Belimo products saves energy in HVAC systems in buildings, thereby creating measurable sustainability benefits and significantly contributing to [SDG 13 "Climate Action"](#).

Materiality Overview

While our value-creation model guides us to deliver more value to customers, the materiality map determines what is most relevant for our stakeholders and outlines our positive impact on sustainable development.

Our Value-Creation Model

Our value-creation model enables us to deliver more value to customers than they expect, and more than others can offer. The four pillars that ensure our customer's success are **credibility culture, customer value, solution leadership, and operational excellence**. Consistent implementation of these values enables success for Belimo, for its partners, and for society as a whole.



Credibility Culture

Credibility culture is at the heart of our value-creation model. Our culture is built on trust, integrity, competence, and responsibility. We support personal commitment, teamwork, cultural diversity, and the courage needed to take risks to inspire customers.

Customer Value (CESIM®)

We differentiate ourselves from our competitors through the high level of customer benefits our products and services provide. Added value for our customers is the measure for success.

Our customer-centric method for innovating building technology with damper actuators, control valves, sensors and meters, [CESIM®](#), gives rise to unique products and services. It ensures that the aspects of **Comfort, Energy Efficiency,**

Safety, Installation and Maintenance always remain the focus during product development.

Belimo is committed to customer-centric thinking and acting, and assures expert advice, high inventory availability, and reliable order processing. We work as a team with our customers, focusing on their success and understanding their wishes, needs and challenges.

Solution Leadership

We see market-relevant innovation as one of the most important factors for long-term success. The challenges of our customers and of new technology trends inspire us to develop groundbreaking solutions. We strive for market and technological leadership and invest in innovation, so that we can surprise the market with unique solutions.

We give full attention to heating, ventilation, and air-conditioning applications. We largely refrain from investing in material assets, while concentrating instead on developing our employees, products, markets, and quality standards. We diversify in depth, rather than breadth. Find more information on solution leadership [here](#).

Operational Excellence

Through operational excellence we ensure the reliable delivery of top-quality products. Our priorities are always clear – quality first, timeliness second and cost third.

We continuously improve our operational processes and utilize economies of scale. We learn from our mistakes and see them as an opportunity to drive excellence. All employees are therefore encouraged to introduce improvements at any time to ensure top performance in operations.

We ourselves do only what others cannot do better. This allows us to spend more time focusing on what we do best, which means systematically investing in our own skills. This empowers us to deliver more value to our customers.

Our Materiality Map and Responsibilities

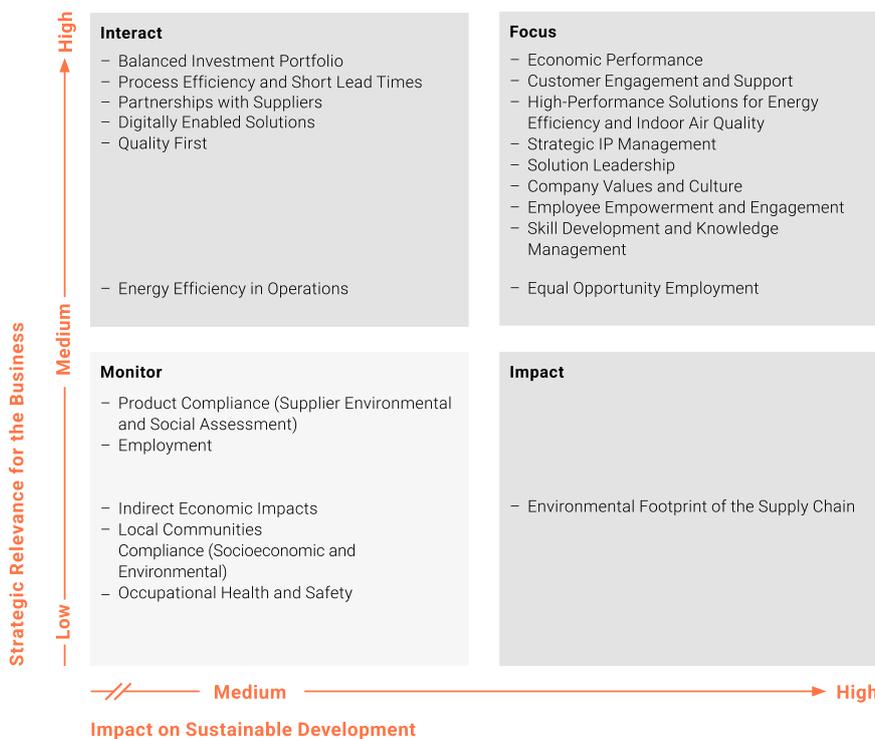
The materiality map shows the topics that are most relevant for our stakeholders and where we as a company can have a positive impact on sustainable development. By identifying and addressing these topics, Belimo strengthens stakeholder relationships, monitors high-level opportunities, safeguards against risks, and maintains successful mid-term and long-term growth performance. The identification of these topics is also the basis for strategic corporate management and sustainability reporting.

The materiality assessment was initiated as an industry and peer evaluation that was then developed in dialog with group management across the Company to single out relevant topics in accordance with three dimensions:

- Strategic relevance for the business.
- Impact on sustainable development.
- Relevance for key stakeholder groups.

An overview of the topics identified in the process is shown in the materiality map below:

Belimo Materiality Map



This report focuses on the 16 dark-gray “Interact,” “Impact,” and “Focus” topics of the map, which in accordance with the GRI Universal Standards Update 2021, now displays the material topics along the two axes of strategic relevance for the business and impact on sustainable development.

Responsibility for Environmental, Social, and Governance Topics

The highest body responsible for the corporate strategy in the areas of environmental, social, and governance topics is the Board of Directors of BELIMO Holding AG. The Board of Director’s Audit Committee is meanwhile responsible for reporting and compliance with respect to environmental, social, and governance topics.

At the Executive Committee level, environmental, social, and governance topics are managed by the Sustainability Steering Committee, which comprises the Chief Executive Officer, the Chief Financial Officer, and the Chief Technology Officer. They are supported by the Head of Group Division Logistics/ Customization, the Global Head of Human Resources (both members of the Extended Executive Committee), the Head of Group Quality and Sustainability, and the Head of Sustainability.

A Sustainability Working Group consisting of representatives from all major departments of Belimo assists them in operationalizing the respective initiatives.

Our Answer to Megatrends

Five megatrends account for structural growth drivers in the Belimo core markets: energy efficiency, climate change, urbanization, safety in buildings, and digitization.

Energy Efficiency: Smart Controls

As buildings currently consume 40% of the world's energy, with HVAC systems accounting in turn for 40% of that figure, smart control of HVAC systems has a significant impact on global energy efficiency. In most regions of the world, regulations increasingly support raising energy efficiency standards for HVAC equipment and encouraging energy-efficiency-driven building renovations. Here, Belimo products are making a difference.

Climate Change: Energy-Efficient HVAC Solutions

Climate change affects all of us. As our field devices help to reduce CO₂ emissions from buildings' HVAC systems, Belimo has a particularly strong commitment to helping limit global warming to less than 1.5° Celsius.

Until we transition to a carbon-free economy, however, we will have to adjust to living on a warmer planet with more extreme heat. Already today, an estimated two thirds of the global energy consumption of HVAC systems is used for cooling applications and only one third for heating applications. A hotter global climate, in combination with continuously tighter building envelopes, means the shift of global energy demand from heating toward cooling will continue. Although better-insulated buildings lower the primary energy input, they also increase the need for ventilation, which is where Belimo field devices contribute to energy-efficient solutions.

Urbanization: Well-Being and Indoor Air Quality

As populations shift across the globe from rural to urban areas, more and more people are leading modern, urban lifestyles and are spending 90% of their time indoors. State-of-the-art building automation and reliable HVAC components are indispensable for satisfying increasing demands for pleasant room climates and healthy environments.

Safety in Buildings: Protecting Lives and Assets

Urbanization means more buildings on less land or smaller footprints with unusual designs, mixed use and increasing complexity. This poses new challenges for protecting lives and assets, making technical fire protection through motorized fire and smoke control dampers more important than ever before. At the same time, high-performance HVAC systems and proper

humidification strategies are required to maintain a stable, safe, and healthy indoor air quality.

Digitization: Embracing the Age of Transparency

Digitization in the building automation industry offers new powerful toolsets for analyzing and optimizing HVAC systems. The applications for smart performance devices are seemingly endless, whether they be in the form of data analytics, monitoring, predictive maintenance, ease of installation, or digital support during the commissioning and system integration phase.

External Initiatives and Associations Memberships

Belimo has been a member of the United Nations Global Compact (UNGC) since 2013 and is committed to environmental protection, responsible working practices, human rights, and protection against corruption. The UNGC is the largest international initiative for responsible company management. As a trusted partner around the world, Belimo is actively involved in associations that sponsor research and formulate codes and standards.

A list of our affiliated organizations can be found [here](#).

Growth Strategy and Innovation / Balanced Investment Portfolio

The Group’s long-term growth strategy consists of six initiatives geared to increase customer value and advance solution leadership.

Customer Value

RetroFIT+

Accelerate the renewal of the installed base (retrofit).

Grow Asia Pacific

Ensure market leadership in the fastest growing market.

Digital Customer Experience

Innovate our customers’ experience.

Solution Leadership

Actuators and Valves

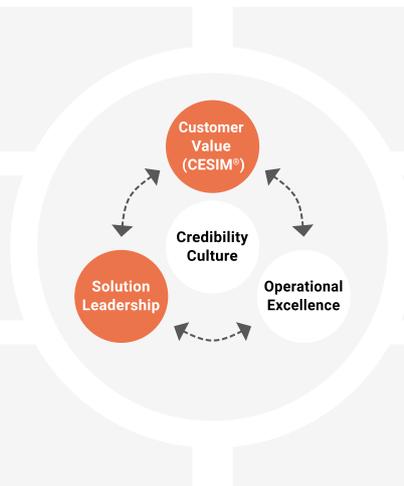
Grow business and expand market leadership.

Sensors and Meters

Expand range of comfort, energy, and safety sensors, and increase market share.

Digital Ecosystem

Enable seamless access to device data.



Customer Value

RetroFIT+

Only 2% of the world’s buildings are newly constructed each year. This means that concentrating on existing buildings represents the most significant opportunity for reducing greenhouse gas emissions. The renovation rate must, however, be doubled if the ambitious climate targets stipulated by such initiatives as the European Green Deal are to be achieved. Upgrading existing buildings does nonetheless require highly experienced engineers and technicians, thus limiting overall output capacity. Consequently, this initiative intends to eliminate customer bottlenecks by analyzing overall processes and making them more efficient. Belimo has therefore expanded its sales organization with dedicated product managers and RetroFIT+ Application Specialists who are supporting the various customer personas from the initial project assessment to the successful completion.

The RetroFIT+ initiative concentrates on increasing the renovation rate of existing buildings by resolving the most significant bottlenecks in the overall upgrading process through training, tools, and products. The Design-to-Order offering for factory-fitted, unique retrofit assemblies is reducing on-site labor

time. The initiative offers the opportunity to expand the existing retrofit business by leveraging synergies among the business lines damper actuators, control valves, sensors, and meters for an increased impact on comfort, energy efficiency, and safety.

Grow Asia Pacific

This initiative is ensuring the Group's market leadership in the most rapidly expanding market. Most decisive for the success of Belimo in Asia is its concentration on China and India as the world's two most populous nations. In China, a city cluster hub strategy was implemented in 2017 and has since led to significant gains in market share. In 2022, Belimo increased its market presence in China by opening two additional sales offices in Chongqing and Suzhou, bringing the total number of hub offices to 13.

In India, the main pillars of the strategy are the focus on specific vertical markets such as data centers, pharma, and healthcare by building up the sales network for advising consulting engineers and end users. In addition, local presence with hub offices is expanding, especially in high-growth regions. Also in 2022, Belimo celebrated the opening of its new India headquarters to strengthen the Company's footprint and brand awareness on the subcontinent. The CESIM® House hosts logistics, customization, technical support, and an experience center to train customers in innovative building automation solutions (find out more [here](#)).

Digital Customer Experience

The "digital customer experience" initiative is directed at enlisting a digitally adept generation of technicians and engineers as digital tools and interactions are gaining ground in the HVAC industry.

During the period under review, the Company's focus has been on enhancing its global website and promoting efficient sizing, selection, and specification software tools. The Belimo [RetroFIT](#) Tool was launched during the year under review. It allows customers to search for a fitting replacement for a field device easily. Similarly, the Belimo [RetroFIT](#) App has been launched, enabling Belimo customers to find RetroFIT products quickly. Finding a suitable replacement – including CAD/BIM datasets – allows them to transform poorly functioning equipment into high-performing systems efficiently. Moreover, a new customer relationship management solution featuring improved lead management and performance measurement has been rolled out in the year under review (find out more [here](#)).

Solution Leadership

Damper Actuators and Control Valves

The largest sales contribution in the growth plan for the period leading up to 2030 is expected to come from damper actuators and control valves. That is emphasized with a dedicated initiative for growing the business and expanding market leadership by leveraging the economies of scale that result from having the highest volume of shares in the market. Over the next few years, Belimo will be making extraordinary investments in the fundamental renewal of the core

platforms for both damper actuators and control valves, while at the same time fully integrating its sensors and meters product range. This will allow for a seamless design, installation, and commissioning experience across the product range offering, as the field devices will become more integrated and require consistent interfaces in the evolving building automation architecture.

In 2022, Belimo completed the rollout of the smallest HVAC damper actuator in the market (UM/UH), with sales developing as anticipated. For the range of UL-rated fire and smoke damper actuators, the newly introduced FSKN BACnet life safety remote inspection module seamlessly connects to fire alarm panels or the building automation system – thus, allowing for remote testing of actuated life safety dampers without costly visual inspections. In the business line control valves, Belimo Energy Valves™ look back at remarkable sales growth once again. One example of a Belimo Energy Valves™ installation is the NEST unit “HiLo” of the Swiss Federal Laboratories for Materials Science and Technology in Dübendorf (Switzerland). It features a low energy consumption HVAC system thanks to interconnected Belimo Energy Valves™ and numerous other Belimo field devices. They reliably measure, control, optimize, and bill the building's heating and cooling energy consumption.

Furthermore, the Company launched a new range of Electronic Pressure-Independent Valves (EPIV) toward the end of the reporting period. Additionally, the zone valve product range ZoneTight™, is now available with press fitting connections for faster installation. Moreover, a selection of control valves for potable water provides zero leakage and prevents energy loss, ensuring customer safety – ideal for drinking water distribution systems.

Sensors and Meters

Under its dedicated sensors and meters initiative, Belimo has continued to expand the range of comfort, energy, and safety sensors. The financial year 2022 saw great success in sensors and meters, growing almost 40% in local currencies, significantly increasing market share. Launching the new product line of room sensors and operating units in late summer was undoubtedly a highlight, winning the prestigious 2023 AHR Expo Innovation Award in the Indoor Air Quality category. One excellent application example is Collège Laval (Quebec, Canada), which improved air quality and visibility for a healthier and more productive environment for its 2'000 students by retrofitting the campus with 115 Belimo room sensors. The indoor air quality undertaking is part of a program launched by the local government to systematically measure and control the levels of CO₂, relative humidity, and temperature in school buildings.

Equally successful was the launch of the thermal energy meters with Measuring Instruments Directive (MID) approval, now available worldwide. Gas detection sensors introduced into the US market after achieving UL 2075 approval for its carbon monoxide (CO) sensors earlier in the year ramped up successfully in 2022. These versatile self-contained single- or dual-sensor gas monitors are used for automated ventilation control and alarming systems for recommended building technology applications such as vehicle emissions and industrial health and safety.

Digital Ecosystem

In the coming years, most Building Automation and Controls Systems (BACS) will evolve into cloud-based and Building IoT (BIoT) systems. In light of these trends and the increasing interest of building operators in energy data and predictive maintenance, the digital connectivity of Belimo devices will be of increasing importance. A well-designed digital ecosystem will allow for seamless integration, providing easy access to data from damper actuators, control valves, sensors, and meters. Being already recognized as the leader in this domain, leveraging platform capabilities, edge logic, and allowing seamless access to device data can become a strong point of differentiation and a source of additional growth for Belimo.

In 2022, the [Digital Ecosystem Collaborators](#) have continued to grow, with already 23 Digital Ecosystem Collaborators (find out more [here](#)). More than 100 additional digitally savvy companies are interested in joining the Belimo Digital Ecosystem, with innovative companies such as [Loxone](#), which provides intelligent building automation solutions.

Management Approach Balanced Investment Portfolio

Why Is Balanced Investment Portfolio Important?

Managing the portfolio in the interest of the Company's long-term success involves striking the right balance between investments in both existing and new portfolios. In its existing business, Belimo focuses on maintaining a broad, competitive, and differentiated product range, and renewing selected sub-ranges at the end of their lifecycle. In its new business areas, Belimo aims to generate growth by developing unique and innovative products for existing customer groups. This will be, for example, through new sales approaches, extra marketing measures, or training.

How Is Balanced Investment Portfolio Managed?

A comprehensive annual strategy ensures that Belimo will strike this desired balance. The Markets and Innovation Committee, a formal team that comprises of senior Belimo executives from the three sales regions, Product Management, Group Innovation and Group Strategy, assesses and prioritizes projects to be released for development.

An implementation strategy, quarterly progress reviews, and the assignment of an executive business owner and a strategy coach to each of the six growth initiatives together ensure that decisions are transparent and well-grounded.

How Is Balanced Investment Portfolio Measured?

The key performance indicators of the different initiatives are tracked and discussed each quarter by the Executive Committee and the individual initiative manager. These generally include indicators for the:

- Dedicated headcounts.
- Sales growth per strategic growth initiative.

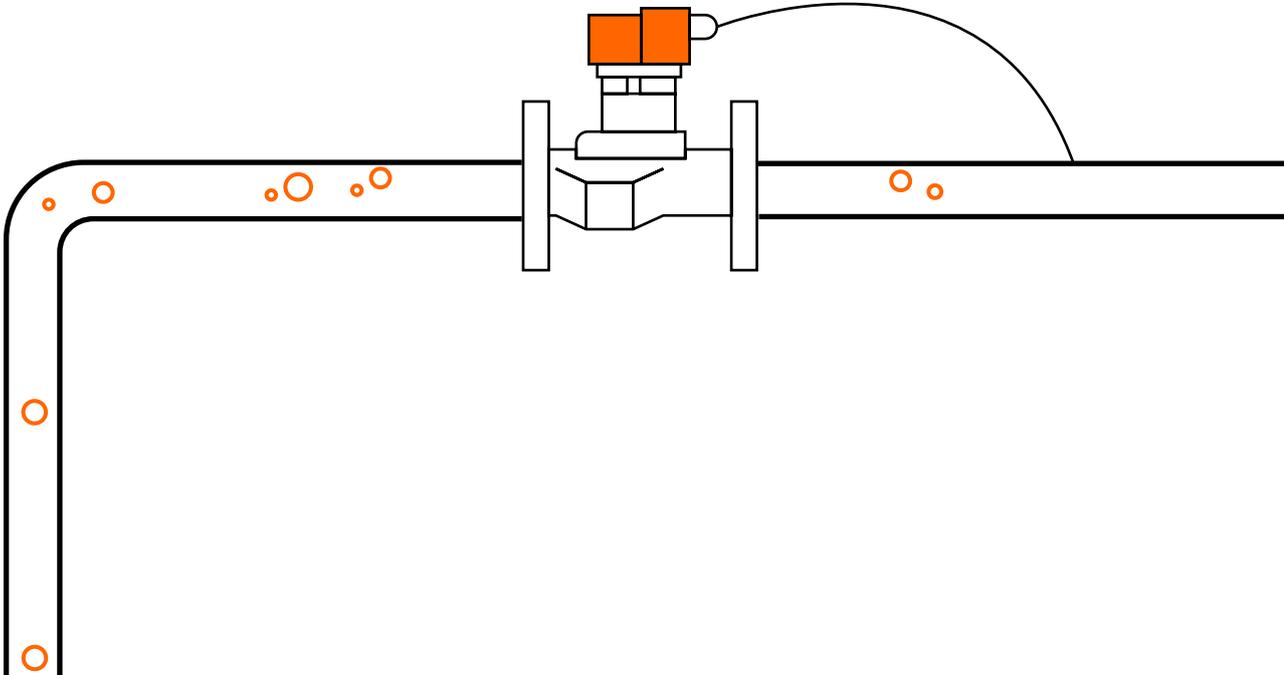
A key performance indicator per initiative is, for example:

- The number of collaborations in the Belimo Digital Ecosystem (Digital Ecosystem, see [Digitally Enabled Solutions](#)).

The following are examples of important operative figures that enable balanced allocations between investments in the different areas of the Company:

- Percentage of sales spent on research and development.
- Percentage of sales spent on marketing.
- Percentage of sales spent on training.
- Incremental sales of new products in their fifth year since market launch divided by net sales.

Credibility Culture



Company Values and Culture

We strongly believe that an excellent corporate culture forms the foundation of a virtuous circle that benefits all stakeholders.

Customer loyalty starts with a well-defined purpose and substantial investment of an organization. For Belimo, that purpose is to make an impact through the development, production, and sales of field devices for energy-efficient control of heating, ventilation, and air-conditioning systems. We express this with [CESIM®](#), our customer-centric method for innovating building technology with damper actuators, control valves, sensors and meters.

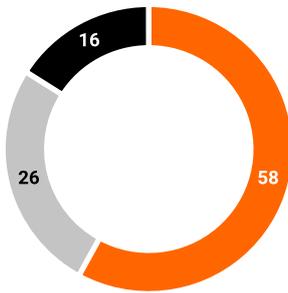
The Company's internal service quality is critical for maintaining its competitive advantage. It unites seamless processes with training and a [quality-first](#) attitude. Belimo believes that this forms the foundation upon which employee loyalty can thrive. A more advanced professional experience within the Company leads to better overall employee performance. The better the professional expertise of its employees, the better the Company's external service quality. This includes excellent outside/inside sales and technical support, fast and reliable logistics, and efficient handling of quality issues (find out more under [Customer Engagement and Support](#)). This leads to outstanding customer service and increased customer satisfaction, positioning the brand ahead of its competitors. However, the goal of Belimo is not only to have satisfied customers but also to provide superior customer value by exceeding their expectations. When this becomes the norm, true customer loyalty is sure to follow.

Our culture is built on trust, integrity, competence, and responsibility, while supporting personal commitment, teamwork, cultural diversity, and the courage to take risks to inspire customers. Customers pay a premium for a flawless experience, which leads to a higher demand and increased efficiency through operational excellence on the supply side and, ultimately, above-average profitability.

Successfully Managing Change

During the year under review, the Company continued to add new hires in line with the Group's growth strategy. As of 2022, Belimo employs more than 2'200 dedicated professionals. In accordance with the overarching goal to double customization capacities in the following next years, most new hires have been added to assembly and logistics. Sales, marketing, and distribution follow this. The third growth area was administration and management.

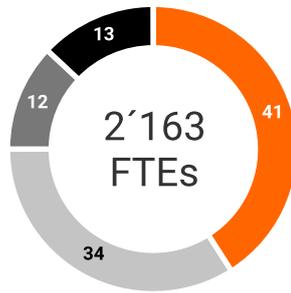
Employees by Region



- EMEA: 58%
- Americas: 26%
- Asia Pacific: 16%

Employees by region, FTEs as at December 31, 2022

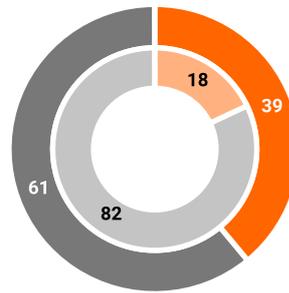
Employees by Function



- Assembly, logistics: 41%
- Sales, marketing, distribution: 34%
- Research, development: 12%
- Administration, management: 13%

Employees by function, FTEs as at December 31, 2022

Employees by Gender



Belimo Group (Headcount)

- Female: 39%
- Male: 61%

Employees with Management Functions (Headcount; incl. Executive Committee)

- Female: 18%
- Male: 82%

Employees by gender, headcount as at December 31, 2022

From a regional perspective, Full Time Equivalents (FTEs) grew strongest in the Americas, in line with the strong sales growth of the market region. When looking at the distribution of employees, gender is one dimension by which the Company assesses diversity – next to other factors such as age, cultural background, or skills – and the various initiatives launched to promote diversity actively bear fruit. The representation of female employees in management functions increased to 18% (2021: 17%) and the total share of female employees increased to 39% of the total headcount (2021: 38%).

A growing company undergoes tremendous change, representing both a challenge and an opportunity for Company Values and Culture. To optimally manage this change, the Human Resources Division has been strengthened in the period under review by appointing a new Global Head of Human Resources and member of the extended Executive Committee, Sandra Pitt.

Also, a social sustainability target was initiated in 2022 to strengthen the credibility culture (find out more under [here](#)).

How Is Company Values and Culture Managed?

The principles for interacting with internal and external stakeholders are outlined in our [Mission, Values, and Code of Conduct](#), and [CESIM®](#). They must be followed in accordance with the Belimo management model.

New employees learn about our values and quality standards during induction. Leadership training and ongoing internal communication of our vision, mission, and values are also vital to the continuous improvement of the company culture. By ensuring that all employees thoroughly understand the Company's values and culture, they are empowered to contribute optimally.

Given that every company also relies on its external stakeholders, these cultural aspects do not stop at an organization's borders. Therefore, it is equally important for Belimo to promote a great company culture with all its customers, suppliers, and other parties (read more on this topic under [Partnerships with Suppliers](#)).

How Is Company Values and Culture Measured?

We track the following key performance indicators to evaluate our success in maintaining our Company Values and Culture:

- Employee tenure and turnover.
- Engagement score (for more information see [Employee Empowerment and Engagement](#)).
- Results of employee surveys and feedback from new employees. Each department evaluates survey results and generates an improvement plan, which is monitored by Human Resources.
- The ability of each employee to put the Company's values into practice is assessed by the annual employee performance appraisal interview.

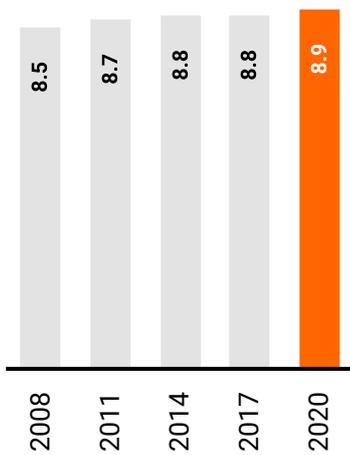
Employee Empowerment and Engagement

Employee engagement is critical for the success of Belimo. Employees are empowered through a high level of autonomy and responsibility in the decision-making processes for their specific organizational tasks.

Belimo sees the engagement of its employees as a competitive advantage and believes that employee satisfaction leads directly to customer happiness. An empowered and engaged workforce is essential to market success, as it maintains a high level of customer support and innovative leadership.

Investing in Employee Engagement

Employee Engagement



Development of employee engagement on a scale from 1 (lowest rating) to 10 (highest rating).

The engagement score is the pivotal key performance indicator for gauging employee commitment. It is collected in a Group-wide employee survey that is conducted every three years. It has been increasing since 2008, reaching an outstanding value of 8.9 in 2020. The next employee engagement survey is scheduled for 2023. Another key performance indicator in assessing employee engagement is employee turnover, which averaged 8.4% in 2022 (2021: 8.0%).

In most subsidiaries around the globe, remote working policies enable Belimo employees to work from home up to three days per week. Our aim is to promote a future-oriented work culture that increases employee engagement. In the period under review, the remote working policy was further expanded in Hinwil (Switzerland) to include work stays in EU/EFTA countries up to a maximum of two weeks in a row or four weeks per year. With this amendment, we further increase the opportunity of working remotely and provide even more flexibility to our employees.

How Is Employee Empowerment and Engagement Managed?

For Belimo, Employee Empowerment and Engagement begins with transparent communication and a culture of trust. Creating a trusting work environment, where employees can thrive and unleash their full potential, is a primary aspiration of our Company.

Belimo regularly conducts management training on its corporate mission and values to ensure that employees remain empowered and engaged. Managers are trained to foster participation in a trial-and-error culture, and to align their decision-making process with the mission and values of Belimo.

It is an essential responsibility of managers across all levels to act as role models, to represent the values of the Company, and to lead by example. Belimo also regularly supports social and team-building events.

How Is Employee Empowerment and Engagement Measured?

Key performance indicators closely linked to Employee Empowerment and Engagement are engagement scores, employee tenure, turnover, and absenteeism rates. Currently, we report the engagement score and global employee turnover rates. We plan, however, to add global tenure to our reporting in the future.

Engagement Score

– To assess employee engagement, the leading indicator is the results of the group-wide employee survey conducted every three years. Employees are polled anonymously regarding central workplace subjects, such as job content and satisfaction, structures, processes, cooperation, change management, leadership, promotion, and remuneration. Individual teams analyze the results and use them to implement corrective measures. The so-called “engagement score” is the pivotal value of the survey, as it allows us to gauge employee commitment.

Employee Tenure

– The amount of time an employee has been employed by Belimo or the average amount of time that all current employees have been employed by the Company.

Employee Turnover

- Belimo defines employee turnover as terminations by employees (all reasons) or by the Company (inadequate performance), not including departures of apprentices or temporary employees, retirements, deaths, or terminations by the employer due to economic reasons.

Skill Development and Knowledge Management

Knowledgeable employees are critical for operational excellence and solution leadership. Belimo supports its employees in developing individual specialist expertise.

Acquiring the necessary knowledge ensures that employees are fully proficient in their tasks and responsibilities. Belimo views properly trained employees as essential for providing customer value. Effectively managing skill development and knowledge also supports our whole workforce in its continuous life-long learning journey.

Strengthening Skill Development and Knowledge Management

The average hours of training per employee have continuously increased since 2019 and reached a new high of 32 hours in 2022:

Hours of Training	2022	2021	2020	2019
Average hours of training per FTE	32	30	26	24

To further strengthen skill development and knowledge management, a new global Head of Learning and Development was hired during the reporting period. The Company has also continued to introduce new online and instructor-led programs to provide varied learning environments for employees.

The “Leadership by Personality” workshop – a three-day leadership course aimed at managers with a focus on company values, strategies, and leadership – was successfully continued during the year under review, with 281 leaders participating in 2022.

The Belimo Leadership Accelerator program was launched in 2021 with eight individuals participating from around the world. This program helps the participants to develop their leadership skills further and helps Belimo to build a pipeline of internal candidates for leadership roles. The 2022 program included various activities such as internal workshops as well as an external training program at the renowned IMD Business School in Lausanne (Switzerland). Initial

feedback from the participants has been highly positive, the next class was launched in 2022 with four individuals from the three market regions.

How Is Skill Development and Knowledge Management Managed?

Deliberate management of skill development ensures employees receive the training necessary for succeeding in their roles. Belimo deploys a global training organization with local teams to streamline its educational functions for customers and employees. The Company also provides e-learning content to employees and enables tracking of training and certifications.

Belimo works at all levels with performance and behavioral appraisal systems. These include regular status reports on the achievement of individual goals and employee performance. Personal development planning is outlined and discussed at regular employee reviews, while comprehensive global and local induction programs ensure that new employees are efficiently onboarded and fully grasp their work and the corporate culture at Belimo.

Employee personal development is strongly supported, and Belimo managers regularly complete training courses on leadership skills. All managers complete our three-day “Leadership by Personality” course. This course is conducted in all three market regions and focuses on our Company values, culture, and strategy as well as on the enhancement of leadership skills.

Belimo offers career path planning for managers and specialists and provides financial support for further individual education. Courses for improving employee skills and helping them in their careers include:

- **Methodical Competency:** Methodical experience includes general knowledge with cross-discipline importance. It comprises the ability to apply the specific learning and working methods necessary for the acquisition and development of expertise. Belimo offers a wide range of courses for developing such abilities, for example, presentation skills, project management, workshop leadership and moderation, introduction to HVAC and building technology, etc.
- **Social Competency:** Social competencies are key for succeeding in the working environment, as social skills are the basis for working together smoothly. These include fostering empathy, teamwork, and communication readiness. Courses offered to employees cover, for example, effective communication, negotiation and conflict management, intercultural competences, and language classes.

- **Leadership Skills:** Belimo understands leadership skills as the abilities of individuals to help oversee processes, to guide initiatives and projects and to steer their team members towards the achievement of goals and customer expectations. In addition to the global leadership course “Leadership by Personality”, which is scheduled at regular intervals, other offerings include, for example, the essence of leadership, succeeding as a supervisor, change management, health promotion, or “The Seven Habits of Highly Effective People”.
 - **Code of Conduct:** As a binding guideline for legally compliant and ethically responsible conduct, the Code of Conduct and the anti-bribery and anti-corruption policies define the principles of internal cooperation, conduct in the working environment, and dealings with customers, suppliers, competitors, and other stakeholders. It provides employees, managers, and the Executive Committee with a framework for orientation and raises awareness of legal risks in everyday working life. All employees are regularly trained on the contents via web-based training courses and are required to comply with the principles set out therein. New employees are familiarized with the Code of Conduct during the onboarding process.
 - **Transition Assistance Programs:** In Hinwil (Switzerland), courses are offered as preparation for retirement. Also, Belimo occasionally offers outplacement services in cases where the employer terminates the working relationship.
-

How Is Skill Development and Knowledge Management Measured?

The following tools are employed to decide which employees should receive training:

- Employee appraisal.
- Competency matrices for assembly workers.
- Career paths.
- Career development plans.

To gauge the success of our approach to skill development and knowledge management, the following key performance indicators are tracked:

- Average hours of training per employee.
- Number of leadership accelerator program alumni.
- Number of “Leadership by Personality” course alumni.
- Expenses for internal and external courses.

- Feedback forms collected after each training session.
- Employee survey results on the topics of skills development and knowledge management.
- Percentage of employees receiving regular performance and career development reviews.
- Percentage of employees who attended the web-based Code of Conduct training course.

Equal Opportunity Employment

Our success is only possible thanks to the diversity of our team and the inclusivity of our work culture.

Being a reliable partner that always bases its actions on the highest level of integrity requires cultural diversity, equal treatment for employees, and the prevention of discrimination. Belimo believes that the workforce should reflect the diversity of the population, as a variety of perspectives strengthens the Company's knowledge base and offers a competitive advantage.

Development of Diversity in 2022

In 2022, the share of male and female employees further shifted toward an overall higher share of female employees. At management level (excluding the Executive Committee), the percentage of females also increased by 1.1 percentage points to 17.9%.

At the Executive Committee level, the percentage of women remained unchanged at 14.3% during the reporting period. Also, at Board of Directors level the percentage of women remained stable at 16.7%. It will increase to 28.6% once the nominated member is elected to the body at the next Annual General Meeting in 2023.

Diversity of Governance Bodies and Employees as at December 31 (Headcount)	2022	2021	2020	2019
All Employees				
Female	38.8%	38.2%	37.2%	37.9%
Male	61.2%	61.8%	62.8%	62.1%
Employees with Management Functions				
Female	17.9%	16.7%	15.2%	16.1%
Male	82.1%	83.3%	84.8%	83.9%
Executive Committee				
Female	14.3%	14.3%	0.0%	0.0%
Male	85.7%	85.7%	100.0%	100.0%
Board of Directors				
Female	16.7%	16.7%	16.7%	20.0%
Male	83.3%	83.3%	83.3%	80.0%

Belimo is proud to contribute actively to integration by employing people with physical or mental disabilities and is involved in various programs that help find gainful employment for individuals with disabilities. In 2022, 89 individuals with disabilities worked for Belimo in the context of disability employment programs, up 4.7% from 2021:

Disability Employment Programs (Headcount)	2022	2021	2020	2019
Individuals with disabilities working for Belimo in the context of disability employment programs as at December 31	89	85	70	119

These programs are scheduled for further expansion in the future. Belimo was able to offer employment to three Ukrainian refugees at its Hinwil site as part of its support of the people displaced by the war in Ukraine.

Cases Reported through the Belimo Integrity Channel

Belimo employees are encouraged to report cases of breach through the globally accessible [Belimo Integrity Channel](#). One discrimination case concerning alleged inappropriate behavior of a manager was submitted toward the end of 2021. The case has in the meantime been resolved. In 2022, a group of employees brought possible discriminatory behavior of a manager to the attention of the Belimo headquarters via letter. The case was carefully evaluated, interviews with all involved employees were held, culture and teamwork workshops were organized, and the manager received extensive coaching. A review at the end of the reporting period showed that the situation had improved. Human Resources will continue to provide support and monitor the situation.

To further promote the Company's philosophy of an inclusive culture that encourages, supports, and celebrates the diverse voices of its employees, Belimo Americas formed an Inclusion Council in 2020. In the spirit of continuous improvement, all employees in the Americas attended workshops on diversity and inclusion that were conducted by the Inclusion Council. Other initiatives in the region include the dissemination of a quarterly newsletter titled "BELIMO Bridges" that provides insightful information about various cultural facts, events, and an employee interview relating to inclusion and diversity. Belimo has been working on a global diversity and inclusion initiative during the year under review, which is to be launched in 2023.

How Is Equal Opportunity Employment Managed?

Belimo is committed to creating a work environment in which all individuals are treated with respect and dignity and are free from all forms of discrimination and harassment. The Company's mission statement has been supplemented by a [Code of Conduct](#) that is the subject of a web-based training course, which all

employees of Belimo are obliged to attend. Those expected to interact with customers and suppliers are also required to participate in an additional training course on the Company's anti-bribery and anti-corruption policies.

Employees are encouraged to report violations of this policy through the globally accessible [Belimo Integrity Channel](#). Additionally, a company-wide policy prohibiting workplace harassment and discrimination (e.g., on the grounds of race, color, sex, religion, political opinion, national extraction, or social origin) has been implemented. Also, Belimo emphasizes the importance of ensuring that women and men receive equal pay for work of equal value.

How Is Equal Opportunity Employment Measured?

Belimo further improves its performance as an equal opportunity employer by tracking key performance indicators such as:

Number, type, and severity of cases reported through the Belimo Integrity Channel:

- Corruption, bribery, or conflicts of interest.
- Violations of free competition.
- Violations of environmental, health and safety regulations.
- Violations of export or import regulations.
- Violations of Company rules and the Code of Conduct.
- Invoicing and balancing of accounts.
- Fraud, breach of trust, embezzlement, or theft.

Gender-related regulations and indicators:

- Compliance with the requirements of the Swiss Code of Best Practice for Corporate Governance with respect to gender benchmarks for the Board of Directors and Executive Committee of listed companies (percentage of women at the Executive Committee and Board of Directors level).
- Percentage of employees of each gender.
- Percentage of women in management positions.
- Percentage of women at Board of Directors level.
- Percentage of women at Executive Committee level.

Equal pay – equal work:

- The Company continually monitors its remuneration system to guarantee the principles of wage justice and competitive pay.

- Salaries and bonus payments are benchmarked against the market and adjusted as required.
- The internal remuneration system is screened for potential gender pay gaps, particularly during the annual salary adjustment process.
- The Swiss entities' equal pay practices are evaluated using the official 'Logib' tool of the Swiss Confederation.

Inclusion and diversity:

- The number of individuals with disabilities working for Belimo in the context of disability employment programs.
- Percentage of employees of each gender.
- Percentage of women in management positions.

Others:

- Age of employees.
- Results of employee surveys.
- Percentage of employees who attended the web-based training Code of Conduct course.
- Percentage of employees with customer and supplier interactions who have participated in the web-based anti-bribery and anti-corruption policy training.

Corporate Governance

Introduction

BELIMO Holding AG discloses this Corporate Governance Report at the highest corporate level of Belimo in accordance with the principles and regulations of the Swiss stock exchange SIX Swiss Exchange, in particular the Corporate Governance Directive and the Swiss Code of Best Practice published by *economiesuisse*. Unless stated otherwise, the data pertains to December 31, 2022.

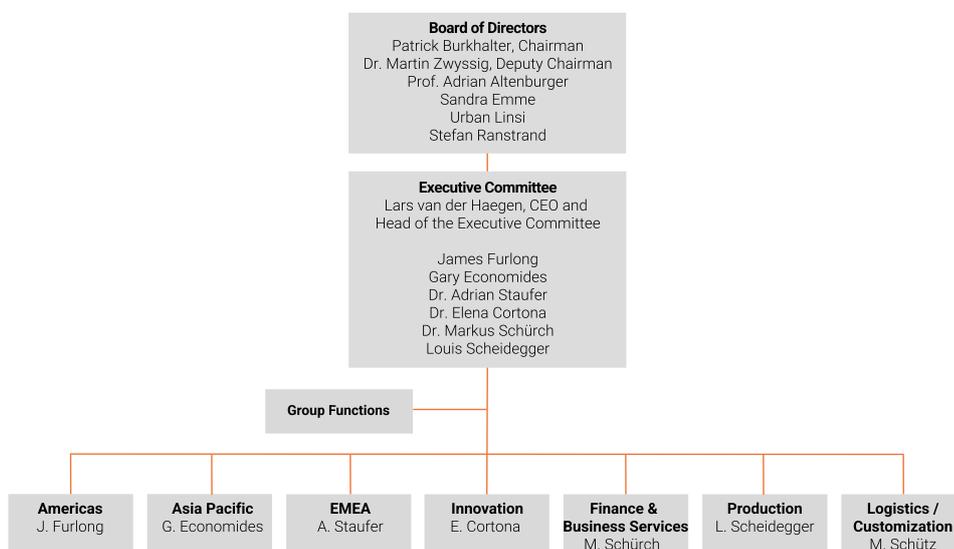
The information contained in this Corporate Governance Report is based on the corporate organization, regulations, and [Articles of Incorporation](#) effective as of December 31, 2022.

For some information, readers are referred to the [Financial Report 2022](#) or the [Remuneration Report 2022](#).

1 Group Structure and Shareholders

1.1 Group Structure

Belimo is organized by the markets (EMEA, Americas and Asia Pacific) and by divisions (Innovation, Production, Logistics/Customization, Finance & Business Services). The Group Functions include Global Quality and Strategy & Brand Management. The operational Group structure is shown in the organization chart below.



BELIMO Holding AG, the holding company of the Belimo Group, is the only listed company included in the consolidation scope. The registered office of BELIMO Holding AG is in Hinwil (Switzerland). Belimo shares (ISIN CH1101098163) are listed on the Swiss stock exchange SIX Swiss Exchange.

As at December 31, 2022, the market capitalization is CHF 5'412 million. With the exception of BELIMO Holding AG, no Group company held Belimo shares. The Belimo shares held by BELIMO Holding AG are shown in note [Treasury Shares](#) in the Financial Report 2022 of the BELIMO Holding AG.

All companies included in the consolidation scope of Belimo are presented in the overview of companies in the [consolidated financial statement](#).

1.2 Significant Shareholders

As at December 31, 2022, the following shareholders owned more than 3% of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Ownership	Voting rights ¹⁾
BlackRock, Inc.	372'234	3.03%	3.03%
The Capital Group Companies, Inc.	613'740	4.99%	4.99%
1832 Asset Management L.P.	719'700	5.85%	5.00%
Group Linsi	2'403'920	19.54%	19.51%

¹⁾ Maximum voting rights based on the Company's registration limits.

As at December 31, 2022, BELIMO Holding AG held 0.01% of the share capital.

For notification of disclosure of significant shareholdings (more than 3% of voting rights), please refer to the website of SIX Swiss Exchange (www.six-exchange-regulations.com).

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital Structure

2.1 Share Capital

As at December 31, 2022, the ordinary share capital of BELIMO Holding AG totals CHF 615'000. It is divided into 12'300'000 fully paid-up, registered shares, each with a nominal value of CHF 0.05.

The Company has no approved or conditional share capital.

2.2 Change in Equity / Capital

The shareholders' equity of BELIMO Holding AG has changed during the last three years as follows:

in CHF 1'000	2022	2021	2020
Shareholders' equity as at December 31	301'273	285'007	302'927

The Group maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered. Each share entered in the share register entitles the holder to one vote at the Annual General Meeting. In the event of a share capital increase, shareholders have a right of first refusal to subscribe to new shares in proportion to their existing shareholding and legal requirements.

2.3 Participation and Dividend-Rights Certificates

BELIMO Holding AG has issued neither participation nor dividend-rights certificates.

2.4 Limitation of Transferability and Nominee Registrations

Persons entered in the shareholders' register are recognized as voting shareholders. Buyers of shares or their beneficial owners must apply in writing to be entered in the share register. The entry in the register can be denied in the absence of an explicit declaration that the shares are held in the applicant's own name and his/her own account.

Based on the Company's registration limits, there are maximum voting rights of 5% of the total numbers of shares as shown in the commercial register. Shareholders exceeding 5% at the time this limitation was introduced shall continue to be registered with the number of shares actually held.

Legal entities and private partnerships related to one another as well as individuals, legal entities, and private partnerships acting jointly or in a coordinated manner shall be deemed as one person.

By application of regulations, the Board of Directors may define exceptions to the five-percent-registration limit. For the Group Linsi, a 19.51% registration limit was defined.

2.5 Convertible Bonds and Options

BELIMO Holding AG has no outstanding convertible bonds or share options. No options are issued to employees.

3 Board of Directors

The Board of Directors is the most senior management body in the Group. It is empowered to make decisions in respect of all matters that are not reserved for the Annual General Meeting by law or in accordance with the [Articles of Incorporation](#), or that the Board has not delegated to another body by regulation or resolution.

3.1 Members of the Board

The Board of Directors of BELIMO Holding AG comprises a total of six members as at December 31, 2022. There were no personnel changes to the Board of Directors in the year under review. The Board comprises the following non-executive members:



Patrick Burkhalter

Chairman

Patrick Burkhalter (1962, Swiss citizen) was elected to the Board of Directors at the 2014 Annual General Meeting and as Chairman of the Board at the 2019 Annual General Meeting. He is a member of the Audit Committee and of the Strategy Committee. From 1988 to 2018, Patrick Burkhalter held several positions at Ergon Informatik AG, Zurich (Switzerland). After starting his career as a software developer, he was appointed Chief Executive Officer and member of the Board of Directors of the company in 1992. From 2016 to 2018, he led the company as its Chairman. He holds a degree in business administration and computer science (lic. oec. publ.) and acts as a guest speaker at ETH Zurich (Switzerland). Throughout his career, Patrick Burkhalter has accumulated relevant knowledge and expertise in IT, entrepreneurship, strategic development, and corporate governance.



Dr. Martin Zwysig

Deputy Chairman

Dr. Martin Zwysig (1965, Swiss citizen) was first elected to the Board of Directors at the 2011 Annual General Meeting. He is Deputy Chairman of the Board and a member of the Audit Committee (Lead). Dr. Martin Zwysig was Divisional Controller at Sarna Kunststoff Holding AG, Sarnen (Switzerland) before becoming Senior Vice President Finance & Controlling of the EMS-EFTEC Group in Romanshorn (Switzerland) in 2001. From 2003 to 2008, he was Group CFO of Schaffner Holding AG, Luterbach (Switzerland) and subsequently Group CFO of Ascom Holding AG, Baar (Switzerland). In 2014, Dr. Martin Zwysig became Group CFO and member of the Executive Board of Autoneum Holding AG, Winterthur (Switzerland). Since April 2020, he is Chief Financial Officer of the REHAU Group with headquarters in Muri b. Bern (Switzerland).

Dr. Martin Zwysig holds a master's degree in Accounting & Finance and a doctorate in business administration from the University of St. Gallen (Switzerland). His areas of expertise are financial management, accounting, tax, and corporate governance.



Prof. Adrian Altenburger

Member

Prof. Adrian Altenburger (1963, Swiss citizen) was first elected to the Board of Directors at the 2015 Annual General Meeting. He is a member of the Remuneration and Nomination Committee and of the Strategy Committee (Lead). From 1999 to 2015 he was Partner, a member of the Group Executive Committee, and a member of the Board of Directors of the engineering company Amstein + Walthert AG, Zurich (Switzerland). In 2015, he was appointed Professor at the Lucerne University of Applied Sciences, School of Engineering & Architecture, and Head of the Institute of Building Technology and Energy, Lucerne (Switzerland). From 2009 to 2022 he has served as Vice President and member of the Board of the SIA Swiss Society of Engineers and Architects (Zurich) and Chairman of the SNV Swiss Association for Standardization (Winterthur). He graduated as an HVAC engineer HTL and holds a master's degree in architecture from ETH Zurich (MAS Arch. ETH). His field of expertise lies in energy and building technology engineering.

Mandates in non-listed companies

He is a member of the Board of Directors at Jobst Willers Engineering AG (Rheinfelden), Energie Wasser Bern (ewb, Bern), Artha AG (Schlieren), and Pasquale Baurealisation AG (Zurich). Until August 2022, he was a member of the Board of Directors at the ETH spin-off BS2 AG (Zurich).



Sandra Emme

Member

Sandra Emme (1972, Swiss and German citizen) was elected to the Board of Directors at the 2018 Annual General Meeting. She is a member of the Audit Committee and the Remuneration and Nomination Committee (Lead). Since 2011, she has been working in various positions for Google Switzerland GmbH, Zurich, most recently as Industry Leader for Cloud Enterprise in Global Business Development. She is a lecturer for Leading Digital Business Transformation at the IMD Business School, Lausanne (Switzerland). Since January 2021, she has been a member of the Steering Committee of the digital innovation initiative digitalswitzerland. She holds a Master of Arts in business and international management from the University of Applied Sciences Bremen (Germany) and completed part of her studies at the Ecole Supérieure de Commerce, Marseilles (France). In 2015, she earned an advanced degree in Leading Digital Business Transformation from the IMD Business School. Her fields of expertise are digital transformation strategy, international business development, and entrepreneurship.

Mandates in listed companies

She was elected as a member of the Board of Directors of the Zehnder Group, Gränichen (Switzerland), at the Annual General Meeting in April 2022.



Urban Linsi

Member

Urban Linsi (1974, Swiss citizen) was elected to the Board of Directors at the 2019 Annual General Meeting. He is a member of the Remuneration and Nomination Committee. Between 2009 and 2014, Urban Linsi worked for the

architecture firm Linsi Delco, Uetikon am See (Switzerland) before joining Braune Roth AG, Ingenieurbüro für Akustik, Bauphysik und Lärmbekämpfung, Rorschacherberg (Switzerland) as a project manager. Urban Linsi completed an apprenticeship as a bricklayer and subsequently as a carpenter. Furthermore, he is a Technician TS-Holzbau and has completed various training programs in the field of energy and sustainable construction. He is also a member of the Sustainable Construction Network Switzerland (NNBS). Urban Linsi is a member of the anchor shareholder Group Linsi. As such, he acts as the representative of the Linsi family. His field of expertise lies in energy and building technology engineering.

Mandates in non-listed companies

Urban Linsi is Chairman of the U.W. Linsi Foundation and Head of the Executive Committee.



Stefan Ranstrand

Member

Stefan Ranstrand (1960, Swiss and Swedish citizen) was elected to the Board of Directors at the 2020 Annual General Meeting. He is a member of the Strategy Committee. Between 2009 and 2021, he was President and CEO of Tomra Systems ASA, Asker (Norway), which specializes in recycling solutions. During this time, Tomra became the market leader in food sorting and grading, following a dedicated mergers and acquisitions strategy, and the company's market capitalization grew from NOK 3.5 billion to NOK 76 billion. Prior to that, he worked in various executive positions for ABB Ltd. in China, Japan, Malaysia, Switzerland, and the Czech Republic. He holds a Master of Science degree in Industrial and Management Engineering from the University of Technology Darmstadt (Germany) and Linköping University (Sweden). His fields of expertise lie in leading a globally active listed industrial company and in matters relating to Asia Pacific. He is impact-oriented with a focus on sustainable business and was awarded European CEO of the Year for Sustainable Businesses in 2018.

Amendments

To complement its profile of expertise, the Board of Directors has decided to nominate Ines Pöschel (lic. iur., 1968, Swiss citizen) as a new additional member and to propose her for election at the ordinary Annual General Meeting on March 27, 2023. Ines Pöschel will not only strengthen the Board with her deep, proven experience as a Swiss lawyer in general business law, but also with her extensive experience as a member of various governing bodies.

3.2 Independence of Non-Executive Members

The Board of Directors consists of non-executive members. This means that no member exercised an operational function for Belimo during the three financial years preceding the reporting period. The other members of the Board of Directors and the companies they represent have no material business relationships with the Group.

The members of the Board of Directors are required to order their personal and business affairs and take whatever measures necessary to ensure that conflicts of interest are avoided as far as possible. Should a conflict of interest nevertheless arise, the member concerned must inform the Chairman of the Board of Directors immediately. The members of the Board of Directors are obliged to abstain from negotiations in business that conflict with their own interests or with the interests of natural or legal persons closely associated with them.

3.3 Mandates / Permissible Activities outside the Belimo Group

No member of the Board of Directors may hold more than four additional mandates in the ultimate strategic management bodies or on the ultimate boards of listed companies that do not belong to Belimo. The Board of Directors may allow a maximum of two exceptions per member in specific cases.

3.4 Election and Term of Office

According to the [Articles of Incorporation](#), the Board of Directors is made up of at least three and no more than seven members. The Chairman and the other members of the Board are elected individually by the Annual General Meeting for a one-year term of office, which ends with the next ordinary Annual General Meeting. Upon reaching 70 years of age, members of the Board of Directors may be elected for a term of office one final time.

3.5 Internal Organization and Responsibilities

Pursuant to Swiss Corporate Law and the [Articles of Incorporation](#), the Board of Directors has the following non-transferable and inalienable duties:

- Overall management of the Company and the issuing of all necessary directives.
- Determine the Company's organization.
- Organize the accounting system, financial control and financial planning systems.
- Approve corporate policy and strategy.
- Appoint and dismiss persons entrusted with managing and representing the Company.
- Overall supervision of the persons entrusted with managing the Company, in particular with regard to compliance with the law, articles of incorporation, operational regulations and directives.
- Compile the Annual Report, the Remuneration Report, prepare for the Annual General Meeting, as well as implement its resolutions.
- Notify the court in the event that the company is overindebted.

The Board of Directors constitutes itself, subject to legal and statutory provisions. The Chairman and the Deputy Chairman of the Board of Directors as well as the members of the Remuneration and Nomination Committee are elected individually by the Annual General Meeting for a term of office of one year, which ends with the next ordinary Annual General Meeting. The Board of Directors designates a secretary, who does not need to be a member of the Board of Directors.

Allocation of Authority

The Board of Directors may entrust the preparation and execution of its resolutions or the supervision of business to committees. The Board of Directors has established three permanent committees during the year under review: the Audit Committee, the Remuneration and Nomination Committee, as well as the Strategy Committee. The Board of Directors has delegated operational management to the Executive Committee, headed by the Chief Executive Officer, in accordance with the [Articles of Incorporation](#) of BELIMO Holding AG and the organizational regulations that have been issued (with the corporate schedule of responsibilities). The Chief Executive Officer is not a member of the Board of Directors. The Chairman of the Board of Directors, or, in his absence, the Deputy Chairman of the Board or a duly appointed member, calls the meetings and chairs the discussions.

Member	Audit Committee	Remuneration and Nomination Committee	Strategy Committee	Year joined
Patrick Burkhalter	Member		Member	2014
Dr. Martin Zwyssig	Lead			2011
Prof. Adrian Altenburger		Member	Lead	2015
Sandra Emme	Member	Lead		2018
Urban Linsi		Member		2019
Stefan Ranstrand			Member	2020

Functioning and Attendance of Ordinary Board Meetings in 2022

The Board of Directors holds at least six ordinary meetings per year. Extraordinary meetings may be convened as and when required. Any Board member may submit a request for additional meetings to the Chairman, while stating the reasons.

The invitation, together with the detailed agenda and attachments, is normally distributed in writing to all participants one week prior to the date of the meeting. The agenda for meetings is drawn up by the Chairman in cooperation with the Chief Executive Officer. Board meetings may also be attended by members of the Executive Committee, while the other members of the Group Executive Board attend as necessary regarding business matters concerning them.

The Board of directors makes decisions and conducts elections by a majority of the members present at the meeting. A majority of members must be present for the Board to pass a resolution, which may also be passed by videoconference,

conference calls or by means of circulation. After each meeting, the Board members receive a complete copy of the minutes.

The Board of Directors held eight ordinary meetings in 2022. The attendance was 100%. Each meeting took around six hours on average, for a total of 51 meeting hours.

	Patrick Burkhalter, Chairman	Dr. Martin Zwysig, Deputy Chairman	Prof. Adrian Altenburger, Member	Sandra Emme, Member	Urban Linsi, Member	Stefan Ranstrand, Member
February 2, 2022	X	X	X	X	X	X
February 16, 2022	X	X	X	X	X	X
April 8, 2022	X	X	X	X	X	X
June 12, 2022	X	X	X	X	X	X
June 13, 2022	X	X	X	X	X	X
June 14, 2022	X	X	X	X	X	X
September 23, 2022	X	X	X	X	X	X
December 2, 2022	X	X	X	X	X	X

Competence Matrix – Board of Directors

The competence matrix shows which Board member covers which competence:

	Patrick Burkhalter, Chairman	Dr. Martin Zwysig, Deputy Chairman	Prof. Adrian Altenburger, Member	Sandra Emme, Member	Urban Linsi, Member	Stefan Ranstrand, Member
Executive Experience	X	X	X	X		X
Finance, Audit, and Risk Management	X	X				
Compliance, Regulatory, and Legal	X	X				X
Capital Markets, M&A		X				X
Core Industry Experience (HVAC)			X		X	
Transferable Expertise in Related Industries	X	X		X		X
Functional Experience		X		X		X
International Business Experience		X	X	X		X
Digitization, Technology	X		X	X		
Strategy, Business Transformation	X	X		X		X
Human Resources, Compensation			X	X		
Board Governance	X	X		X		
Environmental, Social and Governance	X		X		X	X
Anchor Shareholder Representative					X	

3.6 Committees and their Functions

Besides the Remuneration and Nomination Committee, the Board of Directors appoints an Audit Committee, and a Strategy Committee among its members in order to assist it in its duties. The committees fundamentally act as advisory and preparatory bodies and have no decision-making powers. Resolutions are passed by the Board as a whole. Each committee has written terms of reference specifying its tasks and responsibilities. The members of the Remuneration and Nomination Committee are elected by the Annual General Meeting. The Chairmen and members of the other committees are elected by the Board of Directors. The committees meet regularly to develop recommendations for the Board of Directors and to prepare minutes of their meetings. Each Committee comprises at least one independent member of the Board. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Executive Committee and has no, or only minimal, business relationship with the Company.

Audit Committee



Dr. Martin Zwyssig
(Lead)



Patrick Burkhalter



Sandra Emme

The Audit Committee comprises at least two independent members of the Board of Directors. Based on their education or professional experience, all members of the committee have sufficient knowledge of finance and accounting.

The main duties of the Audit Committee are:

- Evaluate the Annual Report, the annual and interim financial statements, the comprehensive audit report, and the audit reports for the Belimo Group and BELIMO Holding AG, submitting motions to the Board of Directors.
- Evaluate adherence to financial reporting standards within the Group.
- Select the audit firm to be proposed to the Annual General Meeting as statutory auditors, submitting motions to the Board of Directors.
- Approve the audit plans of the statutory auditors.
- Evaluate the performance, independence, and remuneration of the statutory auditors.
- Periodically review the guidelines issued regarding ad hoc announcements and avoidance of insider offenses.

- Review the internal control system.
- Review reports and updates from Internal Audit.
- Periodically review the structure of the risk management system.
- Evaluate key tax issues.
- Review the report and the compliance in regard to environmental, social, and governance topics.

The Audit Committee held two meetings in 2022 with the Chief Executive Officer, Chief Financial Officer, and internal and external auditors. The meetings were held on February 16 and November 28. The attendance was 100%. The meeting in February took two hours, the meeting in November took two hours and thirty minutes, for a total of meeting time of four hours and thirty minutes in 2022.

Remuneration and Nomination Committee



Sandra Emme (Lead)



Prof. Adrian
Altenburger



Urban Linsi

The Remuneration and Nomination Committee comprises at least two non-executive, independent members of the Board of Directors. The members of the Remuneration and Nomination Committee are elected individually by the Annual General Meeting for a term of office of one year until the next ordinary Annual General Meeting. Information on the duties and the number of meetings of the Remuneration and Nomination Committee is disclosed in the [Remuneration Report 2022](#).

Strategy Committee



Prof. Adrian
Altenburger (Lead)



Patrick Burkhalter



Stefan Ranstrand

The Strategy Committee comprises at least two members of the Board of Directors.

The main duties of the Strategy Committee are:

- Assist the Board of Directors and the Executive Committee in providing insights and guidance relating to strategy matters.
- Facilitate the Board’s review, discussion, and understanding of the Company’s strategies and plans as developed by management.
- Advise on key questions of corporate strategy and support the strategic development of the Company.
- Assist the Executive Committee in developing and implementing the Company’s strategies (e.g., Growth Strategy, Strategy Map, Strategic Initiatives, Functional Strategies, and Sales & Marketing Strategies).

The Strategy Committee held two meetings in 2022. The attendance was 100%. Each meeting took two hours on average, for a total of four meeting hours in 2022.

	Prof. Adrian Altenburger, Lead	Patrick Burkhalter, Member	Stefan Ranstrand, Member
January 26, 2022	X	X	X
August 31, 2022	X	X	X

3.7 Allocation of Authority

The regulation of authority between the Board of Directors and the Executive Committee, which is headed by the Chief Executive Officer (CEO), is laid down in the organizational regulations (corporate schedule of responsibilities) of BELIMO Holding AG, in accordance with its [Articles of Incorporation](#).

The Board of Directors delegates operational business management to the CEO. The members of the Executive Committee report to the CEO. The CEO draws up the strategic and financial planning and the budget with the Executive Committee and submits it to the Board of Directors for approval. He reports regularly on the course of business as well as on risks and changes in personnel at the management level. In addition to periodic reporting, he is obliged to inform the Board of Directors immediately about any business transactions of fundamental importance.

3.8 Information and Control Instruments in Relation to the Executive Committee

Management Information System

The Board of Directors is integrated in the management information system of the Group at the appropriate level. At the end of each quarter, in addition to the monthly reporting, the Board of Directors receives commented, unaudited financial statements, and key figures of the Group. Furthermore, forecast figures are distributed quarterly, and at the end of the third quarter, the Board receives the detailed projection for the current year as well as the budget for the following year.

Risk Management Process

The Board of Directors is responsible for risk management, the Executive Committee for its operational implementation. A company-wide risk assessment is carried out annually, using a systematic risk management methodology. The assessment is based on group workshops and individual interviews and contains three phases: risk identification and evaluation, causes and action analysis, and implementation of the actions defined. The result of the risk assessment is discussed with and approved by the Board of Directors.

During a strategy workshop with the Executive Committee in the first half-year, the Board discusses the results of medium-term planning covering a period of five years as well as qualitative strategic targets.

Internal Audit

Internal auditing is an independent and objective auditing and advisory activity aimed at evaluating and improving the efficiency of the corporate management, risk management, and internal controlling. It supports the Board of Directors and its Audit Committee in fulfilling their statutory and regulatory supervisory and

controlling obligations. Internal Audit is responsible for planning and performing audits throughout the Group in compliance with professional auditing standards and possesses maximum independence. The audit reports agreed with the managements of the audited companies, or the responsible functions, are distributed to the Chairman of the Board of Directors, the Audit Committee, the responsible Group Executive Committee and the external auditors.

4 Executive Committee

The Executive Committee manages the operations and deals with all transactions that are of significant importance to the Group. Together with the other members of the Executive Committee, the Chief Executive Officer (CEO) is responsible for drawing up, implementing, and achieving the Group's corporate targets.

4.1 Members of the Executive Committee



Lars van Haegen

Chief Executive Officer

Lars van der Haegen (1968, Swiss citizen) was appointed Chief Executive Officer and Head of the Executive Committee in July 2015. Prior to that, he held various management positions at Belimo: Head of Product Management Air Volume Control Europe from 2000 to 2002, Head of Product Management and Marketing at Belimo Americas in Danbury (Connecticut, USA) from 2003 to 2006, Managing Director of Belimo Italy from 2007 to 2010, and Head of Americas and member of the Executive Committee from 2011 to June 2015. Lars van der Haegen is a Building Technology Designer and further holds a Master of Business Administration (MBA) from Columbia Business School in New York (USA) and an MBA from London Business School (Great Britain).

Mandates in listed companies

He is a member of the Board of Directors of Schweiter Technologies, Steinhausen (Switzerland).



Dr. Elena Cortona

Chief Technology Officer

Dr. Elena Cortona (1970, Swiss and Italian citizen) was appointed Chief Technology Officer, Head of Group Division Innovation, as well as member of the Executive Committee in October 2020, effective June 2021. She has worked for

the Schindler Group, Ebikon (Switzerland), in various positions since 2001; recently as Senior Vice President, Head of Digital Transformation in the CTO Division. Since October 2022, Dr. Elena Cortona is a member of the Innovation Council of Innosuisse, the innovation agency of the Swiss Confederation. She graduated in Mechanical Engineering from the Polytechnic University of Turin (Italy) and the RWTH Aachen (Germany). From 1996 to 2000, she completed her PhD in Mechanical Engineering at the Institute of Energy Technology (IET) at the ETH Zurich (Switzerland).

Mandates in listed companies

She is a member of the Board of Directors of Interroll, Sant' Antonino (Switzerland).



Gary Economides

Head of Group Division Asia Pacific

Gary Economides (1970, Australian citizen) was appointed Head of Group Division Asia Pacific and member of the Executive Committee in November 2012. Prior to that, he was a product manager at Staefa Control System in Sydney (Australia) from 1994 to 1997, served in various management roles at Siemens Building Technologies in Hong Kong (China) from 1998 to 2005, and was Managing Director of Carel Asia in Hong Kong (China) from 2005 to 2009, and CEO of Carel Electronic in Suzhou (China) from 2009 to 2012. He holds a bachelor's degree in Mechanical Engineering from the University of Technology Sydney (Australia) and an MBA from the University of New South Wales, Australian Graduate School of Management in Hong Kong (China).



James W. Furlong

Head of Group Division Americas

James W. Furlong (1960, American citizen) was appointed Head of Group Division Americas and member of the Executive Committee in March 2016. Prior to that, he held management positions with building equipment provider York International from 1991 to 1999 and with Baltimore Aircoil Company from 1999 to 2008. From 2008 to 2016, he was Vice President of Industrial Refrigeration at Johnson Controls. He holds a bachelor's degree in Chemical Engineering from

Manhattan College (New York, USA), an MBA from Loyola University (Maryland, USA) and is a licensed Professional Engineer in the State of Connecticut (USA).



Louis Scheidegger

Head of Group Division Production

Louis Scheidegger (1966, Swiss citizen) has been Head of the Group Division Production since 2008 and was appointed member of the Executive Committee in March 2019. He joined Belimo in 1991 and studied electrical engineering at the Zurich University of Applied Sciences (ZHAW) in Winterthur (Switzerland). From 2001 to 2002, he attended the International Senior Management Program at the St. Gallen Business School (Switzerland) and from 2015 to 2016 the Asia Executive Certificate Program at the University of St. Gallen (Switzerland).



Dr. Markus Schürch

Chief Financial Officer

Dr. Markus Schürch (1971, Swiss citizen) was appointed member of the Executive Committee in September 2018 and Head of Group Division Finance and Business Services as well as Chief Financial Officer in January 2019. Prior to that, he worked at Landis+Gyr in Zug (Switzerland) in various positions from 2004 to 2018. Most recently, he served as Senior Vice President & CFO for the EMEA (Europe, Middle East & Africa) region of the company from 2012 to 2018. Before joining Landis+Gyr, he was engaged as a consultant and project manager at McKinsey in Zurich (Switzerland) from 1999 to 2004. Dr. Markus Schürch holds a doctorate and a degree in Chemical Engineering from ETH Zurich (Switzerland), Dr. sc. tech. ETH.



Dr. Adrian Staufer

Head of Group Division EMEA

Dr. Adrian Staufer (1968, Swiss citizen) was appointed Head of Group Division EMEA (Europe, Middle East, Africa) and member of the Executive Committee in July 2021. On January 1, 2022, he took over the position from Lukas Eigenmann. He has worked for Belimo since November 1, 2016, initially as Business Development Manager Sensors. On January 1, 2019, he was appointed Head of Strategy and Brand Management and a member of the extended Executive Committee. From 1998 to 2011, he worked at Siemens Building Technologies in various positions, among others, he led the global Business Segment "OEM Air Conditioning & Refrigeration." From 2011 to 2016, he worked for Schindler Elevators in Ebikon (Switzerland), most recently as Vice President in Internet of Elevators & Escalators and Remote Services. Dr. Adrian Staufer holds degrees in Electrical Engineering (Bachelor) and Industrial Engineering & Management (Master) from ETH Zurich (Switzerland) as well as in Advanced Manufacturing Systems (Master) from Brunel University in London (United Kingdom). In addition, he completed his PhD in Innovation Management at ETH Zurich (Switzerland).

Amendments as at January 1st , 2022

Lukas Eigenmann, Head of the Group Division EMEA (formerly called Europe), and member of the Executive Committee has decided to step down from his current position at the end of 2021. He was succeeded by Dr. Adrian Staufer, who became the new Head of the Group Division EMEA and member of the Executive Committee as at January 1, 2022. There were no further changes to the Executive Committee.

Diversity

Belimo is committed to increasing the proportion of women on the Executive Committee and in management. For this reason, gender quotas have been introduced in the Leadership Accelerator Program and in the selection process for members of the Group Executive Committee. Recently, the Chief Technology Officer position as a member of the Group Executive Committee, with Elena Cortona, and the Global Head of Human Resources position as a member of the management, with Sandra Pitt, were successfully filled.

4.2 Duties and Responsibilities

The Executive Committee handles all transactions that are significantly important to Belimo.

The main duties of the Executive Committee are as follows:

- Develop and implement the overall strategy and the overall budget.
- Draw up and implement the structures and systems necessary for the management of the Group.
- Make optimal use of Group resources.
- Utilize potential synergies present within the Group.
- Promote cooperation and communication within the Group.
- Prepare motions that fall within the authority of the Board of Directors.
- Manage environmental, social, and governance topics (for additional information refer to [Materiality Overview](#)).

4.3 Permissible Activities outside the Group / Mandates

No member of the Executive Committee may hold more than two additional mandates in the ultimate strategic management bodies or on the ultimate Boards of listed companies that do not belong to the Group. The Board of Directors may allow a maximum of two exceptions per member in specific cases. The acceptance of a maximum of four mandates in the ultimate strategic management bodies or on the ultimate Boards of non-listed companies that do not belong to the Belimo Group is permissible for a member of the Executive Committee, if the member of the Executive Committee is not impaired in exercising his or her obligations to the Belimo Group.

4.4 Management Contracts

There are no management contracts with companies or individuals outside Belimo.

5.1 Remuneration, Participations and Loans

All information on the remuneration of the Board of Directors and the Executive Committee of BELIMO Holding AG is provided in the [Remuneration Report 2022](#).

5.2 Shareholders' Participation Rights

Limitation of Voting Rights and Proxies

Each share entered in the share register on the date determined in advance by the Board of Directors entitles the holder to one vote at the Annual General Meeting.

Every shareholder may have his/her shares represented at the Annual General Meeting by a proxy appointed in writing or by the independent voter representative provided for by law. The proxy does not need to be a shareholder. The independent voter representative is elected by the Annual General Meeting for the term of office of one year, including the subsequent Annual General Meeting. The Board of Directors may issue procedural rules for participation, representation, and issuing instructions. Shareholders can appoint their proxy and issue instructions to the independent voter representative electronically. The independent voter representative is obliged to exercise the voting rights that he/she represents as per these instructions. The general instruction to vote in accordance with the Board of Directors is deemed to be a valid instruction for exercising the right to vote.

Quorum as per Articles of Incorporation

The Annual General Meeting resolves and elects with the absolute majority of votes cast, insofar as the law does not stipulate otherwise. In the event of a tie, the Chairman of the meeting shall cast the deciding vote. If an absolute majority is not reached in a first election round, a relative majority shall be decisive in the second round. Resolutions based on article 704 of the Swiss Code of Obligations require at least two thirds of the votes represented and the absolute majority of the nominal values of the shares represented.

Convening the Annual General Meeting and Including Items on its Agenda

The Annual General Meeting is convened in accordance with the Swiss Code of Obligations by being announced once in the Swiss Official Gazette of Commerce, and, for information purposes, by written invitation to the registered shareholders. The requirements do not contain any rules that are in violation of statute. Voting shareholders representing shares with a nominal value exceeding CHF 10'000 may request the inclusion of an additional item in the agenda. Such

requests shall be submitted in writing to the Chairman of the Board of Directors no later than 45 days prior to the Annual General Meeting.

Entry in the Share Register

For administrative reasons, the share register is closed for approximately ten days before the Annual General Meeting. In its invitation to the Annual General Meeting, the Board of Directors will announce the deadline for entry into the share register that is required for the right to vote and participate.

5.3 Change in Control and Defensive Measures

Obligation to Make an Offer to Buy Shares

The [Articles of Incorporation](#) do not contain any provisions with respect to opting out or opting up.

Change of Control Clauses

Information on change of control clauses for members of the Board of Directors and Executive Committee is available in the [Remuneration Report 2022](#).

5.4 Statutory Auditors

Duration of Mandate and Term of Office of the Lead Auditor

KPMG AG, Badenerstrasse 172, Zurich (Switzerland) has served as the auditor of the Group and the statutory auditor of BELIMO Holding AG since 2004. The statutory auditors are elected by the Annual General Meeting for one financial year. The auditor in charge since 2019 is Reto Benz. The rotation rhythm for the lead auditor corresponds to a maximum term of seven years in accordance with the legal requirement.

Audit Fees and Additional Fee

KPMG invoiced a total of CHF 0.45 million to Belimo in 2022 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it. CHF 0.05 million additional fees were paid in 2022 to KPMG for other services such as consulting and tax advice.

Information Instruments of External Auditors

Each year, at least one Audit Committee meeting takes place, at which the annual financial statements are discussed in addition to other matters. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. Two meetings took place in the year under review. In each case, the statutory auditors supplied the participants with written points for discussion beforehand.

5.5 Information Policy

BELIMO Holding AG and the Group pursue an open, active, and transparent information policy. The priority is that all stakeholders – shareholders and analysts, customers, employees, suppliers, municipalities, and authorities – have an equal information basis and, therefore, an identical decision-making basis for interactions with the Company.

The Group Chief Financial Officer (CFO) and the Investor Relations Officer (IRO) are the designated contact persons for the capital market (shareholders, portfolio managers, and analysts). They regularly attend investor meetings, calls, conferences, and roadshows.

Dr. Markus Schürch, CFO / Gérard Moinat, IRO
Brunnenbachstrasse 1
8340 Hinwil (Switzerland)

Phone +41 43 843 63 80
E-mail: ir@belimo.ch

Printed letters of the annual and half-year results are sent to shareholders. A comprehensive online version of the annual report, including an integrated sustainability report, is available on the Company's website at www.belimo.com/financial-reports. Media and analysts' conferences are held twice a year.

All published ad-hoc and corporate news of Belimo can be downloaded at www.belimo.com/press-releases.

Interested parties may subscribe to regular Belimo press releases available at www.belimo.com/subscribe in order to receive ad-hoc announcements or further information relating to the Company.

5.6 Trading Restrictions / Quiet Periods

Quiet periods generally start after closing (first half: July 1 / full year: January 1) and end on the day of public announcement of the semiannual/annual financial results. Trading is authorized as of the day following the public announcement. Quiet periods apply to the members of the Board of Directors, the members of the Extended Executive Committee, including their respective staff members with access to insider information, and the members of the Global Finance Team. The day of public announcement of the annual and semiannual financial results is visible.

Remuneration Report

Dear Shareholders,

On behalf of the Board of Directors of BELIMO Holding AG and of the Remuneration and Nomination Committee, I am pleased to present the 2022 Remuneration Report.

Belimo exceeded its growth targets in a challenging environment shaped by considerable uncertainty. With an organic sales growth of 11.9% in local currencies, the year's revenue developed ahead of the five-year growth average. Earnings before interest and taxes (EBIT) rose to CHF 152.4 million, equaling to an EBIT margin of 18.0%. Operational excellence, with a robust supply chain performance and highly engaged employees, was the key success factor for these strong results.

The Remuneration Report explains how the performance in 2022 impacted the remuneration awarded to the members of the Executive Committee of Belimo. In addition, it shows that the remunerations awarded to the Board of Directors and the Executive Committee in 2022 were within the limits approved at the Annual General Meeting 2022.

In the reporting year, the Remuneration and Nomination Committee conducted a review and a benchmark analysis of the structure and levels of the remuneration of the Board of Directors and the Executive Committee functions. Based on the outcomes of this analysis, the Remuneration and Nomination Committee proposed an adjustment to the payout model of the Board of Directors' fees to the Board. At the Annual General Meeting 2024, Belimo will request that the Board of Director's fees be paid out partially in cash and partially in shares restricted for a period of three years. However, the level of the fees will remain unchanged.

With regard to the remuneration of the Executive Committee, the Remuneration and Nomination Committee decided not to change the structure of that remuneration at this stage. The potential introduction of sustainability performance targets will be discussed in 2023. Otherwise, the benchmark analysis served as a basis for adjustments to the remuneration level in individual cases, effective for 2023.

More information regarding the review and benchmark analysis can be found in this report.

At the Annual General Meeting 2023, you will be asked to approve the total maximum remuneration for the Board of Directors and Executive Committee for the next financial year (prospective binding votes). In addition, your valued opinion on the Remuneration Report will be sought through a consultative retrospective vote.

At the upcoming Annual General Meeting, you will also be asked to elect Ines Pöschel as a new Board member. We are convinced that Ines is a very competent and knowledgeable addition to our Board and that her presence there will ensure that we are perfectly set up to support the continuous growth and success of Belimo. With Ines, we will increase the proportion of female Board members to 29%. In general, our efforts in increasing diversity in Belimo management are showing solid results. As of now, we also have one woman in the Executive Committee and one woman in the extended Executive Committee. Furthermore, two of our Managing Directors of subsidiaries are women as well, one of whom is a member of the Belimo Leadership Accelerator program.



“Our efforts in increasing diversity in Belimo management are showing great results.”

Sandra Emme
Chairwoman of
the Remuneration
and Nomination
Committee

To gain insights into how we work with one another in our Board as well as into how we interact with the Executive Committee, the Remuneration and Nomination Committee conducted a self-evaluation among the Board of Directors and invited the members of the Executive Committee to participate in the evaluation as well. The results stimulated good discussions and brought forward a number of ideas and measures, some of which involved adjusting risk management more frequently with respect to global developments, optimizing the agenda setting as well as permanently establishing ESG (Environment, Social and Governance) issues in the agenda of Board of Directors meetings.

Each year the Board reviews its members' skill matrix, which is used as the basis for the continuous development of our panel. In 2022, a particular focus was put on training in the topic of ESG, which is of strategic importance of Belimo, as laid out in our sustainability report.

The succession planning of the Executive Committee and extended Executive Committee functions was discussed at the December meeting of the Board of Directors. Based on this planning, we were able to fill two recent vacancies in the Executive Committee and extended Executive Committee resulting from retirements with one internal and one external candidate in a timely manner and ensured smooth transitions with appropriate hand-over periods.

We are convinced that our good corporate governance and our remuneration policies help achieve the ambitious Belimo growth strategy. We would like to thank you, dear shareholders, for your ongoing valuable feedback and your continued support. We trust that you find this report to be informative.

Sincerely,



Sandra Emme

Chairwoman of the Remuneration and
Nomination Committee

About the Remuneration Report

The Remuneration Report contains an overview of information concerning remuneration governance, policies and the remunerations awarded in the reporting year. It aims to provide all information relevant to our shareholders for making decisions regarding the remuneration of the Board of Directors and the Executive Committee at the Annual General Meeting 2023.

This report was prepared in accordance with the provisions of the Swiss Federal Ordinance against Excessive Remuneration in Listed Companies, the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange, and the Articles of Incorporation of BELIMO Holding AG.

Remuneration Governance

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises of at least two non-executive, independent members of the Board of Directors, who are elected individually by the Annual General Meeting for a one-year term of office prior to the next Annual General Meeting.

At the Annual General Meeting 2022, Sandra Emme (Chair), Prof. Adrian Altenburger and Urban Linsi were re-elected as members of the Remuneration and Nomination Committee. The constitution of the Committee remained unchanged in comparison with the previous year.

The Remuneration and Nomination Committee is assigned the following duties in support of the Board of Directors:

- Determine the remuneration policy of the Company at the highest corporate level in accordance with the Articles of Incorporation.
- Prepare motions to the Annual General Meeting related to the maximum amounts of remuneration of the governing bodies.
- Evaluate the yearly target achievement of the Executive Committee members and determine their remuneration within the limits approved by the Annual General Meeting.
- Propose the amount of remuneration for the members of the Board of Directors within the limits approved by the Annual General Meeting.
- Review and propose the Remuneration Report to the Board of Directors.
- Perform success planning and select suitable candidates for the Board of Directors and the Executive Committee.

In 2022, the Committee held three meetings of approximately two hours each. The participation rate for meetings in 2022 was 100%.

	Sandra Emme, Chair	Prof. Adrian Altenburger, Member	Urban Linsi, Member
February 15, 2022	X	X	X
September 9, 2022	X	X	X
November 22, 2022	X	X	X

The February and November meetings of the Remuneration and Nomination Committee each address standard agenda items. In February those are:

- Evaluate the achievement of the qualitative targets of the previous fiscal year for the members of the Executive Committee.
- Determine the bonus amounts for the members of the Executive Committee to be paid out in March.

In November they are:

- Propose the amount of remuneration for the members of the Board of Directors for the following fiscal year.
- Propose the amount of remuneration for the members of the Executive Committee for the following fiscal year.
- Evaluate the performance of the members of the Executive Committee.
- Determine the bonus amounts for the members of the Executive Committee to be paid out in December.
- Propose the annual Remuneration Report to the Board of Directors.

The CEO and the Global Head of Human Resources are invited to attend the Committee meetings in an advisory capacity. The CEO and the Global Head of Human Resources do not attend the meeting when their own remuneration or performance is discussed.

The Chairwoman of the Remuneration and Nomination Committee informs the Board of Directors after each meeting of the activities of the Committee. The minutes of the meetings are available to all members of the Board of Directors.

Levels of Authority

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

Subject	CEO	Remuneration and Nomination Committee	Board of Directors	Annual General Meeting
Selection criteria and succession planning for the CEO and the members of the Board of Directors		Proposes	Approves	
Selection criteria and succession planning for other members of the Executive Committee	Proposes	Reviews	Approves	
Remuneration policies and guidelines, in line with the provisions of the Articles of Incorporation		Proposes	Approves	
Maximum remuneration amounts for the Board of Directors / the Executive Committee		Proposes	Reviews	Approves (binding vote)
Individual remuneration of the members of the Board of Directors		Proposes	Approves	
Individual remuneration of the CEO		Proposes	Approves	
Individual remuneration of the other members of the Executive Committee	Proposes	Reviews	Approves	
Performance objectives and assessment of the CEO		Proposes	Approves	
Performance objectives and assessment of the other members of the Executive Committee	Proposes	Reviews	Approves	
Remuneration Report		Proposes	Approves	Approves (consultative vote)

The Annual General Meeting casts the following votes in relation to the remuneration of the governing bodies:

- Prospective approval of the maximum total remuneration for the current financial year for the members of the Board of Directors and the Executive Committee. If the Annual General Meeting withholds its approval, the Board of Directors may submit new proposals for approval at the same Annual General Meeting. If the Board of Directors makes no new proposals or the Annual General Meeting declines the new proposals, the Board of Directors must convene a new General Meeting within a period of three months.
- Retrospective, consultative vote on the Remuneration Report for the financial year preceding the Annual General Meeting.

Remuneration Policy

General Principles

Belimo has established a transparent and long-term-oriented remuneration system. It ensures market-competitive and fair remuneration. All employees should feel valued for their work and benefit from the Company's success. They receive a fixed base salary, and a variable remuneration, which consists of an annual cash bonus and, for our major subsidiaries, voluntary participation in the Employee Share Purchase Plan. The plan allows employees to purchase Company shares at preferential conditions and thus fosters the sense of ownership and the alignment with shareholders' interests.

Global Human Resources defines the minimum standards of employee remuneration throughout the Group. Together with regional and local Human Resources representatives, the managing directors of the subsidiaries are responsible for ensuring these requirements are met and that appropriate remuneration policies are implemented in accordance with local laws, regulations, cultures and market conditions.

Belimo is committed to internal wage justice and equal pay. To guarantee the principles of wage justice and competitive pay, Belimo continually monitors its remuneration system throughout the Company. A global job evaluation methodology is applied to ensure consistency, and remuneration is regularly benchmarked against the market practice. The internal remuneration system is screened for potential gender pay gaps. In 2021, Belimo evaluated its Swiss entities' equal pay practices using the official "Logib" tool of the Swiss Confederation. This audited self-assessment identified no gender pay gap. In addition, the managing directors and Human Resources representatives of all subsidiaries are instructed to identify any gender pay gaps during the annual salary adjustment process.

Remuneration Benchmark Analysis

In the reporting year, the Remuneration and Nomination Committee conducted a review and a benchmark analysis of the remuneration structure and levels of the Board of Directors and the Executive Committee functions. The study was conducted by a remuneration expert team of PricewaterhouseCoopers (PwC). Prior to the study, it was ensured that there was no conflict of interest on the part of PwC. The peer group of 23 stock-listed Swiss companies depicted below was selected by Belimo:

Peer Group			
Arbonia	Daetwyler	Huber + Suhner	Schweiter
Autoneum	dormakaba	Interroll	Sonova
BKW	Forbo	Kardex	Starrag
Bossard	Geberit	Komax	VAT
Bucher Industries	Georg Fischer	Landis + Gyr	Zehnder
Burckhardt Compression	Gurit	LEM	

With respect to the remuneration structure of the Board of Directors, the study showed that the remuneration for the Board Chair is below market, and the overall remuneration of the other Board members is in line with the market. It was decided not to change the remuneration levels and not to introduce additional committee fees, since responsibilities are evenly distributed among the Board members. Regarding the remuneration structure, Belimo is currently not fully aligned with the market as the Board of Directors' fees are paid entirely in cash, while it is common to deliver part of the fees in company shares. Thus, the Remuneration and Nomination Committee proposed to adjust the payout model of the Board of Directors' fees. At the Annual General Meeting 2024, Belimo will request that the fees be partially paid out in shares, which will then be restricted for a period of three years. Board members will have the choice of receiving 20% to 40% of their fees in shares.

With respect to the remuneration of the Executive Committee, the benchmarking analysis showed that, while the remuneration mix (fixed versus variable remuneration) is generally in line with market practice, the structure of the variable remuneration slightly differs from market practice. Even though we do not provide a classic long-term incentive program, the Employee Share Purchase Plan provides for the necessary long-term and sustainable incentive needed to motivate and retain our key talent, including the members of the Executive Committee. It promotes the building up of significant shareholding positions of the Executive Committee in our Company. Our system follows a ten-year strategy cycle with fully aligned corresponding annual objectives. We believe that this better supports the long-term focus than complex systems that might foster short-term thinking.

In terms of remuneration levels, while the base salaries of the Executive Committee are within the market range for most functions, total remuneration

was not fully aligned with market practice for all functions. Based on this result, the Board of Directors decided to adjust the total remuneration of the CEO and other functions to move closer to market standard.

Remuneration of the Board of Directors

To guarantee independence in executing their supervisory duties, the members of the Board of Directors receive a fixed remuneration that does not contain any performance-related component. The yearly fee amounts to gross CHF 254'000 for the Chairman, and gross CHF 124'000 for the other members of the Board of Directors. Each December, the fee is paid in cash for the current fiscal year.

Furthermore, Board members receive a flat-rate allowance for expenses. Additional fees for Board members who took on special tasks may be paid as well.

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

Remuneration of the Executive Committee

The remuneration of the Executive Committee includes the following elements:

Fixed Remuneration		Variable Remuneration	
Base Salary	Other Benefits	Annual Cash Incentive	Employee Share Purchase Plan
Social Security and Pension			

Fixed Remuneration

Base Salary

The base salary, paid in cash, is determined primarily based on the following factors:

- Market practice and competitiveness.
- Scope and complexity of the function.
- Profile of the individual (skills, experience of the individual in the function).

It is reviewed every year and may be adjusted considering market developments.

Other Benefits

Other benefits include the private use of a company car according to local tax law or annual travelcards for public transportation.

Variable Remuneration

The variable remuneration is designed to reward the achievement of business objectives of the Group and its divisions, as well as the fulfillment of individual performance targets as defined within the Management by Objectives process, over a time period of one year.

In total, 60% of the variable remuneration is linked to financial key performance indicators and 40% to non-financial business objectives.

Design of variable remuneration

Key Performance Indicator	Purpose	CEO	Other members, Executive Committee
Sales growth of the Belimo Group	Measures Group sales growth	30%	15–20%
EBIT margin of the Belimo Group	Measures Group profitability	30%	15–20%
Regional sales growth	Measures regional sales growth	0%	0–30%
Cost ratio of the respective Group Division	Measures the profitability of the respective Group Division	0%	10–20%
Inventory to sales ratio	Measures efficient inventory management	0%	0–10%
Purchasing cost reduction	Measures the reduction of manufacturing costs through value engineering	0%	0–5%
Financial business objectives		60%	60%
Credibility culture	Strengthens our culture of trust, integrity, competence, and responsibility	16%	16%
Operational excellence	Promotes reliable delivery of highest quality products	8%	8%
Solution leadership	Ensures innovation leadership in our markets	8%	8%
Customer value	Sharpens the focus on customer requirements for unique products and services	8%	8%
Non-financial business objectives		40%	40%

The financial key performance indicators include sales growth, EBIT margin (earnings before interest and taxes), regional sales growth, and cost ratio targets. The annual targets are derived during the yearly budget process, taking into account the long-term growth strategy objectives as well as the actual and the forecasted results for the current fiscal year.

Non-financial business objectives are set at the beginning of the year. They are closely linked to the [Belimo value-creation model](#).

Each member of the Executive Committee is responsible for several objectives regarding those four values of Belimo. The objectives focus, for example, on project milestones, sustainability, product launches, engagement score, and operational improvements. They are generally cascaded in the organization to ensure a consistent focus of all employees on value creation for Belimo.

Up to 80% of the expected variable remuneration is paid out in December of the current fiscal year. The remaining portion is paid out in March of the following year, based on effective performance.

To align the interests of the Executive Committee with those of the shareholders of BELIMO Holding AG, the members of the Executive Committee are obliged to invest a certain percentage of the total variable remuneration in Belimo shares at preferential conditions via the Employee Share Purchase Plan. The minimal mandatory participation amounts to 40% of the variable remuneration amount paid out in December (which corresponds to 80% of the variable remuneration), with the option of voluntarily increasing participation to up to the entire amount of the variable remuneration paid out in December. This plan ensures a long-term commitment on the part of the Executive Committee in addition to a participation in the entrepreneurial risk.

Social Security and Pension

Pension benefits include primarily retirement and insurance plans that provide a reasonable level of income in case of retirement, death, and disability. 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.

Remuneration Mixes and Caps

At target, the variable remuneration for the CEO is between 70% and 90% of the base salary:

		Base salary	Variable remuneration	Total remuneration
At target	in % of base salary:	100%	87% to 103%	187% to 203%
	in % of total remuneration:	53% to 49%	47% to 51%	100%

If the targets are exceeded, the overall variable remuneration for the CEO is capped at 120% of the fixed remuneration.

		Base salary	Variable remuneration	Total remuneration
Maximum payout	in % of base salary:	100%	120%	220%
	in % of total remuneration:	45%	55%	100%

For the other members of the Executive Committee, the variable remuneration is between 40% and 70% of the base salary at target:

		Base salary	Variable remuneration	Total remuneration
At target	in % of base salary:	100%	67% to 91%	167% to 191%
	in % of total remuneration:	60% to 52%	40% to 48%	100%

If the targets are exceeded, the overall variable remuneration of the other members of the Executive Committee is capped at 100% of the fixed remuneration.

		Base salary	Variable remuneration	Total remuneration
Maximum payout	in % of base salary:	100%	100%	200%
	in % of total remuneration:	50%	50%	100%

We are convinced that our remuneration plans as described above are designed to support a long-term and sustainable focus on the growth and success of Belimo.

Contractual Terms

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

Remuneration 2022

Board of Directors

This section is audited pursuant to Article 17 of the Ordinance against Excessive Remuneration in Listed Stock Corporations.

The members of the Board of Directors received a total remuneration of CHF 0.9 million in the year under review (2021: CHF 0.9 million). It consisted of a fixed remuneration, paid in cash, and included social security payments. Total remuneration remained unchanged in comparison with the prior year figures.

in CHF 1'000 (gross), (audited)	2022			
	Fixed cash remuneration	Social security	Total fixed remuneration	Expense allowance
Patrick Burkhalter, Chairman	254	19	273	6
Dr. Martin Zwyssig, Deputy Chairman	124	9	133	6
Prof. Adrian Altenburger, Member	124	9	133	6
Sandra Emme, Member	124	9	133	6
Urban Linsi, Member	124	9	133	6
Stefan Ranstrand, Member	124	9	133	6
Total ¹⁾	874	65	939	36
Approved Remuneration by the Annual General Meeting 2022			970	

¹⁾ The remuneration is rounded to the nearest thousand. Due to rounding, amounts may not add up precisely to the totals provided.

in CHF 1'000 (gross), (audited)	2021			
	Fixed cash remuneration	Social security	Total fixed remuneration	Expense allowance
Patrick Burkhalter, Chairman	254	19	273	6
Dr. Martin Zwyssig, Deputy Chairman	124	9	133	6
Prof. Adrian Altenburger, Member	124	9	133	6
Sandra Emme, Member	124	9	133	6
Urban Linsi, Member	124	9	133	6
Stefan Ranstrand, Member	124	9	133	6
Total ¹⁾	874	66	940	36
Approved Remuneration by the Annual General Meeting 2021			970	

¹⁾ The remuneration is rounded to the nearest thousand. Due to rounding, amounts may not add up precisely to the totals provided.

In 2022 and 2021, none of the members of the Board of Directors received any remuneration or loans from the Group other than those disclosed in this report. No allowances or loans were paid to related parties of the members of the Board

of Directors, and no remuneration was assigned to former members or related parties.

As at December 31, 2022, no credits or loans were outstanding.

Executive Committee

This section is audited pursuant to Article 17 of the Ordinance against Excessive Remuneration in Listed Stock Corporations.

The members of the Executive Committee received a total remuneration of CHF 5.3 million in the year under review (2021: CHF 5.2 million). This consisted of a fixed remuneration of CHF 2.9 million (2021: CHF 2.7 million) and a variable remuneration of CHF 2.5 million (2021: CHF 2.4 million). The base salary and the amount of target variable remuneration for all members of the Executive Committee were increased in comparison to prior year figures. In 2022, the average target achievement was 115.7% (2021: 127%). The decrease in achieving targets was due to the following factors:

- Business objectives: The variable remuneration based on the economic performance of the Belimo Group reached 120% of the target bonus and thus slightly below the 133% achievement of the previous year, with an EBIT margin of 18.0% (2021: 19.0%) and sales growth in local currencies of 11.9% (2021: 16.6%).
- Individual objectives: An average of 109% (2021: 116%) was achieved, based on individual progress with respect to strategic initiatives and personal goals. The average target achievement of the Executive Committee per Belimo value was: credibility culture 113%, operational excellence 106%, solution leadership 111%, and customer value 104%.

Performance Achievement 2022

Key Performance Indicator	Purpose	Achievement CEO	Average Achievement other members, Executive Committee
Sales growth of the Belimo Group	Measures Group sales growth	133%	133%
EBIT margin of the Belimo Group	Measures Group profitability	116%	116%
Regional sales growth	Measures regional sales growth	-	99%
Cost ratio of the respective Group Division	Measures the profitability of the respective Group Division	-	121%
Inventory to sales ratio	Measures efficient inventory management	-	100%
Purchasing cost reduction	Measures the reduction of manufacturing costs through value engineering	-	133%
Financial business objectives (weighted)		125%	119%
Credibility culture	Strengthens our culture of trust, integrity, competence, and responsibility	108%	114%
Operational excellence	Promotes reliable delivery of highest quality products	100%	107%
Solution leadership	Ensures innovation leadership in our markets	110%	111%
Customer value	Sharpens the focus on customer requirements for unique products and services	107%	104%
Non-financial business objectives (weighted)		107%	110%

In 2022, the variable remuneration amounted to 98% of the fixed remuneration for the CEO and ranged from 73% to 96% of the fixed remuneration for the other Executive Committee members.

in CHF 1'000 (gross), (audited)	2022			Approved Remuneration by the Annual General Meeting 2022
	CEO	Other members, Executive Committee	Total	
Base salary	520	1'811	2'331	
Social security and pension	109	355	464	
Other benefits	10	55	64	
Total fixed remuneration ¹⁾	639	2'221	2'860	3'500
Short-term cash incentive ²⁾	463	1'368	1'831	
Employee Share Purchase Plan	68	231	300	
Social security and pension	98	248	345	
Total variable remuneration ¹⁾	629	1'847	2'476	3'400
Total ¹⁾	1'268	4'068	5'335	6'900
Expense allowance	18	72	90	

¹⁾ The remuneration is rounded to the nearest thousand. Due to rounding, amounts may not add up precisely to the totals provided.

²⁾ Annual variable remuneration for 2022 paid in December 2022 and March 2023.

in CHF 1'000 (gross), (audited)	2021			Approved Remuneration by the 2021 Annual General Meeting
	CEO	Other members, Executive Committee	Total	
Base salary	500	1'619	2'119	
Social security and pension	128	369	497	
Other benefits	9	89	98	
Total fixed remuneration ¹⁾	637	2'078	2'714	3'000
Short-term cash incentive ²⁾	480	1'303	1'783	
Employee Share Purchase Plan	104	237	341	
Social security and pension	101	221	321	
Total variable remuneration ¹⁾	685	1'761	2'446	2'900
Total ¹⁾	1'321	3'839	5'160	5'900
Expense allowance	18	65	83	

¹⁾ The remuneration is rounded to the nearest thousand. Due to rounding, amounts may not add up precisely to the totals provided.

²⁾ Annual variable remuneration for 2021 paid in December 2021 and March 2022.

In 2022 and 2021, the highest remuneration paid to a member of the Executive Committee was to Lars van der Haegen, CEO.

None of the Executive Committee members received any remuneration or loans from the Group other than those disclosed in this report. No allowances or loans were paid to related parties of the members of the Executive Committee. Remuneration of CHF 0.7 million was assigned to former members of the Executive Committee. No remuneration was assigned to related parties.

As at December 31, 2022, no credits or loans were outstanding.

Shareholdings of the Members of the Governing Bodies

No shares or options were granted to the members of the Board of Directors in the year under review.

In 2022, 2'776 shares (2021: 2'026 shares) were granted to the members of the Executive Committee under the Employee Share Purchase Plan. The market price of the BELIMO Holding AG share at the purchase date was CHF 435.50 (2021: CHF 535.00).

Number of shares	2022	2021
Lars van der Haegen	524	649
Other members of the Executive Committee	2'252	1'377
Total	2'776	2'026

As at December 31, 2022, the members of the Board of Directors and the Executive Committee (including related persons) owned the following numbers of shares of BELIMO Holding AG:

Number of shares	December 31, 2022	December 31, 2021
Board of Directors		
Prof. Adrian Altenburger	1'000	1'000
Patrick Burkhalter	71'300	71'300
Sandra Emme	400	400
Urban Linsi ¹⁾	160'630	160'200
Stefan Ranstrand	325	-
Dr. Martin Zwyssig	500	500
Total	234'155	233'400
Executive Committee		
Dr. Elena Cortona	558	158
Gary Economides	1'309	745
Lukas Eigenmann ²⁾	-	4'119
James W. Furlong	1'882	1'677
Louis Scheidegger	1'364	1'115
Dr. Markus Schürch	797	483
Dr. Adrian Stauffer ³⁾	535	-
Lars van der Haegen	2'953	2'429
Total	9'398	10'726

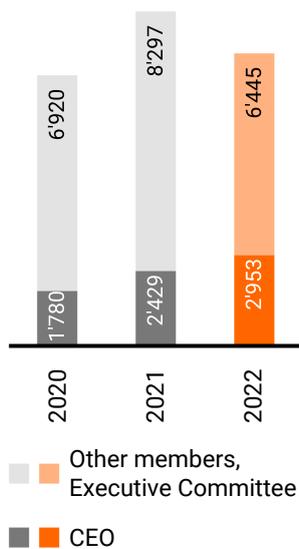
¹⁾ Urban Linsi is a member of the registered shareholder group Linsi, which holds a total of 2'400'000 voting shares.

²⁾ Left the Executive Committee in 2022.

³⁾ Joined the Executive Committee in 2022.

In the periods following the inception of the Employee Share Purchase Plan, the number of shares held by the Executive Committee has developed as shown below. The decrease in 2022 was attributable to the personnel changes within the Executive Committee.

Shares Held by the Executive Committee



Number of shares held by the members of the Executive Committee as at December 31



Report of the Statutory Auditor

To the General Meeting of BELIMO Holding AG, Hinwil

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of BELIMO Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked “audited” of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

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 Remuneration 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” in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor’s reports thereon.

Our opinion on the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration 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 Remuneration Report that is free from material



misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV 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 Remuneration 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 Remuneration 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 to 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.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Reto Kaufmann
Licensed Audit Expert

Zurich, 3. March 2023

Motions for the Annual General Meeting 2023

Consultative Vote on the 2022 Remuneration Report

Through a non-binding consultative vote, the Board of Directors proposes to adopt the 2022 Remuneration Report.

Approval of the Fixed Remuneration of the Board of Directors and the Fixed and Variable Remuneration of the Executive Committee for the Financial Year 2023

The Board of Directors applies for the following maximum remuneration of the Board of Directors and Executive Committee for the financial year 2023 to be approved by the Annual General Meeting.

Board of Directors

in CHF 1'000	Fixed remuneration
Motion: Maximum remuneration for the Board of Directors for the financial year 2023 (seven members) ¹⁾	1'400
Remuneration assigned to the members of the Board of Directors 2022 (six members)	939
Approved remuneration by the Annual General Meeting 2022 (six members)	970

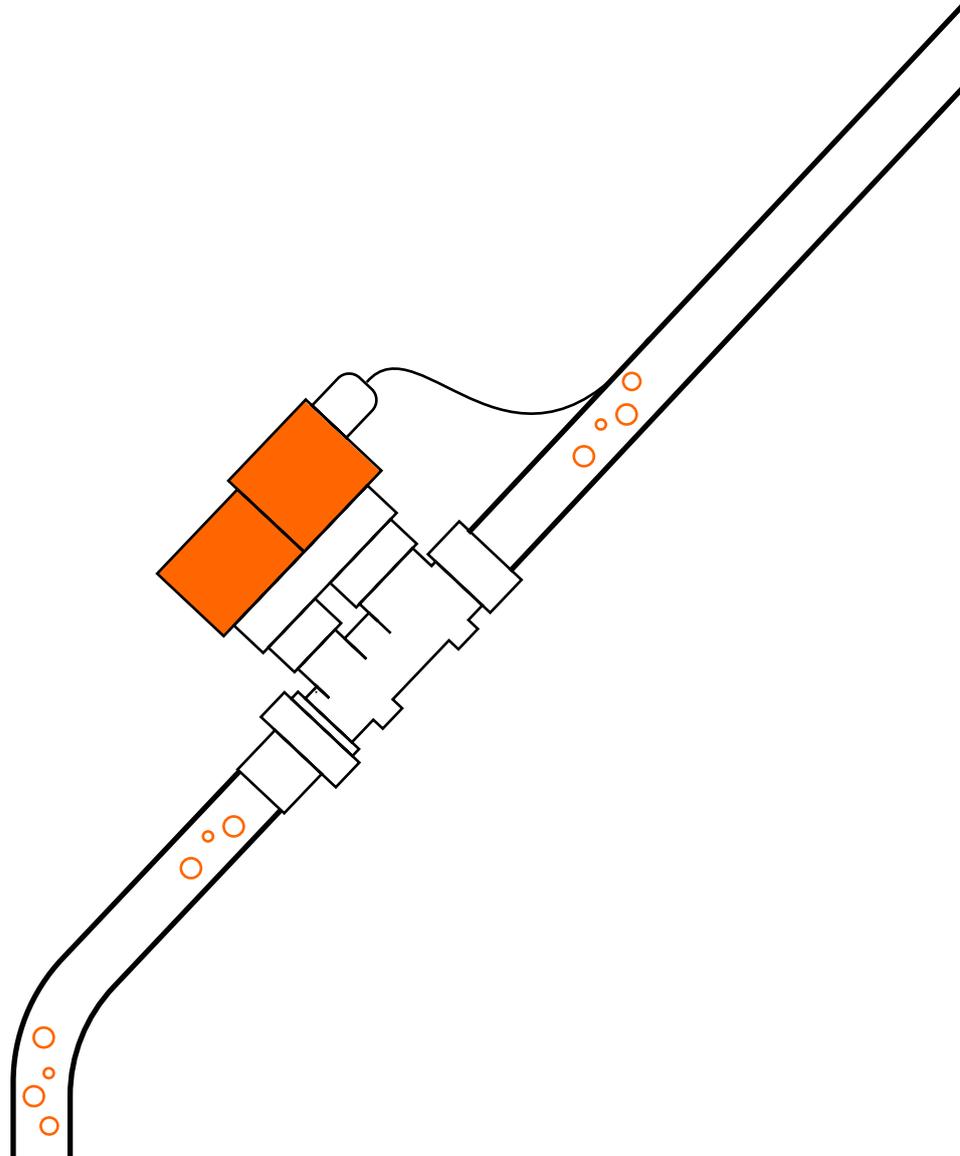
¹⁾ Ines Pöschel is nominated to be elected as additional member of the Board of Directors at the Annual General Meeting on March 27, 2023.

The increase in the proposed maximum remuneration for the Board of Directors for the financial year 2023 includes additional reserves for possible commissioned work and social security. The yearly fee per member of the Board of Directors remains, however, unchanged in comparison with the prior year.

Executive Committee

in CHF 1'000	Fixed remuneration	Variable remuneration	Total remuneration
Motion: Maximum remuneration for the Executive Committee for the financial year 2023 (seven members)	3'600	3'500	7'100
Remuneration assigned to the members of the Executive Committee 2022 (seven members)	2'860	2'476	5'335
Approved remuneration by the Annual General Meeting 2022 (seven members)	3'500	3'400	6'900

Customer Value



Customer Engagement and Support

The use of digital design tools in the HVAC industry is gaining ground and, at the same time, the Company's customer support continues to evolve to cater to the needs of a digitally adept generation of customers.

The use of digital tools in the planning, design, and execution of projects for building automation and control systems is becoming increasingly predominant and changing the pattern of physical interactions. Belimo is investing in this field to maintain its competitive advantage of excellent support provided to a digitally adept generation of customers, and to ensure a strong emotional bond with them.

Enhancing Our Customer Touchpoints

By accelerating and innovating our initiatives around digital customer experience, we aim to bring digital and personal customer touchpoints to a higher level of interaction. In the period under review, the global website with e-commerce has continued to undergo extensive development, leveraging on the basis of customer feedback. A key requirement is that new product offerings remain easy to select for our customers.

Meanwhile, the global rollout of a state-of-the-art customer relationship management solution was completed in the reporting period. This goes beyond the software itself, with the ambition being to integrate all relevant Company processes seamlessly in a single place.

What is more, Belimo has further increased the number of sales engineers in 2022 to 442 (2021: 382).

How Is Customer Engagement and Support Managed?

Belimo focuses on the following tools and assets to ensure the consistency of its customer engagement:

- Key to a great digital customer experience is the integration of all different data streams – be it customer-facing data, device data, or production data – and the connection of all these data pools in a meaningful way.
- A strong, local sales team that offers expert engineering advice in the customer’s language.
- A digital technical support service that allows customers to communicate easily with support engineers.
- A customer relationship management system that strives to integrate service, sales, technical support, and product and quality organization.
- A fully integrated and seamless global website with e-commerce.
- Efficient sizing, selection, and specification software paired with well-balanced training courses.
- Dedicated employees for continuous process improvement, training, quality assurance, and compliance with data protection regulations.
- Well-documented internal policies and procedures that help our employees to be aware of their responsibilities and of upstream and downstream value-creation processes.

How Is Customer Engagement and Support Measured?

To measure customer satisfaction, Belimo conducts customer surveys, tracks material returns, and has implemented a customer issue tracking system to assess its effectiveness in resolving customer problems.

A key performance indicator for tracking the success of our e-commerce is the percentage of sales through our website and other digital channels.

High-Performance Solutions for Energy Efficiency and Indoor Air Quality

Our impact model quantifies the energy savings of Belimo products in the field.

Heating, ventilation, and air-conditioning systems (HVAC) are designed to create comfort and a safe and healthy indoor environment. However, to accomplish this, these kinds of systems consume approximately 40% of all the energy used in buildings. Thereof, we estimate that two thirds of the energy are used for cooling, one third for heating purposes.

Building automation and control systems not only optimize the parameters of indoor comfort but can also substantially reduce energy consumption. To quantify the energy leverage of its field devices and assess their impact over the entire lifecycle of a typical HVAC system, Belimo established an impact model in 2019. This allows us to better understand where energy optimizations in our value chain have the strongest leverage.

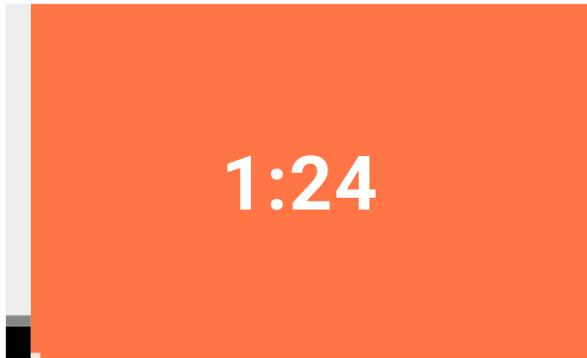
Introducing a New ISO-Standard

During the period under review, the EN ISO 52120-1:2022 standard was substituted for the standard EN 15232-1:2017 used to calculate energy savings in our impact model. The four underlying classes of building automation and controls systems and their effect on energy savings have, however, remained unchanged: between 29% (Class C) and 55% (Class A) in comparison with systems without controls.

In 2022, the weighted average impact of an air-side and water-side actuator multiplied by the number of actuators shipped (2022: 5.6 million air-side and 2.4 million water-side actuators) equaled savings of 8.4 million tons of CO₂e in the application. The ratio of the energy-saving impact of a Belimo device in the field compared with all input factors has remained stable at 24.

How Is High-Performance Solutions for Energy Efficiency and Indoor Air Quality Managed?

Belimo has structured its energy-impact model along six lifecycle steps:



Input in kg of CO ₂ e	Savings in kg of CO ₂ e
<ul style="list-style-type: none"> ■ Operation: +40.8 ■ Distribution: +0.2 ■ Manufacturing: +1.5 ■ Resources: +4.4 ■ Recycling: -0.4 	<ul style="list-style-type: none"> ■ Savings: - 1'103.25
Total CO₂ input: +46.5	Total CO₂ savings: - 1'103.25 (approx. 24 times greater than all CO ₂ input factors)

Weighted average impacts of air-side and water-side field devices.

1. **Resources:** The model considers “gray” energy content included in materials used to build a typical field device (steel, copper, aluminum, plastics, electronics, and cardboard).
2. **Manufacturing:** Also considered in our model is the energy needed to manufacture, assemble, and test the field devices.
3. **Distribution:** The model considers the average amount of transportation energy needed to deliver a Belimo field device to the customer.
4. **Operation:** The model then calculates the energy a Belimo field device uses during operation, taking into account the energy used in standby mode and when it is actuated.

5. **Energy Savings:** Even though typical HVAC systems operate much the same across the world, significant variations arise due to differences between climate zones and power generation. Annual energy savings are therefore calculated based on the consumption of a typical HVAC system that operates with a global average heating and cooling load profile and with typical electrical power consumption.
 6. **Recycling:** Belimo strives to minimize waste generated at the end of life of its products. This often coincides with the end of life of an entire HVAC system and is difficult to manage and track.
-

How Is High-Performance Solutions for Energy Efficiency and Indoor Air Quality Measured?

To quantify our impact, the following levers and assumptions are key:

- The assumed lifetime: In our model, a conservative service life of 15 years is assumed. The actual lifetime is often 20 years or longer, made possible by the high quality and reliability of components used in Belimo actuators.
- The total leverage: The ratio of the energy-saving impact of a Belimo device in the field compared to all input factors. For air-side field devices, this ratio is 21 and for water-side field devices 31, with a weighted average of 24.
- The weighted CO₂ impact of an air-side and water-side actuator: This figure (-1'103.25 kg CO₂e) multiplied by the number of actuators shipped per year equals the total tCO₂ savings of Belimo field devices.
- The applicable efficiency class of Belimo devices: Each efficiency class stipulated by EN ISO 52120-1:2022 exhibits a different energy savings factor during operation, ranging from 55% (A types) to 29% savings (C types). For its field devices, Belimo assumes a distribution of 30% A types, 60% B types and 10% C types.

Introducing the Belimo Climate Foundation

In 2022, Belimo established the “Belimo Climate Foundation.” Its purpose is to contribute to the reduction of CO₂ emissions from buildings and to make society aware of the great leverage that building automation and controls systems have with respect to achieving climate targets through building renovations. The foundation identifies projects for increasing energy efficiency in buildings housing non-profit institutions and non-governmental organizations and supports them in optimizing their HVAC systems. By implementing these projects, the aim is not only to reduce CO₂ emissions but also to transfer knowledge and increase awareness of the potential for energy reduction in buildings (read our [press release](#) for more information).



SDG 7: UN Sustainable Development Goals Approach

Buildings and their HVAC systems play a critical role in the doubling of the global rate of improvement in energy efficiency stipulated by SDG target 7.3. An estimated 30% of all energy used in buildings is lost due to insufficiently controlled systems. By providing smart HVAC-controls, Belimo makes an active contribution to [SDG 7 “Ensure access to affordable, reliable, sustainable, and modern energy for all”](#).



SDG 13: UN Sustainable Development Goals Approach

Buildings are responsible for 40% of worldwide energy consumption and for the climate changes caused by their CO₂ emissions. Thereof, another 40% is consumed by HVAC systems. The application of Belimo products save energy in HVAC systems in buildings, thereby creating measurable sustainability benefits and significantly contributing to [SDG 13 “Climate Action”](#).



A Beacon of Sustainable Excellence

In 2022, Belimo unveiled its new 3'800 square meter Indian headquarters in Mumbai, built as a showcase for state-of-the-art HVAC solutions and sustainable design. Dubbed the CESIM® House, the building hosts logistics, customization, technical support, and an experience center, further strengthening the Company's footprint on the subcontinent.

The Mumbai hub was originally conceptualized in 2016 as part of the Company's 2030 accelerated growth strategy and represents a major commitment to the most rapidly expanding Indian market.

Belimo has long been a global leader in the heating, ventilation, and air-conditioning (HVAC) technology sector and, given India's recent carbon neutrality pledge, this was an exciting opportunity to design a structure from the ground up with the environment in mind.

In addition to office, warehouse, and customization space, the building also houses the Belimo customer experience center, created to actively support the customer journey toward creating healthier indoor comfort with less energy. The Mumbai hub is also a space where Original Equipment Manufacturers (OEMs) and academics can collaborate to design, build, and test the next generation of Belimo products.

Strong Focus on Sustainable Practices

The new headquarters was designed in collaboration with Envision Design Studio to exceed the Indian Green Building Council's Green Factory Buildings guidelines. Before a single brick was laid, the impact of construction on the local environment was a major factor, particularly the issue of soil erosion.

Usha Narrasimham, Envision architect, explained: "Generally, excavation involves the removal and disposal of topsoil, which is rich in precious organic matter and plant nutrients. We prevented this by pumping the removed topsoil – suspended in water due to the high groundwater table – into a sedimentation chamber, where the water was drained, and the remaining soil was used in landscaped areas located around the site."

The entire construction process continued to implement sustainable practices wherever possible. Eco-friendly building supplies – such as low VOC breeze blocks – and items containing recycled content were prioritized. As an example, the exterior tile cladding is made of an aluminum composite material with 80% recycled content. Additionally, all waste was either recycled or sold to recycling companies, ensuring nothing ended up in landfill.

Minimizing HVAC Energy Requirements

The external envelope of the building was given particular deliberation, with low U-value, reflective glazing installed to insulate the office from the Mumbai heat, which can reach up to 40 degrees Celsius. In fact, the exterior is clad with white tiles to reflect sunlight and keep down the internal temperature, minimizing HVAC energy requirements. The interior also benefits from intelligent material choices, with pale office flooring scattering light from the large feature skylights, providing 90% of the office's illumination, and minimizing the artificial light required during working hours. Moreover, the canteen features an open glass roof to save electricity from artificial light.

Precise Monitoring and Control

Due to high temperatures and humidity, it was essential to incorporate pioneering ventilation and air-conditioning solutions. To this end, a high-tech HVAC system was installed and equipped with field devices to allow for precise monitoring and control of the temperature, air flow, humidity, and CO₂ in each room – thus the name CESIM[®] House (acronym for Comfort, Energy Efficiency, Safety, Installation, and Maintenance, find out more on CESIM[®] [here](#)).



Ketan Sheth, Product Manager at Belimo

Ketan Sheth, Product Manager at Belimo, said: “You can’t control what you can’t measure, and our network of embedded sensors, complete with intelligent control systems, allows for real-time monitoring and adjustment of the parameters needed to deliver consistent indoor air quality” (for more information, read the [story about the product launch of the room operating units](#)).

However, the advanced infrastructure does not end with the HVAC system, as louvers actuated by Belimo products are fitted over the exterior windows, and automatically adjust their angle to maximize shade at all times of the day. Additionally, adaptive illumination systems can sense when a room is unoccupied and automatically switch off the lights.

Use of Solar Energy and Rainwater

The Company’s eco-friendly ethos is not limited to construction methods, building materials and intelligent systems, and includes the continued use – and re-use wherever possible – of natural resources. For example, solar panels positioned on the roof harness the sun’s energy and deliver unused energy back to the grid, providing 30% of the office’s overall energy consumption.

Belimo has also been sure to take full advantage of Mumbai’s high levels of rainfall by installing downpipes on the roof, which collect and filter rainwater for use in toilets and watering landscaped areas. Flushed toilet water is also captured, filtered, and re-used, which, along with low-flow water fixtures fitted throughout, reduces demand on the municipal water supply.

Ready to Invite Our Customers

After completion, the state-of-the-art headquarters was successfully awarded platinum status, the Indian Green Building Council's highest possible rating. As well as being environmentally friendly, CESIM® House was built with staff comfort and welfare in mind, featuring a spacious open-plan office, multiple breakout areas, a cafeteria, and a gym. It has also served as an excellent showcase of the advanced HVAC technologies of Belimo, sophisticated monitoring solutions, and automated control systems that together provide consistent indoor air quality without sacrificing energy efficiency.

When combined with intelligent, eco-friendly design and recycling of natural resources, the building has provided a glimpse into the future of environmentally conscious construction and the efficient use of workspaces. The innovative hub is on track to meet expectations, with initial measurements confirming the predicted 32% sitewide energy savings compared to a regular building¹⁾. Several energy meters precisely monitor the fluctuating energy demands across all four seasons and will hopefully confirm these results in 2023.



Gary Economides, Head of Asia Pacific

Gary Economides, Head of Asia Pacific at Belimo, commented: "We're proud that this is one of the most eco-friendly and technologically advanced buildings in India. Being awarded the prestigious Indian Green Building Council's platinum status – the goal laid out at the hub's inception in 2016 – is a great achievement, and a testament to everyone involved."

Not only will the new headquarters contribute to a reduction in our carbon footprint, but it will also enhance the comfort and wellbeing of our staff, which is of utmost importance. However, now the real work begins; we must educate our clients, contractors, and the general public on the benefits of the Company's HVAC technologies and sustainable solutions that contribute toward a greener future.

¹⁾ Energy performance of the CESIM® House compared to a baseline building that complies with ASHRAE/IESNA Standard 90.1- 2004.



Facts and Figures on CESIM[®] House's Sustainability Features

- Awarded Indian Green Building Council's highest platinum status – the first in Navi Mumbai.
- 32% sitewide energy saving by efficient use of building envelope, lighting, HVAC, sensors, energy meters, and renewable energy compared to a regular building¹⁾.
- Daylight provides 90% of office lighting thanks to an open ceiling design.
- 186 photovoltaic solar units provide 160-kilowatt peak production, covering 30% of overall energy consumption.
- 95% rainwater harvested from the rooftop, stored in a 158 cubic meter rainwater tank – equivalent to more than ten days of rainfall – and re-used to reduce usage of municipal water.
- Low-flow fixtures contribute to 43% of water savings.
- Nine HVAC units with Belimo damper actuators, control valves, sensors, and energy meters.
- A rooftop landscape to reduce the heat load on the building.
- A façade louver shading system with Belimo damper actuators to reduce external heat loads and energy demand for air conditioning.
- 90% of the parking provided in the building is covered to reduce the heat island effect on the terrace.

¹⁾ Energy performance of the CESIM[®] House compared to a baseline building that complies with ASHRAE/IESNA Standard 90.1- 2004.

Showcasing Indoor Air Quality to Clients from all over India



CESIM® House is a showcase to educate our customers on the benefits of HVAC technologies enabling high indoor air quality.

CESIM® House is replete with intelligent Belimo HVAC field devices that monitor and control temperature, humidity, and airflow, as well as detect CO₂ levels, which significantly affect indoor air quality. The building also features carbon monoxide security sensors in the car parking area.

Using data from the duct and room sensors, ZoneEase™ VAV provides demand-controlled ventilation for each zone, and automatically optimizes fresh air supply based on the varying number of occupants. Also, CESIM® House features Belimo Energy Valves™, motorized

butterfly valves, and various damper actuators including fire damper and smoke control damper actuators.

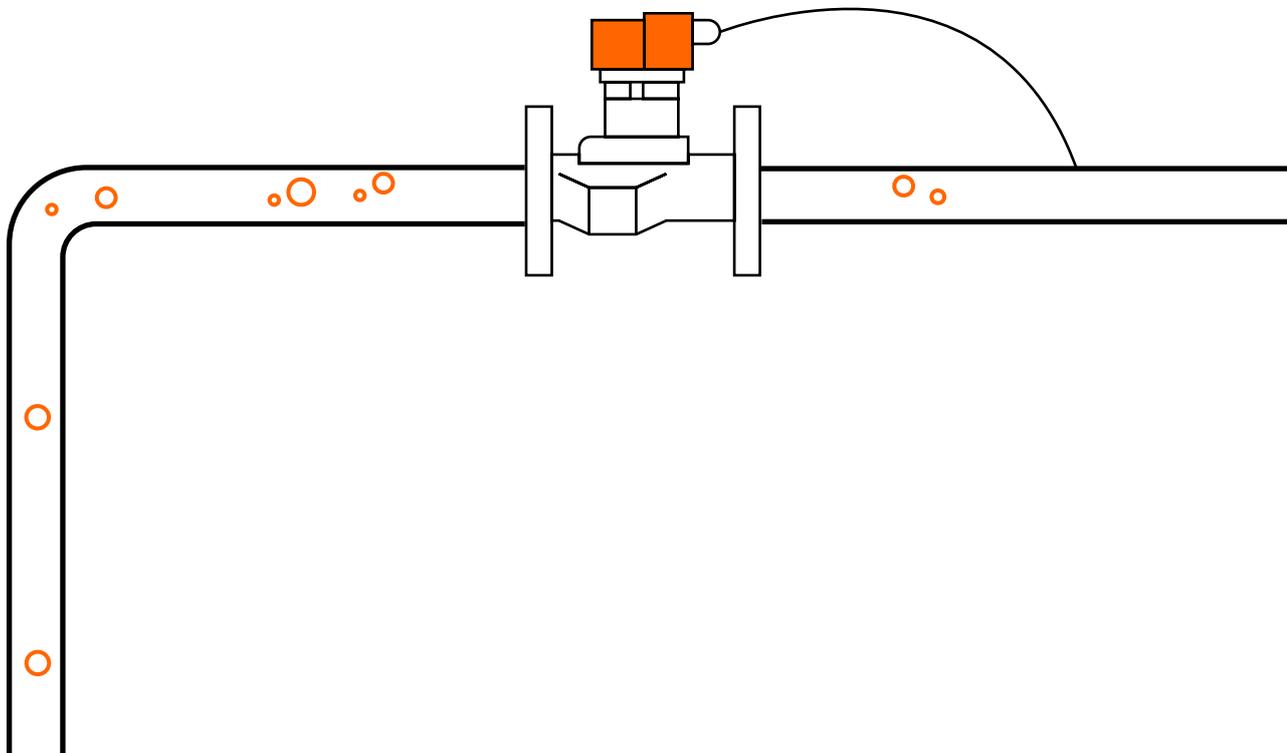
The building's field devices are connected via a BACnet IP to its IoT platform for remote monitoring, and the Building Management System (BMS) collects and displays the energy consumption and quality of the indoor air. This provides all the data needed to implement tailor-made solutions to improve energy efficiency and indoor air quality in the future.



SDG 11: UN Sustainable Development Goals Approach

By 2050, two thirds of all humanity – 6.5 billion people – will live in cities. The megatrend of urbanization actively drives the number of people living and working indoors and, with it, the necessity of intelligently controlled HVAC systems – namely, Belimo applications. Concerning [SDG 11 “Sustainable Cities and Communities”](#), Belimo helps make cities more sustainable and safer by providing products such as the Belimo Energy Valve™ or a wide range of safety actuators for motorized fire dampers and smoke control dampers.

Solution Leadership



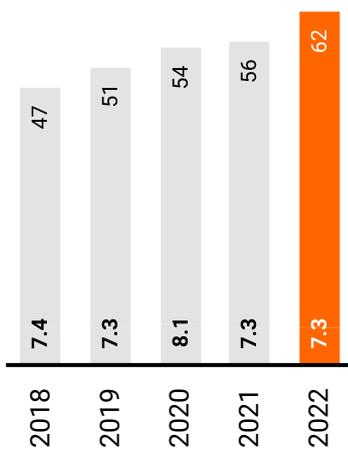
Solution Leadership

We strive for market and technological leadership and invest substantially more than our competitors in innovation to surprise the market with unique solutions.

Belimo works continuously to deliver solutions that offer more customer value in the application. Our full attention is focused on heating, ventilation, and air-conditioning applications with the mission to “Create Healthier Indoor Comfort with Less Energy”.

Maintaining a High Share of R&D Expenses

Spending on Research and Development



Research and development costs, in CHF million (in light) and in percentage of net sales (in bold)

Far-sighted investment into research and development is one of the main success factors for maintaining solution leadership. The key performance indicators are the resources dedicated to research and development as a percentage of net sales. This share has remained stable at a rate of more than 7% over the last five years, amounting to 7.3% in 2022.

One highlight in solution leadership during the reporting period has been the launch of the new room operating units (read the story [here](#)), with more than 50'000 participants watching the online product launch event. While room sensors are a relatively new addition to the portfolio, 2022 already marked the tenth anniversary of the Belimo Energy Valve™. The concept of this highly energy-efficient performance device has become well established in the market and sales growth rates continue to exceed those of other product lines.

To support the growth of Belimo, the research and development activities are increasing, not only in size and value but also internationally, with three hubs

outside of Hinwil (Switzerland): Danbury for the Americas, Großröhrsdorf for EMEA, and Shanghai for Asia Pacific. Also, a new product creation process has been introduced during the year under review. Its goal is to ensure the cooperation between the different teams and further improve the already high quality standards of our products.

How Is Solution Leadership Managed?

We generally refrain from investing in material assets and instead concentrate on developing our employees, products, markets, and quality standards. We diversify in-depth rather than in-breadth. We see innovation as one of the most critical factors for long-term success. The challenges of our customers and of new technology trends inspire us to develop groundbreaking solutions.

During the product creation process, our customer-centric method CESIM® ensures that the project team never loses sight of the primary purpose and customer benefit of a product. As part of CESIM®, an array of customer segments, suppliers, and development partners become involved at an early stage. This allows us, together with our stakeholders, to find and verify innovative approaches and ideas.

How Is Solution Leadership Measured?

To gauge the success in solution leadership, we track the following key performance indicators:

- Resources dedicated to research and development as a percentage of net sales.
- Resources dedicated to research and development compared to competitors.
- Research and development investments in different segments compared to changes in sales or market share of the corresponding segments.
- Overall strategic development of the product range.
- The number of [quality cases](#).
- Achievement of individual metrics at the dedicated stages, gates, and deliverables for every innovation project.
- Belimo maintains a “strategic products” reporting that tracks existing products’ sales and margin development for selected strategic, high-performance products. This report is sent to all managers and serves as a basis for management reviews.



SDG 9: UN Sustainable Development Goals Approach

With respect to [SDG 9 “Industry, Innovation and Infrastructure”](#), Belimo sets standards in HVAC damper actuator, control valve, sensor, and meter technologies. While the majority of Belimo field devices drive the energy efficiency of buildings, it is its fire and smoke actuators that contribute to their resilience.

Digitally Enabled Solutions

We help our customers to digitize their business processes and maximize the value of their installations by providing the digital ecosystem.

Most building management systems are now using networks instead of signal voltage to increase peripheral intelligence and deliver more data. This allows information from Belimo devices to be supplied easily to on-premises building management and cloud-based Internet of Things systems. This evolution is in response to regulatory pressures and the desire of building owners and operators to lower their operating costs and increase indoor comfort, allowing them to attract better tenants and achieve higher rental yields.

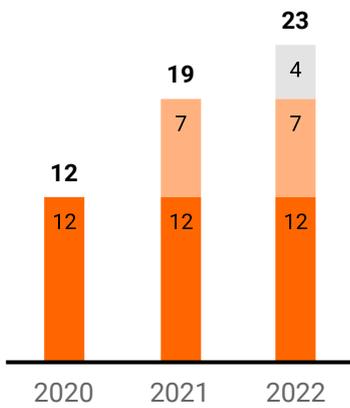
Data is at the forefront of this change. It is being used locally to streamline building operations to suit demand and diagnose faults quickly or before they occur, and remotely by cloud-based systems for building benchmarking and optimization.

Digital communication allows our customers to leverage this technology to deliver energy efficient buildings that are more reliable than ever. Data-rich devices enable building networks to become increasingly intelligent and transparent, allowing our customers to implement effective optimization and energy-saving strategies that affect all their business processes, including planning, installation, commissioning, operation, monitoring, optimization, and maintenance.

At the same time, data helps Belimo to understand changes in the usage of the specific building and application trends, ensuring its field devices remain relevant and continue to provide value for its customers and theirs. In addition, continuing to support common network platforms, and providing edge logic and valuable data are strong points of differentiation and a source of additional growth.

Fostering the Belimo Digital Ecosystem

Growth of the Belimo Digital Ecosystem



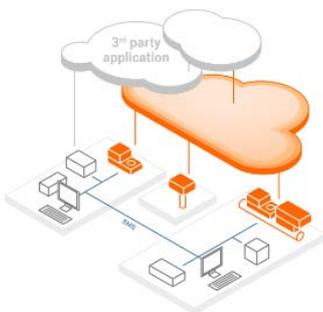
- Collaborators that joined in 2022
- Collaborators that joined in 2021
- Collaborators that joined in 2020

Development of the number of collaborators in the Belimo Digital Ecosystem

A key activity in the reporting period has been the consistent expansion and consolidation of the Belimo Digital Ecosystem, to ensure that more and more devices in the Company's portfolio are able to communicate with and locate within building management systems on a global basis. For this purpose, it is important that Belimo field devices can communicate with the customers' company servers. These technologies are complex to implement but they could represent a step change in the interaction between field devices and building management systems, offering new functionalities in the efficient operation of buildings.

The growth of the Belimo Digital Ecosystem and its applications during the reporting period is reflected by the ever-increasing number of [collaborators](#) (currently 23, see graph).

How Is Digitally Enabled Solutions Managed?



Seamless integration of Belimo field devices – thanks to digital twins

The digital ecosystem enables the means to offer flexible and seamlessly available system integration and high-quality device data.

Belimo continues to increase the number of network and cloud-capable devices that it offers and the number of devices that generate their own digital twins. Customers who own a Belimo Internet of Things device also own its digital twin and the data it collects. They can interact with it through the Belimo Cloud or an application program interface – which can be made of use by third-party applications – and aggregate the data collected by Belimo devices for a holistic building overview.

Belimo subject matter experts are focused on this topic, ensuring the Company remains the global leader in HVAC systems. Crucial is not only to offer the best products in traditional uses, but also to become a digital enabler of HVAC applications. For this purpose, Belimo supports all popular technologies and protocols, and keeps pace with market trends.

How Is Digitally Enabled Solutions Measured?

We track the following key performance indicators to help measure the success of our management performance with respect to digitally enabled solutions:

- The number of Belimo digital ecosystem collaborators.
- The percentage of digitally connected field devices.
- The increase in sales of connected devices.

Strategic IP Management

Belimo handles a growing number of patents and trademarks via strategic management of its intellectual property (IP).

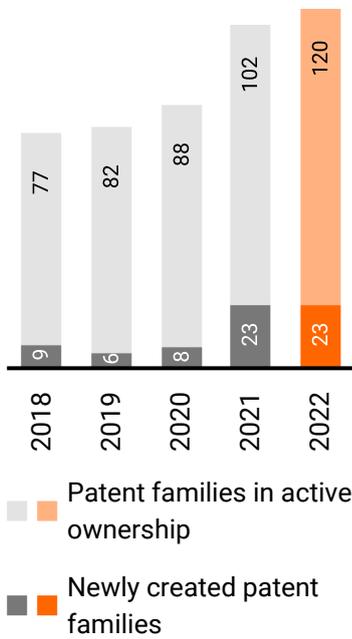
The primary reason for pursuing strategic intellectual property management is to ensure that both Belimo and its customers have the right to use products developed by the Company (freedom to operate).

Secondly, deploying strategic intellectual property management helps protect essential elements in the customer journey, as well as technological advantages and subsequent innovation leadership.

Continuously assessing the value of intellectual property rights and the optimal use of service providers ensures cost-effective operation. Additionally, intellectual property management maintains a patent database for tracking and sharing relevant information.

Strengthened Portfolio and Processes

Intellectual Property Overview



Development of the number of patents of Belimo

In 2022, Belimo filed the same high number of new patent applications as in the previous year, further strengthening its intellectual property portfolio. The number of patent families in active ownership increased to 120 as a total of 23 new patent families were created.

A major initiative in the period under review was the synchronization of intellectual property management with the ever-evolving research and development organization and the accompanying processes. Another focus was on strengthening the intellectual property protection covering the entire customer journey to ensure freedom to operate.

How Is Strategic IP Managed?

Our strategic intellectual property management team continuously monitors ongoing development projects in search for new patents, mapping out and analyzing their status in each business line. In addition, new application or technology patents in the HVAC industry are regularly monitored to ensure freedom to operate and to stay up to date with any advancements in the market. This approach allows developers to focus primarily on their own roles.

Intellectual property management also includes defining rules and dividing the work between development partners before a project is started. These aspects are well documented in development and nondisclosure agreements. If required, Belimo evaluates the licensing of advanced technologies for its products.

Strategic intellectual property management is especially relevant in the age of digitization. Belimo puts significant effort into monitoring activities in this field, as it is increasingly competing with IT companies that file for a vast number of patents. This field is another vital intellectual property area and Belimo has already filed several patent applications.

How Is Strategic IP Management Measured?

We track the following key performance indicators to assess our performance regarding the management of intellectual property:

- Patent families in active ownership.
- Newly created patent families.
- Number of cross-licensing agreements as an indicator of friendly relationships between Belimo and other companies, especially competitors.
- Total intellectual property related litigation cost in Swiss francs.
- Number of patents in the field of digitization.
- Quality of patents in relation to the mid- and long-term needs of the business lines and the Company strategy (a qualitative key performance indicator that is measured through the feedback from business line leaders).



“You Can’t Manage What You Don’t Measure”

In August 2022, Belimo launched a new product line of room sensors and room operating units, expanding its range of HVAC sensors. These intelligent field devices not only form the foundation of indoor air quality – crucial for ensuring the health and productivity of building occupants – but they also improve the energy efficiency of the systems in which they are installed.

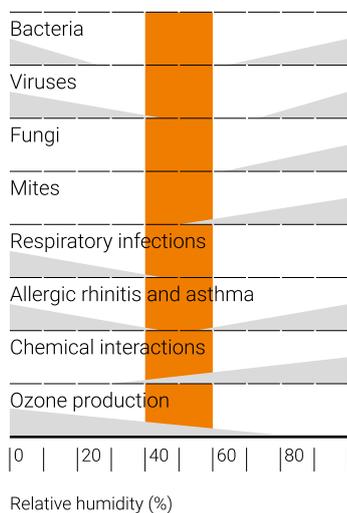
People spend almost 90% of their time indoors, inhaling air that is affected by the surroundings. The main method for controlling indoor air quality (IAQ) in buildings is with heating, ventilation, and air-conditioning (HVAC) systems. Pipe, duct, and room sensors serve as the critical link between the indoor environment

and the HVAC system and help ensure optimal indoor air conditions. In late summer 2022, Belimo launched a new range of room sensors and room operating units to complement its existing portfolio. These field devices accurately monitor IAQ and can be integrated seamlessly into existing building management systems.

Key Health Factor Relative Humidity

Belimo sensors help provide a comfortable, productive, and healthy indoor climate by precisely measuring three critical parameters of indoor air: temperature, relative humidity, and CO₂. Temperature as well as relative humidity impact comfort, productivity, and health.

The Effects of Different Relative Humidity Levels



Impact of different relative humidity levels shown on a Scofield-Sterling-Diagram (Source: Fachinstitut Gebäude-Klima e.V.)

It is crucial that a relative humidity between 40 to 60% is maintained as this affects the suspension time of aerosols in the air and influences the body’s ability to protect itself against environmental changes. In dry air (below 40% relative humidity), droplets from an infected person speaking or sneezing easily evaporate, and the contained virus travels further in the room as a light aerosol.

With a relative humidity level above 40%, droplets do not evaporate as quickly and fall to the ground at a shorter distance. In addition, many bacteria and viruses are considerably more contagious in dry air, as mucous membranes dry out when there is a lack of moisture, weakening the immune system.

Linking CO₂ and Health

Although CO₂ is a natural component of the air we breathe – making up approximately 0.04% of the earth’s atmosphere – extremely high concentrations of CO₂ can be detrimental to health. CO₂ concentrations of more than 1’000 parts per million decrease the human brain’s ability to concentrate. CO₂ concentrations at 2’000 parts per million or higher can even lead to fatigue and headache.



The new Belimo room operating unit features an LED traffic light function for better visibility of CO₂ levels

The CO₂ level in a room provides an excellent gauge of overall IAQ and building occupancy, making it a highly attractive guide for demand-controlled ventilation. If the CO₂ value is high due to increased occupancy and limited air exchange, there is also a greater potential risk of infectious aerosols.

This is why the new Belimo room operating units feature an LED traffic light function that clearly visualizes CO₂ levels. In fact, temperature, relative humidity, and CO₂ are all displayed on the high contrast ePaper touch display. The minimalist design principles in combination with these outstanding features were key factors that led to this technically mature product solution receiving the coveted Red Dot Design Award.

Linking IAQ and Energy Efficiency

“It’s an axiom that you cannot manage what you do not measure,” explained Bill Bahnfleth, Professor of Architectural Engineering at Penn State University, where he teaches courses on HVAC systems and specializes in IAQ research.

“Information from HVAC sensors is vital to monitor the indoor climate and can be used to enhance IAQ in many ways.”



Bill Bahnfleth, Professor of Architectural Engineering at Penn State University

This includes checking the levels of key contaminants in the air, whether it is volatile organic compounds (VOCs), which are emitted by carpets and other materials containing organic adhesives, or particulate matter (PM), that can enter buildings from outside or can result from cooking. Bill agreed: “It is important to know what contaminants are in the indoor air so that we can manage them properly.”

Managing these contaminants comes down to turning on the ventilation, which is, in effect, conditioning exterior air to match interior conditions, including temperature and relative humidity. Again, control is key and relies on sensors to check that the level of ventilation is set correctly to meet indoor targets.

Bill continued: “Bringing lots of outdoor air into a building is tremendously inefficient, increasing energy costs. We do not want to over ventilate, just as much as we do not want to under ventilate.” Belimo takes all these factors into

account, specializing in synchronizing sensors and actuators with HVAC systems to monitor contaminant levels and create an optimal supply of fresh exterior air and removal of contaminated air, while improving energy efficiency in the process.

Only 0.08% of HVAC Spending

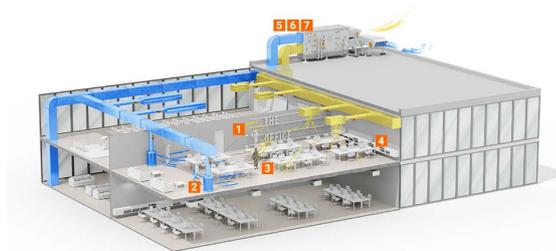
One of the main factors in maintaining IAQ is keeping air moving. “In general, we want air to move from clean to less clean conditions,” Bill said. This requires good [airflow control](#), which, in turn, relies on the control of air pressure between different zones in a building. To this end, Belimo sensors measure air pressure and flow through ducts, as well as relative humidity, CO₂, and VOCs. The information they collect can be used to control the amount of air delivered to different zones and maintain the correct pressure gradient between them.

This whole approach is both energy efficient and effective in maximizing wellbeing and productivity indoors, simultaneously generating an incredible return on investment, especially as sensors account for only about 0.08% of a building's total HVAC spending.



The Seven Essentials of Healthy Indoor Air

Belimo interviewed consulting engineers and ventilation experts worldwide to identify systematic, practical, and comprehensive approaches for creating healthy indoor air. This resulted in the [seven essentials of healthy indoor air](#), i.e., the most critical factors for ensuring IAQ in non-residential buildings.



What became most evident was that continuous and reliable measurement, display, and monitoring of indoor air are crucial to maintaining IAQ. The seven essentials include:

1. Continuous and reliable measurement, display, and monitoring of IAQ.
2. Accurate amount of air supplied to a zone and controlled removal of contaminated air.
3. Well-designed air dilution and airflow patterns.

4. Active pressurization of envelope and spaces.
5. Correct temperature and humidity conditioning.
6. Effective filtration.
7. Proper amount of outside air.

Interview with Leading Healthy Indoor Environment Consultant – Johanna Trüstedt

“The Data Must Be Readily Available”

Belimo spoke with interior designer and leading healthy indoor environment consultant Johanna Trüstedt. She described the relationship between IAQ and productivity, and explained why, in her view, sensors are the crucial link that will finally make the building occupants’ call for healthy indoor air heard.



Leading healthy indoor environment consultant
Johanna Trüstedt

Belimo: How would you describe, on a scale of one (worst) to ten (best), the current state of IAQ in buildings worldwide?

Johanna Trüstedt: Interestingly, a lot has changed since the start of the pandemic. Before, I would not have rated the state of our indoor environment higher than, let's say a three or four. Now, many of my customers ask me to have a closer look at their HVAC systems. Therefore, I think in line with greater awareness, I see us now between a five and six.

Are there differences between regions?

Certainly, sensitivity toward air quality is often triggered by the quality of the outside air. Beijing, for example, has very poor outside air, so sensitivity is high. I have also worked on numerous projects in Shanghai, where employers wanted to ensure their employees enjoyed a healthy indoor climate by making sure that the air that comes into the building

was “clean”, and that no harmful materials were installed.

And, how about in Europe?

Interestingly, it is not a hot topic here yet, even though the outside air that often enters a building can also be quite poor, especially in city centers or zones with heavy road traffic. Thus, it would make sense to have a closer look at this and change existing norms, particularly regarding PM10 or PM5 (*particulate matter*). Interior air quality should also be tested, as we often bring materials into our buildings that pollute the inside air.

Where do we stand in the Americas?

The Americas face similar challenges concerning healthy indoor air. Road traffic is certainly one problem, but outside air can also be questionable for other reasons, such as environmental disasters. Because of this, many Americans tend to be more sensitive about this topic. Their approach to addressing this challenge is to certify IAQ – which we are seeing more and more of in the market – and the US building sector is much more aware of this topic. Also, because these certifications can be marketed and are sometimes even used for recruiting purposes, you need to sell them well to the customer. Any stamp makes a product better – this is the way their market works.

Are we naive regarding air quality in Europe?

I would not say naive, rather that we are much more sensitive toward outside air compared to inside air. Knowledge and awareness are simply not there, even though academia is very clear that inside air can be bad for us and influence our productivity. In my opinion, it is the responsibility of HVAC planners and architects to inform building owners about this. I believe we have gone through a similar process with our perception of the consumption of sugar or tobacco, but we are still working on our view of IAQ.

What is the best way to make people aware?

This again depends on the region. In the Americas, certification is working just fine. In Europe, I believe objective evidence is the best method. With interior air testing, it is easy to show that productivity decreases, although it needs to be highlighted that there are a lot of factors that influence productivity. It is tricky to filter out to what degree it concerns indoor air and, here, research is quite thin.

What do the few existing studies say?

They say that the impact of indoor air on us is extreme. For example, Joseph Allen of Harvard University compared the cognitive functions of occupants of poorly ventilated office environments to those in higher ventilated ones. In green building conditions, he proved that productivity increased by 61%, and in green building conditions with enhanced ventilation, productivity increased by 101%.

CO₂, VOCs, and ventilation rates all significantly and independently affected cognitive function.

“In green building conditions with enhanced ventilation, productivity increased by 101%.”

Johanna Trüstedt

Amazing, so the payback actually seems to be very clear.

Exactly. A 60% better performance equates to more profits, and we must further highlight this causal relationship, as often a high percentage of operating costs are salaries. If each employee was only five minutes more efficient each day, it would add up! And speed is just one way to look at this. Cognitive functions are also about decision making and crisis response. The results tell a very clear story. There are numerous possible indicators of IAQ, including CO₂, PM2.5, VOCs, temperature, and relative humidity.

Which ones do you focus on in your work?

CO₂ is generally a solid indicator of air quality, as a lower CO₂ concentration often coincides with fewer pollutants. CO₂, VOCs, PM2.5, and PM1 – so-called fine dust – are the main influences on air quality and wellbeing, obviously combined with temperature and relative humidity. But the correlation is very complicated as there are, for example, harmful VOCs – such as formaldehyde – but also harmless ones.

What is the most common factor for low IAQ?

We are now actively constructing buildings that are better sealed to save energy, but then the indoor environment is literally running out of air, and this has clear consequences, for example, on pollutant materials. Ventilation is surprisingly efficient at reducing pollution levels but, as soon as the ventilation is turned off, pollution returns to where it was initially. The best option to prevent this would be not to bring any toxic materials into a building in the first place. At the same time, when a building receives certification, this is usually based on one-off measurements, even though materials continue to emit toxic pollutants over the entire life span of that building. However, we cannot rely only on one-off measurements; we need to measure continuously.

This sounds very similar to the so-called “performance gap” regarding energy efficiency.

Right, readjustments almost never happen once a building has been commissioned. In this regard, I find RESET® accreditation highly valuable, because there is no “A”, “B”, or “C” stamp you receive for good, rather it needs to be earned continuously through repeated measurements. Once you exceed a threshold, you lose accreditation, but how you get below the threshold is up to you. There are no checklists to follow as with other certifications, only the output counts.

What role do sensors play in this system?

Obviously, a very important one, especially regarding air quality. It is all about continuous measurement rather than selective one-off readings. And another important point in my view is that the data needs to be accessible to the occupants, which, in reality, often proves tricky.

Why?

Because only then can occupants react accordingly and decide for themselves where they want to work and where they don't. This is what deters many building owners. If you are collecting data that only facility management gets to see, there is no use for it.

So, you basically want to empower the occupants.

Right. The data must be readily available to them so they can make their own decisions. We are not there yet but we will be in the future. For example, we might be able to view the air quality inside a coffee shop from the outside, or even from a mobile app. If it is bad, most of us would probably decide to meet somewhere else. This can be a very strong marketing tool. I like to compare this again to what the food industry went through: consumers had to fight hard for the very detailed list of ingredients on food packaging that we see today. I want the same for buildings and, to be able to display the proper list of ingredients for IAQ, sensors are the key.

“In the future, we might be able to view the air quality inside a coffee shop from the outside.”

Johanna Trüstedt

So, why do we not do it right away?

Because there is an upfront investment involved. To regulate CO₂, you would need mechanical ventilation. Of course, by opening the windows manually, you can also pass this task onto the occupants. Nevertheless, they would need sensors to know when the window should be opened. Also, regarding pollutants, it is not obvious which materials are harmless and which are not. This will take time and investment to determine. But the return on investment is clear, especially once you add the occupant into the lifecycle cost calculation. This is why I am convinced that it is not more expensive in the long run – it is an upfront investment that pays off.



About the Interviewee

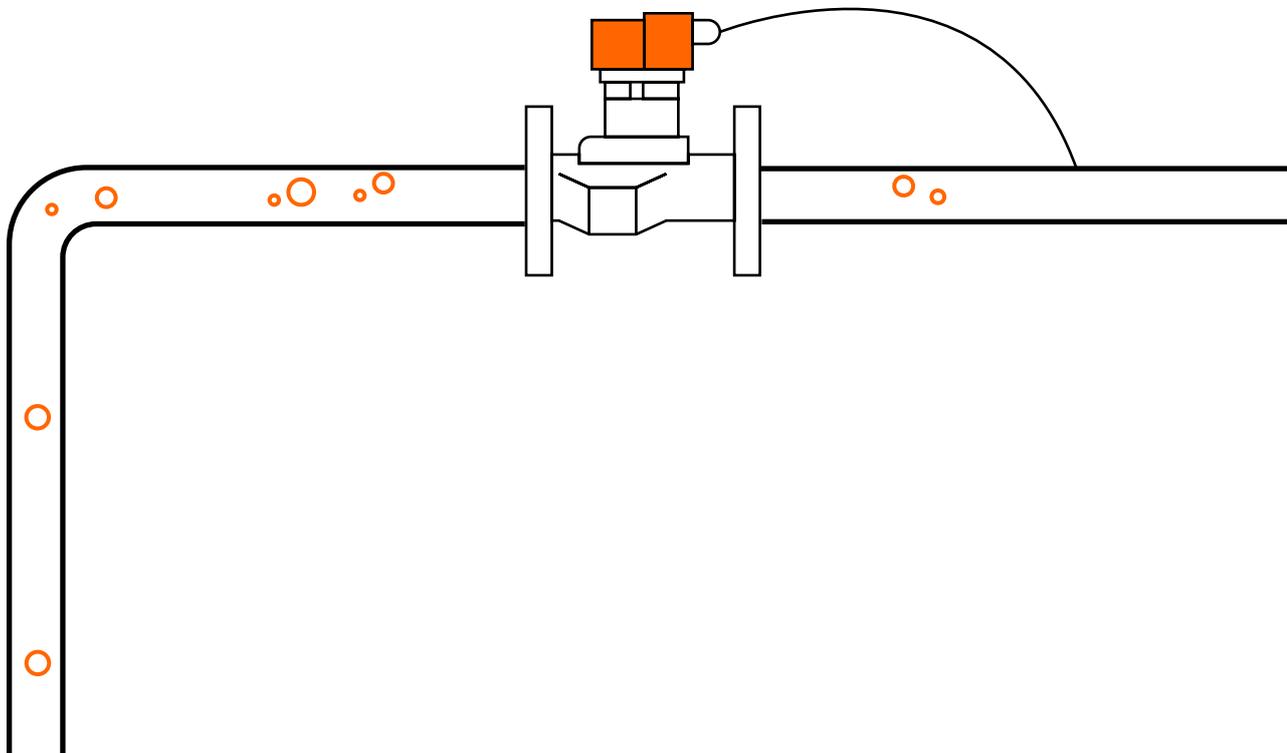
Johanna Trüstedt is a workplace and sustainable indoor environment consultant and is on the User Experience Team for Drees & Sommer. She has been creating healthy and user-centric indoor environments for more than 20 years in Germany, Japan, China, Spain, and now in Switzerland. Johanna's approach involves creating space solutions that support the wellbeing and health of a building's occupants. She is also a board member of the Schweizerischer Verein für Luft- und Wasserhygiene (SVLW).



SDG 3: UN Sustainable Development Goals Approach

Belimo contributes to [SDG 3 "Good Health and Well-Being"](#) by ensuring optimum indoor air quality and well-being in rooms. Its intelligent HVAC components control the major factors affecting room climate: temperature, humidity, air flow, CO₂, and VOCs. High-performance HVAC systems and proper humidification strategies are required to maintain stable and healthy indoor air quality. For ensuring optimum conditions, Belimo sensors serve as a critical link between the zones and the HVAC system.

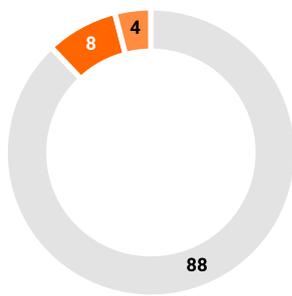
Operational Excellence



Partnership with Suppliers

Belimo views its suppliers as key partners, and the most critical element of its asset-light model.

Highly Externalized Production Costs



- Sourcing (suppliers): 88%
- Assembly (Belimo): 8%
- Logistics/Customization (Belimo): 4%

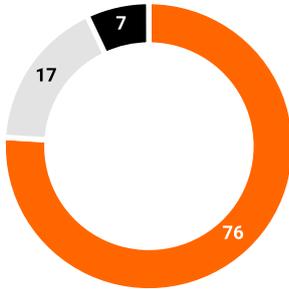
Split between internal and external value add, in percentage of total production costs in 2022

Partnerships with suppliers are critical for Belimo to uphold its customer-oriented flexibility and deliver high-quality field devices that arrive on schedule. Especially in challenging times, these long-term partnerships are essential for high product availability. The supplier network is also crucial for maintaining our asset-light model.

Belimo sees its suppliers not only as providers of parts and assemblies, but also as key partners when developing specifications for products or services. This means they contribute significantly to the Company’s innovative capacity, as they help to fulfill end-users’ needs while cost-effectively meeting and exceeding mandates.

Mastering another Challenging Year

Procurement by Region



- EMEA: 76%
- Asia Pacific: 17%
- Americas: 7%

Procurement volume by region, in percentage of total procurement volume in 2022

During the reporting period, the Company's network of 400 suppliers exhibited its strength by mastering a very challenging supply chain management situation. 2022 was marked by material shortages in almost every category, shortages in the availability of transportation capacity (find out more [here](#)), and increasing costs of materials, services, and transportation due to the tight availability situation in the market.

Key projects for improving supplier integration are in planning, i.e., to improve process and data exchange between Belimo and suppliers, forecasting, and proof of origin. The newly introduced concept of remote audits of well-known suppliers and already audited ones was employed for a substantial part of the 40 audits in 2022.

How Is Partnership with Suppliers Managed?

The main instruments for establishing new supplier relationships, and for evaluating existing ones, are audits, risk management, and category management. Suppliers are expected to grant Belimo full transparency to enable risk assessment. This can mean access to relevant financial records or evidence of adherence to standards, such as Belimo quality standards or safety standards, as well as showcasing the ability, availability, and capacity to work on projects.

Belimo strives for an active partnership with its suppliers' workforces, helping to develop their manufacturing processes to ensure long-term success. The ultimate ambition of the Company's supply chain strategy is to engage suppliers that mirror its culture and match its growth, establishing relationships characterized by trust and honesty.

Once a collaboration has been established, Belimo looks primarily for suppliers that experience healthy profits, as this demonstrates their capability to innovate and invest in state-of-the-art, environmentally friendly technologies.

We audit about 10% of our suppliers every year, focusing on A, B, and special part suppliers (they are categorized on the basis of procurement volumes and/or their strategic importance). We take on between one and five new suppliers each year who are then subjected to initial audits, while at the same time gradually

screening out non-compliant ones. Approximately 60% of our purchasing volume is sourced from suppliers with whom we have worked with for more than twenty years. On average, we have maintained relationships of more than ten years' standing with approximately two third of our suppliers.

How Is Partnership with Suppliers Measured?

To measure the success of how we manage the partnerships with our suppliers, we keep track of the following key performance indicators:

- Percentage of external production costs.
- Material expenses (including changes in inventories) in % of net sales.
- Threshold of Belimo sales for each supplier.
- Net sales per employee.
- Average duration of collaboration with a supplier.
- Number of supplier complaints (see [Quality First](#)).
- Number of audited suppliers per year (in % of total suppliers).
- Total number of suppliers.
- Procurement volume by main material groups.
- Procurement volume by region.
- Number of supplier-induced quality cases.
- Production cost ratios in final assembly, testing, and customizing.

Environmental Footprint of the Supply Chain

Belimo goes to great lengths to minimize the environmental impact of its upstream supply chain.

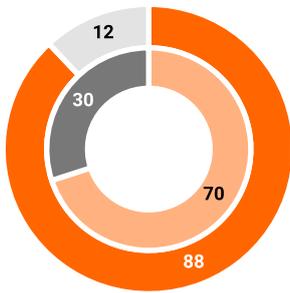
Upstream suppliers are mission-critical to the business model, the sustainability mission, and the quality-first values of Belimo (for downstream logistics providers, find more information [here](#)). While pollution impacts the environment and violates our ethical standards, resource efficiency and waste reduction lower costs, which is another reason why we focus on minimizing the impact of our supply chain.

New Supply Chain Strategy

During the reporting period, Belimo has been building up resources for supplier audit management by providing additional training to new and existing auditors. The Company has also started implementing a new supply chain strategy, with a key project focusing on the reduction of CO₂ along the supply chain (upstream).

In 2022, Belimo was again able to increase the coverage of purchasing volume by ISO 14001 / 9001 certified suppliers: 70% of purchasing volume is certified pursuant to ISO 14001 and 88% pursuant to ISO 9001. During the reporting period, Belimo also started tracking the coverage with ISO 45001:2018 certification in its supply chain by focusing on occupational health and safety management systems.

ISO-Certified Suppliers



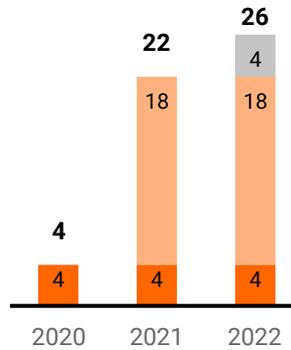
- ISO 9001 certified: 88%
- Not ISO 9001 certified: 12%
- ISO 14001 certified: 70%
- Not ISO 14001 certified: 30%

Procurement volume from ISO-certified suppliers 2022, in percentage of total procurement volume



In 2022, Belimo was awarded the EcoVadis silver medal

Shared EcoVadis Scorecards



- Scorecards shared in 2022
- Scorecards shared in 2021
- Scorecards shared in 2020

Development of the number of shared EcoVadis scorecards

Moreover, Belimo was awarded a silver medal by EcoVadis in 2022 in recognition of its sustainability achievement with an overall score of 62/100. As at year-end 2022, the Group has shared its EcoVadis scorecard a total of 26 times.

In 2022, almost the entire procurement volume was generated from signatories of the [Code of Conduct \(declaration from the supplier\)](#), which prohibits gross violations of environmental laws. All A-suppliers have signed the Code of Conduct; the majority of the non-signatories are suppliers from which we procure small to medium-sized volumes.

How Is the Environmental Footprint of the Supply Chain Managed?

When it comes to ecological, social, and government standards, we make the same demands of our suppliers as we do of our internal service providers. Our sustainability and social responsibility principles are set out in the Company's Code of Conduct and reflected in our internal guidelines. All suppliers are expected to sign the supplier's declaration, agreeing to comply with the Code of Conduct, and to demand conformity from their own sub-suppliers as well. Due diligence helps to mitigate the risks from flawed supplier practices. Contract management is one instrument for holding third parties accountable, and both selected new and existing suppliers must undergo regular process audits, during which we verify their adherence to the Code of Conduct.

How Is the Environmental Footprint of the Supply Chain Measured?

To gauge the success of managing the environmental footprint of the supply chain, we adduce the following key performance indicators:

- Procurement volume from Code of Conduct signatories (in % of total procurement volume).
- Procurement volume from ISO 14001, ISO 9001, and ISO 45001-certified suppliers (in % of total procurement volume).
- Number of shared EcoVadis scorecards and our overall EcoVadis score.

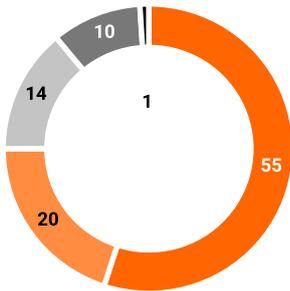
Energy Efficiency in Operations

Belimo stands for energy-efficient HVAC field devices, and so do its operations and buildings.

The stakeholders of Belimo expect the Company to run energy-efficient operations, whether it be in production processes or, even more importantly, in its buildings. With this in mind, Belimo focuses its efforts on reducing its environmental footprint in its very own buildings – where it considers itself most qualified and where it achieves the most significant impact.

Energy Consumption and In-House Production

Energy Consumption Overview



- Electricity, renewable (purchased and in-house production): 55%
- Electricity, location-based mixed: 20%
- Natural gas: 14%
- District heating: 10%
- Diesel: 1%

Energy consumption by source, Danbury and Hinwil, 2022 (calculation basis: Megawatt hours)

The trend toward renewable energy sources continued during the period under review. In 2022, renewable electricity accounted for as much as 55% of energy consumption, becoming the largest source of energy for the Group. This was mainly due to Belimo switching to 100% renewable electricity at its Hinwil (Switzerland) site earlier in the year.

The Danbury (CT, USA) and Hinwil sites combined account for approximately 85% of total energy consumption within Belimo (refer to the [GRI Content Index](#) for more details regarding energy source composition).

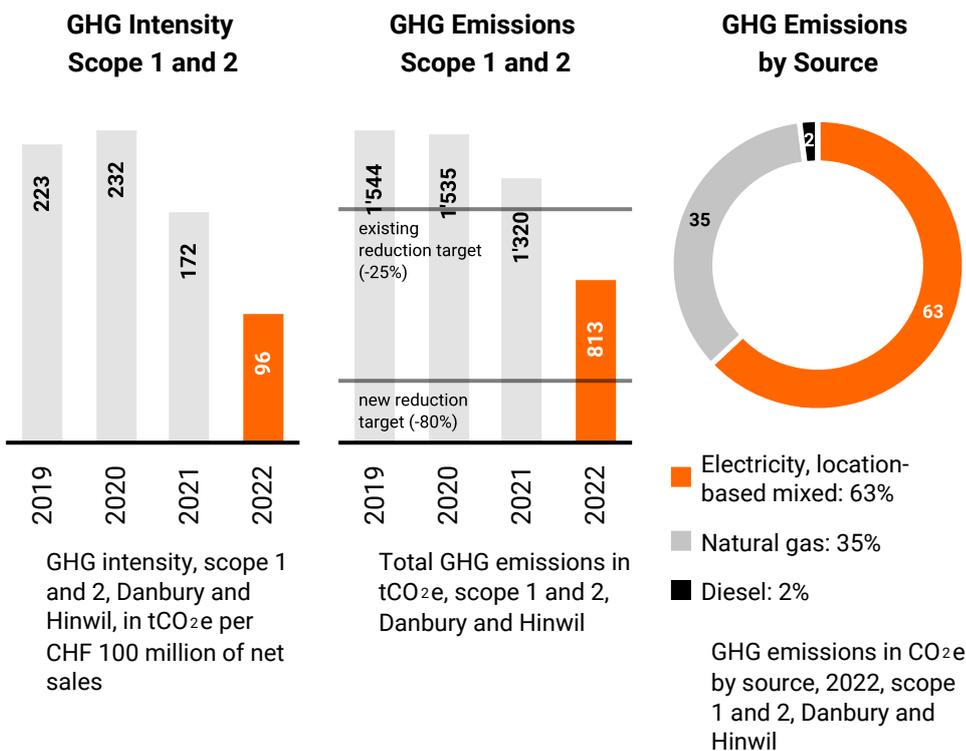
Meanwhile, in-house energy production in the form of photovoltaic installations was 828 megawatt hours (MWh), resulting in a contribution of 8.5% to total energy consumption (included in renewable electricity).

Energy Production at Belimo in MWh	2022	2021	2020	2019
Photovoltaic electricity production	828	1'075	373	61

GHG Emissions from Scope 1 and 2

Belimo achieved its initial target of reducing greenhouse gas (GHG) emissions in Belimo-owned buildings (Hinwil and Danbury, in relation to the 2019 output) by 25% ahead of schedule during the year under review. The major contributions to these savings came from HVAC projects at our Hinwil and Danbury sites, where we upgraded or replaced the existing systems, and the switch to 100% renewable electricity in Hinwil. Another focus that helped us run our buildings more efficiently was the replacement of the existing lighting with modern LED lights and the employment of daylight-dependent controls. Currently, around 50% of the lighting in Hinwil has already been replaced.

This successful early achievement of our sustainability target has led us to adopt a new reduction target of achieving a 80% reduction in GHG emissions in Belimo-owned buildings by 2025 (Hinwil and Danbury, in relation to the 2019 output, see center graph).



Greenhouse gas intensity, measured in tCO₂e per CHF 100 million of net sales, has meanwhile decreased once again in 2022 due to more renewable electricity sources and the double-digit sales growth.

Emissions from Scope 3: Business Travel

During the reporting period, 211.9 tCO₂e of emissions per CHF 100 million of net sales resulted from air travel by Belimo employees. In comparison with pre-COVID-19, business travel activity continued to be slightly muted:

Business Travel ¹⁾	2022	2021	2020	2019
Emissions caused by air travel of employees in tCO ₂ e per CHF 100 million of net sales	211.9	64.3	79.2	323.9

¹⁾ Disclosure includes employees of the sites Danbury (CT, USA) and Hinwil (Switzerland).

Extending Our ISO Certifications

Most Belimo sites are certified pursuant to the international environmental management standard ISO 14001 and quality management standard ISO 9001. During the reporting period, Belimo also introduced ISO 45001 – occupational health and safety management system standards – and added Shanghai as the first audited site. The other sites are to follow.

Overview ISO Certifications at Belimo Sites	ISO 9001:2015	ISO 14001:2015	ISO 45001:2015
Hinwil	X	X	
Danbury	X	X	
Sparks	X	X	
Shanghai	X	X	X
Großröhrsdorf	X		

The Großröhrsdorf (Germany) and the Mumbai (India) sites will also be certified according to ISO 14001. In 2022, the Mumbai site was added to the building management system, which allows Belimo to display, supervise, and collect data from its premises (read the story [here](#)). In the future, Mumbai will also be certified according to ISO 9001.

All sites also undergo regular audits by the Swiss Association for Quality and Management Systems (SQS) and the China Quality Certification Center (CQC) in China.

How Is Energy Efficiency in Operations Managed?

Belimo relies on its building management system that allows the company to display, supervise, and collect data from all sites. This ensures its premises are managed in the best possible manner and achieves transparency as to where all the different forms of energy are being used, including energy demand, recycling, and waste. The collection of this data therefore paves the way for the introduction of tailor-made local energy-saving measures. Belimo also strives to continuously improve energy consumption and reduce waste in production, in accordance with lean management principles, by continually analyzing the energy used in production processes at its sites.

How Is Energy Efficiency in Operations Measured?

Belimo tracks the following key performance indicators to gauge the success of managing energy efficiency in operations:

- Number of ISO 14001, ISO 9001, and ISO 45001-certified Belimo sites.
- Passed audits by the Swiss Association for Quality and Management Systems (SQS) and the China Quality Certification Center (CQC) in China.
- Percentage of modern LED lighting in Belimo facilities.
- Energy sources (renewable/non-renewable).
- Total energy costs in CHF and energy costs in percent of net sales.

In-house energy production:

- Installed Megawatt Peak (MW_P) of photo-voltaic installations and its share of total energy consumption in Megawatt hours (MWh).

tCO₂e of emissions:

- Direct from owned or controlled sources – scope 1.
- Indirect from the generation of purchased energy – scope 2.
- Caused by air travel by employees – part of scope 3.

Energy and CO₂ intensity:

- Total tCO₂ emissions and tCO₂ emissions per CHF 100 million of net sales.
- kWh and kgCO₂e per CHF 1'000 of net sales, per employee, and per actuator sold.

Recycling and disposal:

- Metric tons for recycling, incineration, and hazardous waste (electronics and separated materials).
 - Cubic meters of wastewater.
-



SDG 12: UN Sustainable Development Goals Approach

Belimo contributes to [SDG 12 “Responsible Consumption and Production”](#) by upholding sustainable procurement practices and localized sourcing, minimizing waste, and optimizing logistics through modularization of its product ranges and by applying environmental management standards at its main production sites.

Process Efficiency and Short Lead Times

Short lead times are a primary competitive advantage that Belimo offers its customers, resulting from super-efficient handling of all downstream processes.

Frequent last-minute changes in planning, construction, installation, and commissioning are a significant challenge in the heating, ventilation, and air-conditioning (HVAC) sector. Therefore, our customers highly value short lead times and reliable, on-time delivery. The continuing trend of direct, just-in-time shipments to installation sites further eliminates our customers' needs to stock supplies and handle material, making them even more successful.

Catering to the Needs of a Growing Organization

During the year under review, Belimo accelerated capacity expansion in logistics and customization, with higher investments in all market regions following its strong growth in 2021. The respectively initiated projects were successfully continued, with expansion of logistics and customization capacities in all three market regions.

In the EMEA market region, capacities were enhanced in Großröhrsdorf (Germany) and Hinwil (Switzerland). Next to its existing Hinwil location, Belimo purchased a piece of land to accommodate expansions in logistics and customization. In the Americas market region, logistics and customization capacities in Danbury (Connecticut, USA) were also increased. And in the Asia Pacific market region, Belimo purchased its existing Shanghai (China) location to account for additional capacities and space for warehousing, customization, logistics, and offices. In Mumbai (India), the move to a new building with extended logistics and customizing areas was successfully completed (read the story [here](#)).

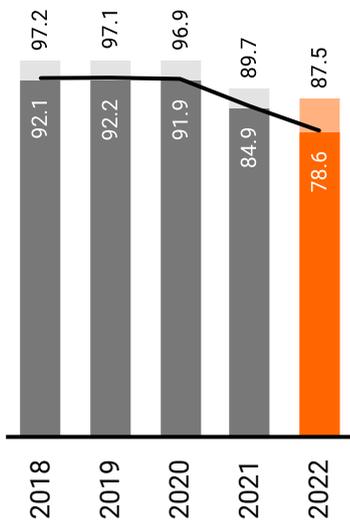
Other projects in the period under review included:

- Analysis of long-term global logistics and customizing footprint needs, which includes the identification of possible new hub locations. An additional output of this project is a digital twin of the entire supply chain, which allows us to design future scenarios.

- Continuation of lean initiatives in customizing centers in all three market regions to further increase process efficiency – encompassing the optimization of internal logistics and assembly processes.
- Further elaboration of the transportation sourcing strategy, to account for long-term supply chain needs.
- Elaboration of a concept for the expansion of the logistics and customization center in Sparks (Nevada, USA) that serves the Western United States.
- Completion of the measurement method concept for transportation-related CO₂ footprint.

Limiting the Impacts in a Challenging 2022

Global Delivery Performance



■ Last confirmed

■ First confirmed

— Trend line

On-time delivery performance, weighted data of all Belimo sites covering 100% of global deliveries

2022 was another challenging year in the global logistics market. The Group’s overall on-time delivery performance has not yet recovered.

The global “first confirmed” delivery achievement in the year under review was 78.6%, which is below the five-year average before the pandemic, and less than the 2021 rate of 84.9%.

Nevertheless, Belimo could once more prove its operational excellence by fulfilling delivery commitments to its customers and limiting the impacts of delays.

How Is Process Efficiency and Short Lead Times Managed?

High flexibility and efficient processes are the basis for short lead times. The Group’s set-up with nine customization centers around the world (see map below) allows for speedy deliveries because orders are adapted to local market needs, as close as possible to our customers. Customer proximity and process

efficiency also minimize urgent international airfreight shipments and cut carbon emissions.



In the region, for the region: our global presence with nine Belimo logistics and customization hubs around the globe

A holistic understanding of the supply chain is key for short lead times and efficient end-to-end processes. Belimo therefore strongly focuses on continuous and proactive process improvements. Another crucial factor is the Company's far-sighted investment in logistics infrastructure, which has been continuously expanded over the last decade.

How Is Process Efficiency and Short Lead Times Measured?

Belimo tracks the following key performance indicators to gauge its global on-time delivery performance:

- First confirmed date: the delivery date initially promised after a customer places a sales order.
- Last confirmed date: the final confirmed date, adjusted to reflect an order that could not be fulfilled.
- On-time delivery of suppliers: the inbound delivery performance of distributors is tracked to help improve this aspect in the long run.
- Capacity and customer order backlog (open customer orders): this data is key for operational decision making, and forms the basis for supplying transparent, reliable, and on-time information.
- Order cycle time: the process efficiency of all administrative and operational steps is measured to help identify task or project improvements.

Quality First

In line with our quality first standards, all employees are encouraged to assume their share of responsibility for ensuring operational excellence.

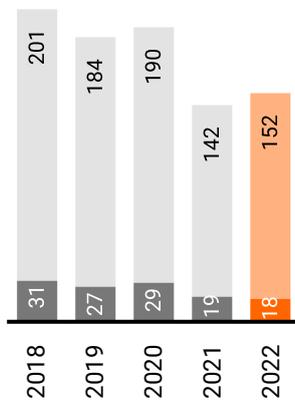
We are a global market leader in damper actuators, control valves, sensors and meters for the control of heating, ventilation, and air-conditioning systems. We provide our customers with more value and deliver higher quality products with comparatively longer warranty periods.

Strengthened Product Compliance

During the reporting period, the Company's product creation process has been reviewed and optimized. The review takes into consideration all the steps and requirements that are crucial during the creation phase of a new product, including product qualification. To efficiently manage increasing regulations, the dedicated department that specializes in operational and product compliance was further strengthened in 2022.

The numbers of customer, supplier, and internal complaints are regularly reviewed to verify the success of our quality first approach. The number of complaints of each category in relation to net sales decreased in 2022 compared to the previous year.

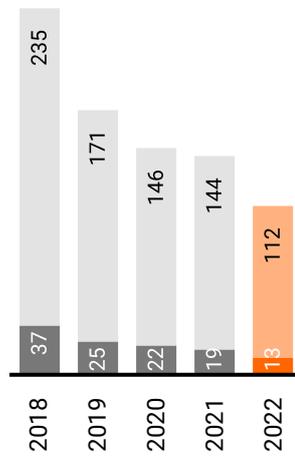
Supplier Complaints



■ Total number of cases
■ Number of cases per CHF 100 million of net sales

Development of supplier complaints

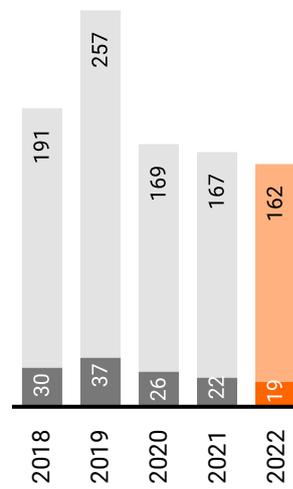
Customer Complaints



■ Total number of cases
■ Number of cases per CHF 100 million of net sales

Development of customer complaints

Internal Complaints



■ Total number of cases
■ Number of cases per CHF 100 million of net sales

Development of internal complaints

How Is Quality First Managed?

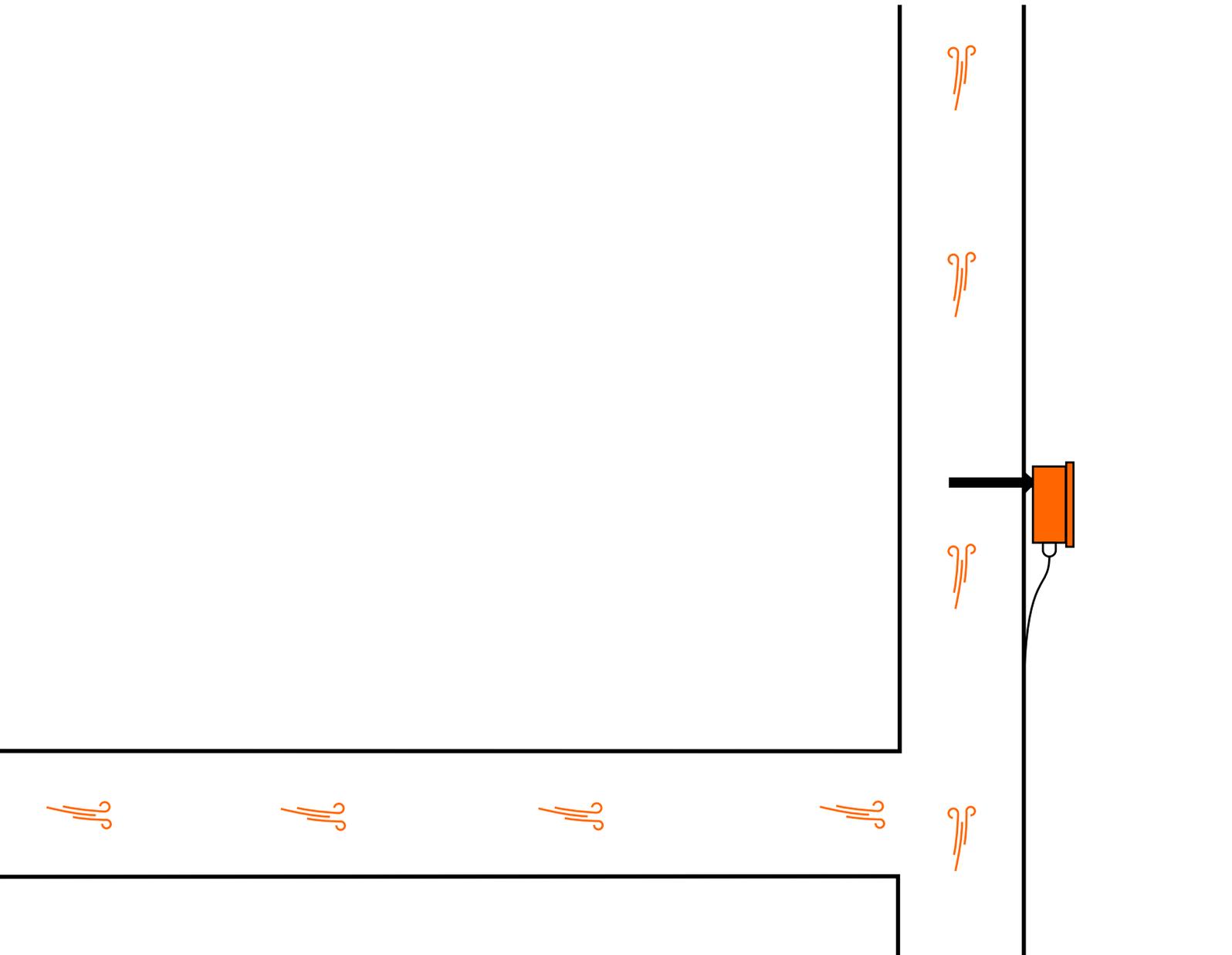
We achieve the highest quality by sharing responsibility between all employees and are enforcing the quality first standard through workshops in all divisions. This ensures that everyone in the Company becomes an intrinsic part of the development cycle and, by raising awareness among our employees, we commit to living up to the strict quality standards that we have pledged. Belimo employees are encouraged to constantly seek new ways to improve operational excellence at every step of the value chain. If any issues are discovered, an online form can be used to open an internal quality, environmental, or safety case. The input from these forms is analyzed and suitable action is subsequently taken.

How Is Quality First Measured?

We track several key performance indicators to evaluate the success of our quality first approach, including:

- Total and relative number of supplier complaints.
- Total and relative number of customer complaints.
- Total and relative number of internal complaints.
- Customer satisfaction after a closed quality case.
- Total warranty expenses in CHF 1'000.
- Number of return merchandise authorizations (RMA).

Financial Report



Consolidated Income Statement

in CHF 1'000	Note	2022	% ¹⁾	2021	% ¹⁾
Net sales	1.1	846'900	100.0	765'343	100.0
Material expenses		-364'353	-43.0	-311'504	-40.7
Changes in inventories		24'621	2.9	4'695	0.6
Personnel expenses	1.2	-232'502	-27.5	-207'087	-27.1
Other operating expenses	1.3	-92'919	-11.0	-76'670	-10.0
Other operating income	1.3	7'286	0.9	3'619	0.5
Earnings before interest, taxes, depreciation, and amortization (EBITDA)		189'033	22.3	178'395	23.3
Depreciation and impairment of property, plant and equipment	2.3	-28'827	-3.4	-26'490	-3.5
Amortization and impairment of intangible assets	2.4	-7'843	-0.9	-6'542	-0.9
Earnings before interest and taxes (EBIT)		152'363	18.0	145'363	19.0
Financial income	3.4	1'064	0.1	405	0.1
Financial expenses	3.4	-1'287	-0.2	-1'638	-0.2
Foreign exchange loss	3.4	-4'631	-0.5	-750	-0.1
Financial result		-4'854	-0.6	-1'983	-0.3
Earnings before taxes (EBT)		147'509	17.4	143'380	18.7
Income taxes	5.1	-24'811	-2.9	-27'876	-3.6
Net income		122'698	14.5	115'504	15.1
Attributable to shareholders of BELIMO Holding AG		122'797	14.5	115'671	15.1
Attributable to non-controlling interests		-99	-	-167	-
Earnings per share (EPS) in CHF	3.5	9.99		9.41	

There are no options or other instruments that could have a dilutive effect.

¹⁾ In % of net sales

Alternative Performance Measures are described [here](#).

Consolidated Statement of Comprehensive Income

in CHF 1'000	Note	2022	2021
Net income		122'698	115'504
Currency translation adjustment		-6'009	1'167
Tax effect	5.1	253	-78
Items that are or may be reclassified subsequently to the income statement		-5'756	1'090
Remeasurement of post-employment benefits	1.2	-2'293	-3'566
Fair value changes of equity instruments at FVOCI	3.2	-	934
Tax effect	5.1	448	514
Items that will not be reclassified subsequently to the income statement		-1'845	-2'118
Other comprehensive income, net of tax		-7'601	-1'028
Total comprehensive income		115'098	114'475
Attributable to shareholders of BELIMO Holding AG		115'206	114'638
Attributable to non-controlling interests		-108	-162

Consolidated Balance Sheet

in CHF 1'000	Note	December 31, 2022	December 31, 2021
Cash and cash equivalents	3.1	86'780	109'408
Trade receivables	2.1	110'418	98'199
Inventories	2.1	176'098	126'382
Other assets	2.2	39'718	73'623
Current tax assets		1'034	654
Current assets		414'048	408'265
Property, plant and equipment	2.3	217'007	200'747
Intangible assets	2.4	22'340	18'495
Non-current financial assets	5.3	6'801	4'796
Deferred tax assets	5.1	11'787	10'368
Non-current assets		257'935	234'407
Assets		671'983	642'671
Trade payables		26'390	25'571
Other liabilities	2.2	77'286	67'546
Current financial liabilities	3.3	3'495	3'545
Current provisions	2.5	6'855	8'308
Current tax liabilities		19'611	9'486
Current liabilities		133'637	114'456
Non-current financial liabilities	3.3	7'977	7'223
Non-current provisions	2.5	930	2'148
Non-current employee benefit liabilities	1.2	5'168	5'380
Deferred tax liabilities	5.1	2'514	2'128
Non-current liabilities		16'589	16'879
Liabilities		150'226	131'335
Equity attributable to shareholders of BELIMO Holding AG	3.5	521'828	511'299
Equity attributable to non-controlling interests		-71	37
Total equity		521'757	511'336
Liabilities and equity		671'983	642'671

Consolidated Statement of Changes in Equity

in CHF 1'000	Share capital	Treasury shares	Capital reserves	Other reserves	Retained earnings	Attributable to shareholders of BELIMO Holding AG	Attributable to non- controlling interests	Total equity
As at January 1, 2021	615	-224	24'110	-17'836	482'618	489'283	-20	489'263
Net income					115'671	115'671	-167	115'504
Other comprehensive income, net of tax				1'836	-2'869	-1'033	5	-1'028
Total comprehensive income				1'836	112'802	114'638	-162	114'475
Equity contribution by non-controlling interests						-	219	219
Purchase of treasury shares		-5'178				-5'178	-	-5'178
Treasury shares awarded for share-based payments		4'796	3			4'800	-	4'800
Dividends					-92'243	-92'243	-	-92'243
As at December 31, 2021	615	-606	24'113	-15'999	503'176	511'299	37	511'336
Net income					122'797	122'797	-99	122'698
Other comprehensive income, net of tax				-5'746	-1'846	-7'592	-9	-7'601
Total comprehensive income				-5'746	120'952	115'206	-108	115'098
Purchase of treasury shares		-4'072				-4'072	-	-4'072
Treasury shares awarded for share-based payments		4'126	-200			3'927	-	3'927
Dividends					-104'531	-104'531	-	-104'531
As at December 31, 2022	615	-552	23'913	-21'745	519'597	521'828	-71	521'757

Consolidated Statement of Cash Flows

in CHF 1'000	Note	2022	2021
Net income		122'698	115'504
Income taxes	5.1	24'811	27'876
Interest result	3.4	467	721
Depreciation and impairment of property, plant and equipment	2.3	28'827	26'490
Amortization and impairment of intangible assets	2.4	7'843	6'542
Gain on sale of property, plant and equipment	2.3	-288	-260
Non-cash items non-current employee benefits	1.2	-2'426	538
Other non-cash items		-39	-401
Expenses for share-based payments	1.2	1'172	1'570
Deferred compensation share-based payments	1.2	2'074	2'324
Change in net working capital	2.1	-67'972	-31'755
Change in other assets and liabilities	2.2	14'180	20'274
Change in provisions	2.5	-2'674	5'059
Income taxes paid		-15'814	-21'433
Cash flow from operating activities		112'861	153'049
Investments in property, plant and equipment	2.3	-42'689	-38'935
Investments in intangible assets	2.4	-12'008	-7'790
Purchase of financial assets ¹⁾	2.2	-27'812	-61'080
Sale of property, plant and equipment		266	416
Sale of financial assets ¹⁾	2.2	60'453	93
Interest received	3.4	133	256
Acquisition of companies minus acquired cash and cash equivalents		-	-465
Cash flow from investing activities		-21'658	-107'505
Purchase of treasury shares	3.5	-4'072	-5'178
Cash contribution share-based payments	1.2	661	1'036
Dividends paid	3.5	-104'531	-92'243
Interest paid	3.3	-527	-854
Repayment of lease liabilities	3.3	-3'840	-4'218
Equity contribution by non-controlling interests		-	219
Cash flow from financing activities		-112'309	-101'238
Currency translation adjustment in respect of cash and cash equivalents		-1'521	159
Change in cash and cash equivalents		-22'628	-55'535
Cash and cash equivalents at beginning of period		109'408	164'942
Cash and cash equivalents at end of period	3.1	86'780	109'408

¹⁾ In the reporting year, CHF 25.0 million were invested in term deposits with maturities of more than three months from the date of acquisition. In addition, term deposits of CHF 60.0 million, established in 2021, were terminated.

General

Corporate Information

The Belimo Group (hereinafter referred to as “Belimo” or “the Group”) is the global market leader in the development, production, and sales of field devices for the energy-efficient control of heating, ventilation, and air-conditioning systems. The focus of the core business is on damper actuators, control valves, sensors and meters. The shares of BELIMO Holding AG have been listed on the SIX Swiss Exchange since 1995. The registered office is in Hinwil (Switzerland).

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

The reporting date for BELIMO Holding AG, all its subsidiaries and for these consolidated financial statements is December 31, 2022. The consolidated financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. Due to rounding, amounts presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount. The consolidated financial statements are prepared on the historical cost basis, unless a standard or interpretation prescribes another measurement basis for a particular caption, in which case this is explicitly stated in the accounting policies. The consolidated financial statements are published exclusively in English.

Significant Judgement, Estimates and Assumptions

The presentation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments in applying accounting policies. If such estimates and assumptions made in good faith by management at the time at which the financial statements are prepared subsequently differ from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period during which the circumstances change. Important management assumptions and estimates or judgements were primarily made in the following paragraphs:

- Non-current Employee Benefits ([Note 1.2](#))
- Property, Plant and Equipment ([Note 2.3](#))
- Intangible Assets ([Note 2.4](#))
- Provisions, Contingent Liabilities ([Note 2.5](#))
- Financial Liabilities ([Note 3.3](#))
- Income Taxes ([Note 5.1](#))

Changes in Presentation / Restatement

As of this annual report, other operating expenses and other operating income are shown as two separate line items. In addition, depreciation and impairment of property, plant and equipment and amortization and impairment of intangible assets are now shown separately. This change in presentation has been applied retrospectively with no financial impact on EBIT, net income, or equity.

Changes in Accounting Policies

The adoption of the amended standards, which became effective in 2022, did not materially affect the consolidated financial statements of the Group.

Several new and revised standards and interpretations become effective on January 1, 2023, or later and earlier application is permitted. Belimo has not early adopted these standards. The expected impact of these standards and interpretations on the consolidated financial statements of Belimo is disclosed at the bottom of the following table:

	Effective date	Planned application
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) ¹⁾	01.01.2023	2023
Definition of Accounting Estimate (Amendments to IAS 8) ¹⁾	01.01.2023	2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) ¹⁾	01.01.2023	2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) ¹⁾	01.01.2024	2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) ¹⁾	01.01.2024	2024
Non-current Liabilities with Covenants (Amendments to IAS 1) ¹⁾	01.01.2024	2024

¹⁾ No or no significant impact is expected on the consolidated financial statements of Belimo.

1 Performance

This chapter sets out information on the performance of the operating segments of Belimo in the reporting year. It also provides details on operating expenses, personnel expenses as well as employee benefits.

1.1 Segment Reporting / Revenue Recognition

Changes in Segment Reporting

As of April 2022, the reportable operating segment “Europe” has been renamed to “Europe, Middle East & Africa” (EMEA). The region of “EMEA” is the same as of the former segment “Europe”. In this regard, no reclassification or restatement was necessary. Furthermore, Belimo changed the internal presentation of other operating income, which is now reported within the corresponding segment.

During 2022, the internal sales reporting to the Chief Operating Decision Maker has been changed. Net sales by application are newly reported as damper actuators, control valves, and sensors and meters. Comparative figures have been adjusted accordingly.

in CHF 1'000	EMEA	Americas	Asia Pacific	Shared Services	Elimination	Total
2021						
Income statement						
Net sales – Third parties	375'556	291'387	98'400	-	-	765'343
Operating expenses	-47'944	-39'921	-19'562	-189'013	12'684	-283'757
Other operating income	-	-	-	2'252	-	2'252
Depreciation and amortization	-3'424	-4'707	-1'928	-22'972	-	-33'032
Segment profit	324'187	246'758	76'910	-209'734	12'684	450'806
Unallocated material expenses						-311'504
Unallocated changes in inventories						4'695
Unallocated other operating income						1'367
Unallocated financial result						-1'983
Earnings before taxes (EBT)						143'380
Cash effective investments in property, plant and equipment and intangible assets	2'186	1'121	18'174	25'244	-	46'725
Balance sheet as at December 31, 2021						
Trade receivables – Third parties	39'155	41'565	17'479	-	-	98'199
Trade receivables – Group companies	19'940	1	128	-	-20'069	-
Property, plant and equipment and intangible assets	10'715	39'508	25'787	143'233	-	219'242
Unallocated assets						325'230
Total assets						642'671

In property, plant and equipment, the service and logistics center in Großröhrsdorf (Germany) was reclassified from “Shared Services” to “EMEA” at the beginning of 2022.

Sales development compared to the previous year in the market regions was as follows:

in CHF 1'000	2022				2021			
	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies
EMEA	367'902	43%	-2.0%	4.7%	375'556	49%	16.5%	15.9%
Americas	368'261	43%	26.4%	21.3%	291'387	38%	14.8%	18.1%
Asia Pacific	110'737	13%	12.5%	11.4%	98'400	13%	15.7%	14.4%
Total	846'900	100%	10.7%	11.9%	765'343	100%	15.7%	16.6%

¹⁾ in % of total net sales

Overall, movements in exchange rates had an effect of -1.2 percentage points on net sales (2021: -0.9 percentage points). Approximately 39% of net sales were denominated in US dollar, 28% in euro, 7% in Swiss franc and 26% in other currencies (2021: 34% in US dollar, 31% in euro, 9% in Swiss franc and 26% in other currencies).

The net sales by application were as follows:

in CHF 1'000	2022				2021			
	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies	Net sales	% ¹⁾	Growth in CHF	Growth in local currencies
Damper Actuators	423'803	50%	4.6%	6.6%	405'074	53%	13.7%	14.3%
Control Valves	393'492	46%	16.2%	16.5%	338'547	44%	16.5%	17.6%
Sensors and Meters	29'605	3%	36.3%	38.5%	21'722	3%	52.1%	52.6%
Total	846'900	100%	10.7%	11.9%	765'343	100%	15.7%	16.6%

¹⁾ in % of total net sales

The following table shows information on geographic regions:

in CHF 1'000	Net sales to third parties				Property, plant and equipment, intangible assets			
	2022	% ¹⁾	2021	% ¹⁾	December 31, 2022	% ²⁾	December 31, 2021	% ²⁾
Germany	78'235	9%	78'400	10%	16'233	7%	15'629	7%
Central Eastern Europe	58'472	7%	57'135	7%	175	-	254	-
Italy	26'869	3%	26'259	3%	1'791	1%	1'747	1%
Switzerland	25'656	3%	22'130	3%	129'561	54%	116'340	53%
France	25'175	3%	25'167	3%	489	-	671	-
Others	153'494	18%	166'464	22%	9'274	4%	7'887	4%
EMEA	367'902	43%	375'556	49%	157'524	66%	142'529	65%
USA	290'308	34%	226'203	30%	53'088	22%	47'606	22%
Canada	66'034	8%	56'329	7%	2'222	1%	2'664	1%
Others	11'919	1%	8'855	1%	71	-	90	-
Americas	368'261	43%	291'387	38%	55'382	23%	50'361	23%
China	54'983	6%	53'667	7%	14'068	6%	16'217	7%
Others	55'755	7%	44'733	6%	12'374	5%	10'137	5%
Asia Pacific	110'737	13%	98'400	13%	26'442	11%	26'353	12%
Total	846'900	100%	765'343	100%	239'348	100%	219'242	100%

¹⁾ in % of total net sales

²⁾ in % of total property, plant and equipment and intangible assets

General Information about the Segments

Belimo develops, produces, and distributes innovative damper actuator, control valve, and sensor and meter solutions for heating, ventilation, and air conditioning systems. All products are made from comparable materials and manufactured using similar processes.

The Group has four reportable operating segments, which constitute its strategic divisions. With a view to maintaining a market presence near its customers, the three geographical strategic Group divisions "EMEA", "Americas", and "Asia Pacific" are run by regional managers. The organization of the strategic Group division "Shared Services" is subdivided and managed mainly centrally as a cost center by the Swiss company. No sales are therefore allocated to this segment.

The activities of the reportable segments are as follows:

- **EMEA, Americas, Asia Pacific:** Distribution and sale of Belimo products in the respective market region.
- **Shared Services:** Research and development activities, production, logistics, customizing, the functions finance and administration, group strategy and group brand management as well as the expenses for the Executive Committee, and the Board of Directors.

The performance of the geographic segments is measured using the cost-sales ratio (operating expenses, depreciation, and amortization as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group's principal structure. As a result of the group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

With regard to segment assets, only trade receivables, property, plant and equipment as well as intangible assets are allocated. Liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

Accounting Policies - Segment Reporting

The reportable operating segments are determined using the management approach, which means that external segment reporting is based on the Group's internal organization and management structure, as well as the internal financial reporting to the Chief Operating Decision Maker – the Board of Directors of BELIMO Holding AG.

Accounting Policies - Revenue Recognition

Sales are measured net of sales tax, credits for returns, and discounts, and are recognized when control of the goods transfers to the customer. Due to the current business model, the performance obligations are satisfied at a point in time. Generally, sales are recognized upon shipment or upon delivery, as defined in the general terms and conditions and in compliance with generally accepted incoterms. Performance obligations in contracts with customers have a duration of one year or less. Warranty conditions provide a customer solely with assurance that the related product complies with agreed-upon specifications. Consequently, the accounting for the warranty is in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Payment terms are adapted to local market conditions. For the majority of revenue, payment terms of 1 to 60 days are applied.

1.2 Personnel Expenses

As at December 31, 2022, Belimo had 2'163 (2021: 1'921) full-time equivalent employees, of whom 890 (2021: 840) were located in Switzerland.

in CHF 1'000	2022	2021
Wages and salaries	-177'721	-160'176
Expenses for share-based payments	-1'172	-1'570
Social security contributions	-24'471	-21'798
Defined benefit expenses	-9'180	-9'672
Defined contribution expenses	-5'920	-4'768
Other personnel expenses	-14'037	-9'103
Total	-232'502	-207'087

Other personnel expenses comprised costs of staff recruitment, training and development as well as external staff costs.

Share-based Payments

The employee share purchase plan granted eligible employees in Switzerland, Germany, Canada, the United States, Hong Kong, and China the option of purchasing Belimo shares up to a maximum of 20% of their variable remuneration or between one and ten shares. For the members of the Executive Committee, the mandatory contribution to the employee share purchase plan amounted to 40% of the variable remuneration paid in December 2022, with the option to voluntarily further participate up to 100% of the variable remuneration paid in December 2022. The employee share purchase plan did not change compared to the previous year.

The relevant parameter for share-based payments were as follows:

		2022	2021
Number of shares granted	Number	8'972	8'972
Share price at grant date	in CHF	435.50	535.00
Fair value of share-based payment element at grant date	in CHF	130.65	160.50
Cash contribution share-based payments	in CHF 1'000	661	1'036
Deferred compensation share-based payments ¹⁾	in CHF 1'000	2'074	2'324
Total contribution by employees	in CHF 1'000	2'735	3'360
Expenses for share-based payments	in CHF 1'000	1'172	1'570

¹⁾ Employee contribution settled through salary deductions, treated in the cash flow statement as non-cash transaction.

Accounting Policies - Share-based Payments

The share purchase plan gives the employees of Belimo (including members of the Executive Committee) an opportunity to purchase shares of BELIMO Holding AG at preferential conditions. These shares are subject to a restriction period of three years.

The share-based payment transactions are classified as equity-settled share-based payments within IFRS 2. The cost of equity-settled transactions is measured with reference to the fair value at the date on which they are granted. The fair value is determined indirectly, based on observable market prices of the shares of BELIMO Holding AG, reduced by the contribution of the employee. Upon transfer of the shares, the employee will have full shareholder rights (including voting and dividend rights) and as such, the restriction period has no impact on the fair value. The fair value is not subsequently re-measured after the grant date. The purchase price per share shall generally be equivalent to 70% of the lower of the average closing price one month before the purchase date or the closing price at the purchase date of BELIMO Holding AG shares at the SIX Swiss Exchange.

The shares are granted with the final approval of the execution of the share-based payment transactions by the Board of Directors close before or at the purchase date. The Board of Directors may amend, suspend or terminate the employee share purchase plan at any time in any respect the Board of Directors deems necessary or advisable. No purchase rights may be granted under the employee share purchase plan while the employee share purchase plan is suspended or after it is terminated. The plan includes a vesting condition (service condition between the grant date and the purchase date), but no option features.

Non-current Employee Benefits

Non-current employee benefits contain post-employment benefits and other long-term employee benefits. The only significant post-employment defined benefit plans exist in Switzerland. The employees in Switzerland are insured under the Belimo pension plan against the risks of old age, death, or disability. Other long-term employee benefits mainly include jubilee provisions.

in CHF 1'000	December 31, 2022	December 31, 2021
Other long-term employee benefits	5'168	5'380
Non-current employee benefit liabilities	5'168	5'380

Pension Plan

Swiss pension schemes are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and their implementing regulations. The BVG defines the minimum insured salary, the minimum retirement credits, as well as the interest rate applied to these credits and the conversion rate. Based on these legal provisions and the plan structure, the employer is exposed to actuarial risks such as investment risk, interest rate risk and the risk of disability, as well as the risk of longevity. The employee and employer contributions are defined by the Board of Trustees of the foundation. In the event of statutory underfunding, measures for its elimination must be taken. Possible measures could be an adjustment to the conversion rate or restructuring contributions from both the employer and the employees.

The Swiss pension plan is organized via an autonomous foundation. The plan is classified as a defined benefit plan in accordance with IAS 19 and as a defined contribution plan in accordance with the BVG. The most senior management body is the Board of Trustees, which is composed of an equal number of employee and employer representatives. It is legally obliged to act in the interests of the plan participants. The Board of Trustees is responsible for defining the investment strategy, effecting changes to the post-employment benefit plan regulations, and determining the funding of pension plan benefits. The investment strategy is reviewed at least once a year.

Employer contributions to the pension scheme are defined in the applicable regulations as a fixed percentage of the insured salaries and include both savings and risk components. Retirement benefits are determined on the basis of the retirement savings capital held at the time of retirement. The insured individual can choose between a lifelong annuity and a lump sum payment. The annuity is calculated by multiplying the retirement savings capital by the conversion rate as defined in the regulations. The annual retirement contributions and interest thereon are credited to the retirement savings capital. When employees leave the Company, their retirement savings capital is transferred to the pension scheme of the new employer or to a vested benefits account.

An additional post-employment benefit plan at a collective foundation in Switzerland exists for employees of BELIMO Automation AG with an exceeding annual income of CHF 250'000.

Development

In the reporting year, there were no amendments to the plan. For the additional post-employment benefit plan of BELIMO Automation AG at Sammelstiftung Vita Select (1e plan), it was decided to transfer all risks to the beneficiaries and collective fund in the financial year 2021. The pension plan was therefore classified as a defined contribution plan under IAS 19. The effects of the amendment to the pension plan resulted in a net gain on settlement of CHF 0.7 million recognized in 2021. The plan modification was applicable as of February 1, 2022.

The movements in the net defined benefit asset/liability were as follows:

	2022				2021			
	Defined benefit obligations	Fair value of plan assets	Asset ceiling	Net defined benefit asset/(liability)	Defined benefit obligations	Fair value of plan assets	Asset ceiling	Net defined benefit asset/(liability)
in CHF 1'000								
As at January 1	-327'061	362'997	-35'936	-	-325'220	327'770	-	2'550
Movements included in the income statement								
Current service costs	-9'180			-9'180	-10'380			-10'380
Gains and losses on settlement (net)	-	-		-	5'499	-4'791		708
Interest result (net)	-1'170	1'300	-126	4	-333	336		3
Total movements included in the income statement	-10'351	1'300	-126	-9'176	-5'214	-4'455	-	-9'669
Movements included in other comprehensive income								
Change in demographic assumptions	-			-	14'392			14'392
Change in financial assumptions	73'604			73'604	8'698			8'698
Experience adjustments	-17'110			-17'110	-14'236			-14'236
Return on plan assets (excluding interest income)		-61'284		-61'284		23'515		23'515
Change in asset ceiling (excluding interest expense)			2'497	2'497			-35'936	-35'936
Total movements included in other comprehensive income	56'494	-61'284	2'497	-2'293	8'855	23'515	-35'936	-3'566
Other movements								
Employer contributions		11'469		11'469		10'685		10'685
Employee contributions	-8'332	8'332		-	-7'797	7'797		-
Benefits paid from plan assets	2'719	-2'719		-	2'315	-2'315		-
Total other movements	-5'613	17'082	-	11'469	-5'482	16'167	-	10'685
As at December 31	-286'531	320'094	-33'565	-	-327'061	362'997	-35'936	-

In 2022, the return on plan assets (including interest income) of CHF -60.0 million (2021: CHF 23.9 million), an actuarial gain on the defined benefit obligation of CHF 56.5 million (2021: Gain of CHF 8.9 million), as well as other movements of CHF 1.1 million (2021: CHF 0.7 million) led to a total surplus of CHF 33.6 million (2021: Surplus of CHF 35.9 million). The asset ceiling, being the economic benefits available in the form of reduction in future contribution to the Swiss pension plan, was zero in the reporting period (2021: zero). Therefore, the surplus was not recognized as a non-current asset as at December 31, 2022 and 2021.

There are no significant unfunded plans in the reporting period (2021: none).

The weighted average duration of the defined benefit obligations is 12.0 years (2021: 14.7 years). The expected employer contributions for 2023 amount to CHF 11.3 million.

Investment Portfolio

The major categories of plan assets were as follows:

	December 31, 2022	December 31, 2021
Bonds	39.9%	38.2%
Shares	35.3%	37.2%
Real estate	24.0%	23.9%
Cash and cash equivalents	0.8%	0.7%
Total	100.0%	100.0%

The shares and bonds have quoted market prices on an active market. Real estate includes nationally and internationally listed real estate funds investing in residential and office properties. The investment strategy ensures the availability of liquidity at all times. The Group does not use any pension scheme assets.

Actuarial Assumptions and Sensitivity Analysis

In 2021, Belimo changed the basic probabilities used within the demographic assumptions to BVG 2020 for the Swiss pension plan. Life expectancy assumptions are arrived at through a projection of future mortality improvements in accordance with the Continuous Mortality Investigation Model (CMI). The computations are made with a future long-term mortality improvement rate of 1.25% (2021: 1.25%). The following principal actuarial assumptions were applied:

	December 31, 2022	December 31, 2021
Discount rate	2.30%	0.35%
Interest rate used in projecting retirement benefits	1.50%	1.00%
Expected salary increases	1.50%	1.50%
Mortality tables	BVG 2020 GT-CMI	BVG 2020 GT-CMI
Long-term rate of mortality improvement	1.25%	1.25%
Life expectancy as at age of 65 in years:		
Active employees (female/male)	25.21/23.46	25.04/23.41
Pensioners (female/male)	23.55/21.83	23.47/21.80

The following sensitivity analysis shows the impact of a reasonably possible change in the principal actuarial assumptions on the present value of the defined benefit obligations at the reporting date. Each change was analyzed separately. Interdependencies were not considered.

	December 31, 2022	December 31, 2021
Increase (+)/decrease (-) of the present value of defined benefit obligations		
Discount rate		
Increase by 25 basis points	-2.2%	-3.5%
Decrease by 25 basis points	3.0%	3.8%
Interest rate used in projecting retirement benefits		
Increase by 25 basis points	1.2%	1.4%
Decrease by 25 basis points	-1.1%	-1.3%
Expected salary increases		
Increase by 50 basis points	0.5%	0.7%
Decrease by 50 basis points	-0.8%	-0.7%
Life expectancy		
Increase by 1 year	1.6%	2.3%
Decrease by 1 year	-1.7%	-2.3%

Management Assumptions and Estimates

The determination of post-employment retirement benefit obligations requires an estimation of the future service periods, the development of future salaries and pensions, interest accruing on the employee savings accounts, the timing of contractual pension benefit payments, and the employees' share of the funding shortfall. This evaluation is made based on prior experience and anticipated future trends. Anticipated future payments are discounted with the yields of Swiss franc-denominated corporate bonds from domestic and foreign issuers quoted on the Swiss Exchange with an AA rating. The discount rates match the anticipated payment maturities of the liabilities.

Accounting Policies - Non-current Employee Benefits

The present value of the defined benefit obligations and the fair value of the plan assets are determined annually by independent actuaries for each plan and are recognized as a net defined benefit asset/liability. The present values of the defined benefit obligations are calculated using the projected unit credit method. The discount rate is based on the interest rate of high-quality corporate bonds in the currency in which the benefits will be paid and with terms approximating to the terms of the related defined benefit obligations.

Defined benefit costs recognized in the income statement include current service costs (service costs in the reporting period), past service costs (gains/losses from plan amendments and curtailments) and gains/losses on settlements. The net interest result (multiplication of the net defined benefit asset/liability and the effect of the asset ceiling with the discount rate) is recognized in the financial result. Remeasurement of the net defined benefit asset/liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (excluding interest), are recognized in other comprehensive income and are not reclassified subsequently to the income statement. Asset surpluses are considered only to the extent of possible future reimbursement or reduction of contributions in accordance with IFRIC 14.

1.3 Other Operating Income / Expenses

in CHF 1'000	2022	2021
Travel and representation	-8'733	-4'173
Rental and maintenance	-7'310	-6'142
Consulting	-16'094	-14'705
Marketing	-9'531	-6'158
IT	-10'307	-8'538
External research and development	-16'345	-14'656
Freight and packaging material	-14'550	-10'527
Warranty	-2'486	-5'343
Miscellaneous expenses	-7'564	-6'427
Total other operating expenses	-92'919	-76'670
Own work capitalized	5'019	2'252
Other income	2'267	1'367
Total other operating income	7'286	3'619
Total	-85'633	-73'051

Research and development costs of CHF 62.1 million (2021: CHF 56.0 million) are included mainly in personnel and in external research and development expenses, of which CHF 5.0 million (2021: CHF 2.3 million) were capitalized. Miscellaneous expenses include expenses for insurance, office supplies as well as changes in allowances for doubtful trade receivables.

Other income included government subsidies in the amount of CHF 0.6 million (2021: CHF 0.4 million).

2 Operating Assets and Liabilities

This chapter discloses information on the movement in net working capital and other assets and liabilities as well as in significant non-current tangible and intangible assets, including leasing. In addition, it outlines the changes in provisions and contingent liabilities.

2.1 Net Working Capital

Trade Receivables

The following table shows the receivables by market region. There were no cluster risks. The receivables in the market region Americas related mainly to the United States.

in CHF 1'000	December 31, 2022	December 31, 2021
EMEA	42'201	39'155
Americas	49'817	41'565
Asia Pacific	18'400	17'479
Total trade receivables (net)	110'418	98'199

in CHF 1'000	December 31, 2022	December 31, 2021
Trade receivables	113'422	100'011
Allowance	-3'004	-1'812
Total trade receivables (net)	110'418	98'199

The aging and allowance of trade receivables were as follows:

in CHF 1'000	December 31, 2022			December 31, 2021	
	Default rate	Gross	Allowance	Gross	Allowance
Not due	0.5%	86'067	-441	77'995	-396
Overdue 1 to 30 days	3.0%	19'256	-578	15'552	-467
Overdue 31 to 60 days	5.0%	4'313	-215	3'785	-189
Overdue 61 to 180 days	10.0%	2'240	-224	2'132	-213
Total trade receivables measured using the provision matrix		111'876	-1'458	99'464	-1'266
Individual allowances	100.0%	1'546	-1'546	547	-547
Total		113'422	-3'004	100'011	-1'812

The movements in allowance for doubtful trade receivables were as follows:

in CHF 1'000	2022	2021
As at January 1	-1'812	-1'763
Increase	-1'530	-271
Utilization	151	166
Reversals	120	60
Translation differences	67	-4
As at December 31	-3'004	-1'812

Accounting Policies - Trade Receivables

Trade receivables are initially recognized at the transaction price. Belimo holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. Loss allowances are always measured at an amount equal to lifetime expected credit losses. The Group uses a provision matrix to determine the expected credit loss. The loss rates are based on actual credit loss experience during recent years, amended by current conditions and the Group's view of economic conditions. Individual allowances are recognized for specifically identified trade receivables with objective default evidence. The gross carrying amount of trade receivable assets is written off when the Group has no reasonable expectations of recovering financial assets in their entirety or a portion thereof.

Inventories

in CHF 1'000	December 31, 2022	December 31, 2021
Raw materials and consumables	93'502	68'406
Work in progress	536	625
Finished goods	82'060	57'351
Total inventories (net)	176'098	126'382
Allowance on raw materials and consumables	-5'722	-3'156
Allowance on finished goods	-8'085	-6'823
Total allowance	-13'808	-9'979

The allowance amounted to CHF 13.8 million or 7.3% (2021: CHF 10.0 million or 7.3%) of the gross value of inventories.

Accounting Policies - Inventories

Inventories are measured at the lower of cost and net realizable value. The costs comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The net realizable value is the expected average selling price less the expected costs of completion and the estimated costs necessary to make the sale.

Purchased inventories are measured at acquisition cost, internally generated products at cost of production. These latter costs include direct material and production costs, and directly attributable overhead expenses. The overhead production expenses are calculated on the basis of normal capacity of production facilities. Based on a range analysis, items with a slow rate of turnover are written down by 20% to 100%.

2.2 Other Assets and Liabilities

Other assets were as follows:

in CHF 1'000	December 31, 2022	December 31, 2021
Non-income tax receivables	7'120	6'326
Advance payments and deferred expenses	5'433	6'635
Term deposits	25'000	60'000
Derivative financial instruments	1'305	169
Other receivables	860	493
Total	39'718	73'623

The impairment assessment in the reporting period and previous year showed no need for an adjustment. Term deposits consist of bank deposits with maturities of more than three but less than twelve months from the date of acquisition.

Other liabilities were as follows:

in CHF 1'000	December 31, 2022	December 31, 2021
Liabilities to employees	25'027	23'636
Accrued volume rebates to customers	17'426	14'861
Non-income tax payables	7'205	6'254
Social security liabilities	6'091	5'700
Derivative financial instruments	231	22
Other liabilities and accrued expenses	21'307	17'073
Total	77'286	67'546

Accounting Policies - Other Assets and Liabilities

Other assets and liabilities, excluding derivatives, are measured at amortized cost. Derivative financial instruments are measured at fair value through profit and loss with any changes therein recognized in the financial result. Other assets are subject to the impairment requirements of IFRS 9.

2.3 Property, Plant and Equipment

in CHF 1'000	Land, buildings	Tools, machinery	Furniture, fixtures, movable equipment	Advance payments, assets under cons- truction	Total
Costs					
As at January 1, 2021	222'118	124'703	28'839	6'564	382'225
Additions	5'130	9'570	3'619	22'148	40'466
Disposals	-2'795	-825	-3'305	-	-6'926
Reclassifications	1'427	1'176	12	-2'614	-
Translation differences	1'416	597	62	290	2'365
As at December 31, 2021	227'295	135'221	29'226	26'388	418'130
Additions	15'567	6'970	4'575	20'989	48'101
Disposals	-2'238	-1'214	-1'541	-	-4'992
Reclassifications	24'853	2'886	646	-28'385	-
Translation differences	-2'658	-196	-677	-397	-3'927
As at December 31, 2022	262'820	143'667	32'229	18'595	457'312
Accumulated depreciation					
As at January 1, 2021	-78'391	-97'908	-19'255		-195'554
Depreciation	-11'471	-10'790	-4'229		-26'490
Disposals	1'780	724	3'249		5'753
Translation differences	-594	-442	-55		-1'092
As at December 31, 2021	-88'677	-108'417	-20'290		-217'383
Depreciation	-13'279	-11'167	-4'381		-28'827
Disposals	2'238	1'264	1'511		5'012
Translation differences	385	130	380		894
As at December 31, 2022	-99'334	-118'190	-22'781		-240'304
Carrying amounts					
As at January 1, 2021	143'727	26'795	9'585	6'564	186'671
As at December 31, 2021	138'619	26'804	8'936	26'388	200'747
As at December 31, 2022	163'486	25'477	9'448	18'595	217'007

The additions consisted of:

in CHF 1'000	2022	2021
Cash effective investments in property, plant and equipment	42'689	38'935
Non-cash effective additions to the right-of-use-assets	4'379	2'621
Net change in deferred consideration for investments	1'032	-1'090
Total additions	48'101	40'466

The impairment assessment in the reporting period and previous year showed no need for an adjustment. The sale of property, plant and equipment resulted in a gain of CHF 0.3 million (2021: gain of CHF 0.3 million).

Commitments for investments in property, plant and equipment amounted to CHF 19.1 million (2021: CHF 32.6 million), of which CHF 7.3 million (2021: CHF 28.9 million) was in relation to building extension projects in all market regions.

Additional Disclosures Leased Property, Plant and Equipment

in CHF 1'000	2022			2021			
	Land, buildings	Furniture, fixtures, movable equipment	Total	Land, buildings	Furniture, fixtures, movable equipment	Advances for assets leased	Total
Additions to the right-of-use assets	3'504	979	4'483	1'940	682	7'203	9'825
Depreciation	-3'246	-823	-4'069	-3'481	-721	-	-4'202
Net carrying amount as at December 31	16'850	1'121	17'971	10'310	972	7'341	18'623

The total cash outflow for lease payments was as follows:

in CHF 1'000	2022	2021
Repayment of lease liabilities	-3'840	-4'218
Interest paid for lease liabilities	-326	-466
Payments for short-term leases	-564	-460
Payments for leases of low-value assets	-19	-20
Total	-4'749	-5'164

The portfolio of short-term leases and leases of low-value assets to which Belimo was committed at the end of the reporting period is similar to the portfolio of the reporting period. The contractual maturities of the lease liabilities are disclosed in note [Financial Risk Management](#).

Management Assumptions and Estimates

Management estimates the useful economic lives and residual values of buildings, tools and machinery as well as furniture, fixtures, and movable equipment on the basis of the anticipated period over which economic benefits will accrue to the Company from the use of the assets. Useful economic lives are reviewed annually on the basis of historical data and forecast expectations concerning future technological developments, economic and legal changes, as well as further external factors.

Accounting Policies - Owned Property, Plant and Equipment

Owned property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Significant parts of an item of property, plant and equipment with different useful lives are accounted for separately. Subsequent expenditure is capitalized if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Expenditure for maintenance and repair is recognized in the income statement. Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, or over the shorter lease term.

The estimated useful lives applied by the Group are as follows:

	Useful life
Land, buildings	
Land	Unlimited
Buildings (components with different useful lives)	10 - 60 years
Tools, machinery	
Transportation equipment, tools and machinery, workshop and warehouse facilities	5 - 9 years
Tools at suppliers and testing equipment	3 - 5 years
Furniture, fixtures, and movable equipment	
Furniture and fixtures	2 - 8 years
Leasehold improvements	5 - 10 years
Motor vehicles, office machinery, and IT equipment	2 - 5 years

The expected residual value, if not immaterial, is reviewed annually. If there is any impairment indication at the reporting date, the recoverable amount is estimated. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. An impairment loss is recognized in the income statement, if the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount.

Accounting Policies - Leased Property, Plant and Equipment

Belimo assesses whether a contract is or contains a lease at the inception of the contract. The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets are measured at cost, including the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs, any restoration costs, and less any incentives received. Lease liabilities are initially measured at the present value of the lease payments, discounted by using the incremental borrowing rate.

The incremental borrowing rates used for the measurement of the right-of-use asset and the lease liability have been defined, based on a base rate depending on the currency and maturity of the underlying lease contract, as well as on a risk premium, taking into account the Company and asset-specific risks.

In accordance with IFRS 16, Belimo does not recognize short-term leases with a lease period of 12 months or less and leases of low-value assets on the balance sheet.

The right-of-use assets are depreciated from the commencement dates to the earlier of the end of the useful lives or the end of the lease terms.

Land and buildings: The Group leases land and buildings for its office and warehouse space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Typically, leases are made for a fixed period of 1 -10 years and may include extension options.

Furniture, fixtures, movables equipment: The major part refers to leased cars as well as to office equipment, with a contract duration of 3 years on average.

Management Judgement: Management judgment is required to define if an extension option is reasonably certain to be exercised.

2.4 Intangible Assets

in CHF 1'000	Software	Customer relation- ships	Internally generated intangible assets	Patents, trademarks, technology, and other rights	Advance payments	Total
Costs						
As at January 1, 2021	32'964	8'448	4'824	981	2'549	49'766
Additions	4'048	-	2'252	-	1'162	7'462
Disposals	-190	-	-1'309	-	-	-1'499
Reclassifications	2'549	-	-	-	-2'549	-
Translation differences	94	-289	-	71	-	-123
As at December 31, 2021	39'466	8'159	5'766	1'052	1'162	55'606
Additions	1'748	-	2'931	4'117	3'232	12'027
Disposals	-2'025	-	-1'071	-	-	-3'096
Reclassifications	1'361	-	1'378	-	-2'739	-
Translation differences	24	-811	-	-	-	-786
As at December 31, 2022	40'574	7'348	9'004	5'169	1'656	63'751
Accumulated amortization						
As at January 1, 2021	-26'954	-2'651	-2'582	-8		-32'195
Amortization	-4'665	-1'004	-769	-105		-6'542
Disposals	190	-	1'309	-		1'499
Translation differences	-84	214	-	-2		128
As at December 31, 2021	-31'513	-3'441	-2'041	-115		-37'111
Amortization	-6'015	-928	-680	-219		-7'843
Disposals	2'025	-	1'071	-		3'096
Translation differences	-22	468	-	-		447
As at December 31, 2022	-35'524	-3'901	-1'651	-335		-41'411
Carrying amounts						
As at January 1, 2021	6'010	5'796	2'242	973	2'549	17'571
As at December 31, 2021	7'953	4'718	3'725	937	1'162	18'495
As at December 31, 2022	5'049	3'447	7'353	4'834	1'656	22'340

CHF 0.7 million (2021: CHF 2.2 million) of internally generated intangible assets (capitalized development costs) are not yet available for use and have not yet been amortized.

The additions consisted of:

in CHF 1'000	2022	2021
Cash effective investments in intangible assets	12'008	7'790
Net change in deferred consideration for investments	19	-328
Total additions	12'027	7'462

The impairment assessment in the reporting period and previous year showed no need for an adjustment.

Commitments for investments in intangible assets amounted to CHF 1.7 million (2021: CHF 0.1 million).

Management Assumptions and Estimates

Management estimates the useful economic lives of intangible assets based on the anticipated period over which economic benefits will accrue to the Company from the use of the assets. Useful economic lives are reviewed annually based on historical and forecast expectations concerning future technological developments, economic and legal changes as well as further external factors.

Accounting Policies - Intangible Assets

The Group's intangible assets comprise acquired software, non-contractual customer relationships, internally generated intangible assets, patents, trademarks, technology, and other rights. Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their estimated useful lives from the time at which they become available for use.

The estimated useful lives applied by the Group are as follows:

	Useful live
Intangible assets	
Software	2 - 5 years
Customer relationships	3 - 10 years
Internally generated intangible assets	5 - 8 years
Patents, trademarks, technology, and other rights	3 - 10 years

If there is any impairment indication at the reporting date, the recoverable amount is estimated. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. An impairment loss is recognized in the income statement if the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount.

Internally generated intangible assets include capitalized development costs. Development costs incurred to obtain new or substantially improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is probable that they will generate future economic benefits. In addition, the Group must intend and have sufficient resources available to complete the development and to use or sell the asset.

Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs of projects that have not yet been completed are not amortized but subject to an annual impairment test. Research costs incurred to gain new basic or technological knowledge and understanding are recognized in the income statement.

Subsequent expenditure in intangible assets is capitalized if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in the income statement when they are incurred.

2.5 Provisions, Contingent Liabilities

in CHF 1'000	Warranties	Others	Total 2022	Total 2021
As at January 1	5'652	4'804	10'457	5'395
Increase	2'846	4'192	7'038	12'318
Utilization	-2'996	-5'623	-8'619	-6'381
Reversals	-402	-692	-1'094	-878
Translation differences	-	3	3	3
As at December 31	5'100	2'685	7'785	10'457
of which current provisions	4'170	2'685	6'855	8'308
of which non-current provisions	930	-	930	2'148

Provisions for warranties were calculated considering experienced returns in the past as well as current sales developments. They generally cover product and replacement costs for a warranty period of five years. Product liability incidents with property, plant and equipment damages were considered separately on a case-by-case basis.

Other provisions mainly included expected costs for non-income tax risks and for legal litigations.

As at December 31, 2022 and 2021, there were no contingent liabilities.

Management Assumptions and Estimates

In the course of its ordinary operating activities, Belimo provides warranties to its customers for which a provision is recognized. The amount recognized as provision is the best estimate required to settle the present obligation at the reporting date. This measurement involves various management assumptions and estimates. The assessment is challenged annually and may change in the following year depending on the future changes in warranty processes.

Accounting Policies - Provisions

Provisions are recognized when the Group has a present obligation because of a past event, an outflow of resources embodying economic benefits is probable, and the amount of the obligation can be reliably estimated. They are discounted if the effect is material. Provisions are measured at the reporting date, based on the best estimate of the future outflow of economic benefits. Depending on the development and outcome of the events, claims may arise that are lower or higher than the recognized provision. The actual payments may therefore differ from the provisions.

3 Capital and Financial Risk Management

This chapter sets out the capital structure and the financial risks to which Belimo is exposed. Furthermore it describes how the cash management is made to cover the liquidity risk and which financial liabilities Belimo has to consider for its operational business. A solid capital structure enables Belimo to offer an appropriate dividend.

3.1 Cash and Cash Equivalents

in CHF 1'000	December 31, 2022	December 31, 2021
Cash	86'780	109'408
Total	86'780	109'408

Cash consists of demand deposits and cash on hand. The impairment assessment in the reporting period and previous year showed no need for an adjustment.

Accounting Policies - Cash and Cash Equivalents

Cash and cash equivalents are measured at amortized cost. They are also subject to the impairment requirements of IFRS 9.

3.2 Financial Risk Management

Due to the nature of its activities, Belimo is exposed to several financial risks such as credit risk, liquidity risk, market risk, and interest rate risk.

Risk management policies are established to identify and to analyze the risks to which the Group is exposed, to define appropriate limits, to establish controls, and to monitor the risks and compliance with limits. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and in the Group's activities. The identified risks and measures to minimize them are presented below:

Risk	Source	Risk mitigation
Credit risk	Through its operational business, Belimo is exposed to the risk of financial loss if a customer or a counterparty fails to meet its contractual obligations. The credit risk mainly arises from trade receivables, term deposits and cash and cash equivalents.	High standards on financial institutes to cooperate with, as well as analyzing the credit worthiness of counterparties taking into account a variety of regional aspects.
Liquidity risk	Liquidity risk is the risk that difficulties will be encountered in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	Aim to always have sufficient liquidity and unused credit lines available. Centrally managed liquidity by Group Treasury and various principles to ensure adequate liquidity for subsidiaries on short notice.
Market risk / foreign currency risk	Market risk is the risk that changes in market prices such as foreign exchange rates and equity prices will have an impact on the Group's income, or the value of the financial instruments held by the Group.	Achieve natural hedging by matching cash inflows and outflows in a specific currency as far as possible as well as facilitating risk management by using forward contracts.
Interest rate risk	Interest rate risks result from changes in interest rates that may have a negative impact on cash flows and the risk that changes in interest rates affect the fair value of financial instruments (fair value interest rate risk).	Belimo has no material exposure to a cash flow interest rate risk or fair value interest rate risk.

Credit Risk

Belimo invests its cash and cash equivalents worldwide in deposit accounts held mainly with major, creditworthy financial institutions headquartered in Switzerland, Germany, and the United Kingdom. These deposits generally have terms of less than three months. Term deposits that have a maturity of more than three months from the date of acquisition are only held with major, creditworthy financial institutions headquartered in Switzerland. Transactions involving derivative financial instruments are traded with a limited number of major financial institutions.

The credit risk from trade receivables is limited, since the Group's customer base is broad and spread over a variety of geographical areas. Credit risk is mainly influenced by the specific characteristics of each individual customer. The risk assessment includes an analysis of the creditworthiness, taking into account a variety of factors such as credit ratings or payment history. Credit limits are set according to regional aspects. Certain new customers are supplied only against payment in advance. The maximum default risk is the carrying amount of the individual assets as at the reporting date (see table in chapter Categories of

Financial Instruments below). There are no guarantees or similar obligations that could lead to an increase in risk beyond the carrying amounts.

Liquidity Risk

Belimo has CHF 100.0 million of committed credit lines and CHF 20.0 million of uncommitted credit lines (not used as at December 31, 2022). In the previous year, the total amount of available credit lines amounted to CHF 100.0 million (not used as at December 31, 2021).

At the reporting date, the contractual maturities of the undiscounted financial liabilities were as follows:

in CHF 1'000	Less than 1 year	1-5 years	More than 5 years	Total
As at December 31, 2022				
Trade payables	26'390	-	-	26'390
Lease liabilities	3'265	5'507	1'591	10'363
Other financial liabilities	290	1'507	-	1'798
Other liabilities qualifying as financial instruments	38'732	-	-	38'732
Derivative financial instruments	231	-	-	231
Total	68'909	7'014	1'591	77'514
As at December 31, 2021				
Trade payables	25'571	-	-	25'571
Lease liabilities	3'602	5'471	1'211	10'284
Other financial liabilities	-	1'227	-	1'227
Other liabilities qualifying as financial instruments	31'934	-	-	31'934
Derivative financial instruments	22	-	-	22
Total	61'130	6'698	1'211	69'039

Liquidity is centrally managed and controlled by Group Treasury. The subsidiaries are adequately financed by intercompany loans to meet their ongoing commitments.

Belimo can draw down loans at fixed or floating rates for various terms, based on its short and medium-term liquidity needs. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit lines and by staggering the maturity dates of the individual amounts.

Market Risk / Foreign Currency Risk

The following table shows the main foreign exchange risk exposure for financial instruments with a currency that differs from the functional currency of the Group company holding them.

in CHF 1'000	December 31, 2022			December 31, 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
CAD	6'907	-290	6'616	4'956	-1	4'955
CHF	456	-12'687	-12'231	776	-8'775	-7'998
EUR	27'493	-17'402	10'090	26'002	-16'552	9'450
GBP	1'943	-101	1'841	1'790	-18	1'772
PLN	6'626	-44	6'582	3'597	-	3'597
USD	61'402	-6'387	55'015	16'014	-9'302	6'712
Other	16'814	-577	16'237	12'540	-867	11'673
Total	121'640	-37'489	84'151	65'676	-35'515	30'160

The currency-related sensitivity of these currencies is shown in the following table:

in CHF 1'000	December 31, 2022			December 31, 2021		
	Exchange	Exchange		Exchange		
		gain	loss	gain	loss	
CAD	-/+ 5%	177	-177	+/- 5%	129	-129
CHF	-/+ 5%	612	-612	-/+ 5%	400	-400
EUR	+/- 5%	505	-505	+/- 5%	473	-473
GBP	-/+ 5%	107	-107	+/- 5%	58	-58
PLN	+/- 5%	80	-80	+/- 5%	68	-68
USD	+/- 5%	1'375	-1'375	+/- 5%	-29	29
Other	+/- 5%	551	-551	+/- 5%	476	-476
Total		3'406	-3'406		1'574	-1'574

This analysis assumes that all other variables are held constant and takes into account hedging transactions. The same assumptions were applied in the previous year.

At the reporting date, the following currency forward instruments were held, whereas foreign currency forward contracts selling foreign currencies are disclosed as positive figures and contracts buying foreign currencies as negative figures:

in CHF 1'000	December 31, 2022	December 31, 2021
Face values		
in CAD	10'447	2'363
in GBP	4'014	621
in PLN	4'833	2'257
in USD	28'396	7'414
Other	5'254	2'163
Total	52'944	14'819
Fair values		
positive	1'305	169
negative	-231	-22
Total	1'074	147

The Group's international operations are exposed to foreign currency risks. These risks arise from transactions that are denominated in currencies other than the functional currency of the respective Group companies (transaction risk) as well as from investments in foreign subsidiaries (translation risk).

In order to limit the transaction risk, Belimo primarily aims to achieve natural hedging by matching cash inflows and outflows in a specific currency as far as possible. Belimo has centralized its foreign exchange management in Switzerland. Within EMEA, invoices between Group companies are mainly denominated in the currency of the company receiving the invoice. Other subsidiaries of Belimo hedge their currency risk through other intercompany transactions, thus ensuring efficient risk management as currency flows can be offset within the Group as far as possible. Its net currency positions are hedged on a rolling basis by the Swiss companies, usually by entering into forward contracts.

Interest Rate Risk

The interest-bearing financial assets and liabilities held by the Group mainly relate to cash, cash equivalents, term deposits and lease liabilities. Belimo therefore has no material exposure to a cash flow interest rate risk or fair value interest rate risk.

Categories of Financial Instruments

The following tables summarize all financial instruments classified by categories according to IFRS 9:

in CHF 1'000	Carrying amounts	
	December 31, 2022	December 31, 2021
Financial assets held to collect measured at amortized cost		
Cash and cash equivalents	86'780	109'408
Term deposits	25'000	60'000
Trade receivables	110'418	98'199
Other receivables	860	493
Financial assets	1'626	2'022
Total	224'684	270'121
Financial assets measured at fair value through OCI		
Investments ^{1) 3)}	2'774	2'774
Total	2'774	2'774
Financial assets measured at fair value through profit and loss		
Investments ^{1) 3)}	2'401	-
Derivative financial instruments ²⁾	1'305	169
Total	3'705	169
Financial liabilities measured at amortized cost		
Trade payables	26'390	25'571
Current financial liabilities	3'495	3'545
Non-current financial liabilities	7'977	7'223
Other liabilities and accrued expenses qualifying as financial instruments	38'732	31'934
Total	76'595	68'274
Financial liabilities measured at fair value through profit and loss		
Derivative financial instruments ²⁾	231	22
Total	231	22

¹⁾ Measured at fair values that are calculated based on factors that are not observable market data (level 3).

²⁾ Measured at fair values that are calculated based on observable market data (level 2).

³⁾ Investments are presented within "non-current financial assets" in the primary statement.

The derivatives financial instruments as at December 31, 2022, mature in 179 days or less (2021: 89 days or less).

The unquoted equity instrument measured at fair value through other comprehensive income is allocated to level 3 and relates to an immaterial investment in an innovative start-up in the heating, ventilation, and air-conditioning systems sector. It was designated as investment at fair value through OCI because this equity instrument represents an investment that the

Group intends to hold over the long term for strategic purposes. In the previous year, Belimo participated in an additional financing round of the start-up. A fair value change of CHF 0.9 million, which was recognized in other comprehensive income, resulted on the pre-existing investment.

The unquoted investment measured at fair value through profit and loss allocated to level 3 belongs to a simple agreement for future equity in a start-up in the heating, ventilation, and air-conditioning systems sector.

In 2022 and 2021, there were no transfers between the fair value hierarchical levels.

The Group did not perform any quantitative sensitivity analysis at December 31, 2022 and 2021 for the financial instruments measured at fair value, as they are considered to be immaterial.

Accounting Policies - Categories of Financial Instruments

For financial assets and financial liabilities not measured at fair value in the table above (excluding lease liabilities), the carrying amount is a reasonable approximation of fair value. In accordance with IFRS, the fair value of the lease liabilities is neither calculated nor disclosed.

Fair values are allocated to one of the following three hierarchical levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than level 1 quoted prices that are directly or indirectly observable
- Level 3: factors that are not based on observable market data

The fair value of derivatives financial instruments is determined based on input factors observed directly or indirectly on the market (level 2). The fair value of these instruments is based on forward exchange rates, the positive fair values are included in other assets, the negative fair values in other liabilities. The changes in fair values recognized in the income statement are included in the financial result.

The fair value measurement of investments in unquoted start-up entities are based on non-observable market data, therefore allocated to hierarchy level 3.

Capital Management

Belimo aims to maintain an equity ratio that is in line with its strategy and that will remain stable over time, to secure the confidence of investors, creditors, and other market players, and to strengthen the future development of its business activities. This entails refinancing that is adapted to the asset structure, and an equity-to-liability ratio that is adequate to the level of risk.

The Board of Directors monitors the shareholder structure and the return on equity. Belimo strives for a diversified and international shareholder base. A twenty-for-one share split was conducted in 2021. The return on equity was 23.8% as at December 31, 2022 (2021: 23.1%). The Board of Directors strives to achieve a continuous pay-out ratio, but it may diverge from this policy based on the economic outlook at any time or because of planned future investment activities. The Board of Directors of BELIMO Holding AG will propose a dividend of CHF 8.50 at the Annual General Meeting 2023, which results in a pay-out ratio of 85.1% (2021: 90.4%). The Alternative Performance Measures are described [here](#).

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

3.3 Financial Liabilities

The changes in liabilities arising from financing activities are as follows:

in CHF 1'000	2022			2021		
	Lease liabilities	Other financial liabilities	Total	Lease liabilities	Other financial liabilities	Total
As at January 1	9'541	1'227	10'768	12'284	1'656	13'939
Interest paid	-326	-18	-344	-466	-19	-485
Repayments	-3'840	-	-3'840	-4'218	-	-4'218
Cash flow from financing activities	-4'166	-18	-4'183	-4'684	-19	-4'703
Payments for investments in property, plant and equipment from previous years	-	-	-	-	-6	-6
Payments of consideration for acquisitions	-	-	-	-	-465	-465
Cash flow from investing activities	-	-	-	-	-471	-471
Non-cash effective movements	4'377	214	4'591	1'464	-61	1'403
Deferred payments for investments in property, plant and equipment	-	404	404	-	98	98
Interest expenses	326	51	377	466	53	520
Translation differences	-403	-81	-484	11	-29	-18
Non-cash effective movements	4'299	588	4'888	1'942	61	2'003
As at December 31	9'675	1'798	11'473	9'541	1'227	10'768
of which current financial liabilities	3'205	290	3'495	3'545	-	3'545
of which non-current financial liabilities	6'470	1'507	7'977	5'996	1'227	7'223

Interest paid not related to financial liabilities and therefore not included in the table above amounted to CHF 0.2 million (2021: CHF 0.4 million).

Management Assumptions and Estimates

Management judgment is required to determine the lease liabilities. Further details regarding lease accounting are described in note [Property, Plant and Equipment](#).

Accounting Policies - Financial Liabilities

Other financial liabilities are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss. Lease liabilities are initially measured at the present value of the lease payments.

3.4 Financial Result

in CHF 1'000	2022	2021
Interest income	137	259
Net gain from derivative financial instruments	927	144
Other financial income	-	2
Financial income	1'064	405
Interest expenses	-604	-979
Other financial expenses	-683	-659
Financial expenses	-1'287	-1'638
Foreign exchange loss	-4'631	-750
Total	-4'854	-1'983

Accounting Policies - Financial Result

The financial result is composed primarily of interest expenses on borrowings and lease liabilities, interest income, foreign exchange gains and losses, bank charges, as well as gains and losses on derivative financial instruments. Interest income and expenses are recognized in accordance with the effective interest method.

3.5 Shareholder's Equity and Earnings per Share

As per the resolution of the Annual General Meeting of BELIMO Holding AG held on March 28, 2022, a dividend of CHF 8.50 per registered share (2021: CHF 7.50, adjusted for share split) was paid out on April 1, 2022. In total, a dividend payment of CHF 104.5 million (2021: CHF 92.2 million) was made.

		2022	2021
Net income attributable to shareholders of BELIMO Holding AG	in CHF 1'000	122'797	115'671
Average outstanding shares	Number	12'297'527	12'298'556
Dividend proposed per registered share ¹⁾	in CHF	8.50	8.50
Total dividend proposed ¹⁾	in CHF 1'000	104'550	104'550
Earnings per share (EPS)	in CHF	9.99	9.41

¹⁾ Proposed by the Board of Directors to the Annual General Meeting

The average number of outstanding shares is calculated based on the number of shares issued, less the average number of treasury shares held.

Share Capital

		December 31, 2022	December 31, 2021
Par value per share	in CHF	0.05	0.05
Outstanding shares	Number	12'298'743	12'298'872
Treasury shares	Number	1'257	1'128
Total registered shares	Number	12'300'000	12'300'000

The share capital of BELIMO Holding AG consists of one class of voting rights.

Treasury Shares

Number of shares	2022	2021
As at January 1	1'128	580
Purchases of treasury shares	9'101	9'520
Treasury shares awarded for share-based payments	-8'972	-8'972
As at December 31	1'257	1'128

Reserves and Retained Earnings

in CHF 1'000	December 31, 2022	December 31, 2021
Currency translation adjustment	-22'498	-16'751
Financial assets at FVOCI	752	751
Total other reserves	-21'745	-15'999
Capital reserves	23'913	24'113
Retained earnings	519'597	503'176
Total	521'765	511'290

Accounting Policies - Equity

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee. Treasury shares are recorded as a deduction from equity. Capital reserves correspond to premiums from capital increases and the gains or losses from treasury share sales as well as from share-based payment awards. Other reserves contain the accumulated foreign exchange differences arising from the translation of the financial statements of foreign Group companies and intercompany loans that form part of a net investment in a foreign operation as well as the accumulated fair value changes of investments measured at fair value through other comprehensive income (FVOCI). Retained earnings include the remeasurement of the post-employment benefits and their tax effect, as well as remeasurement of share-based payment transactions and accumulated retained earnings of prior periods.

4 Corporate Structure

This chapter sets out details of the Group structure of Belimo. In addition, it outlines material changes in the Group structure and the corresponding impact on the consolidated financial statements.

4.1 Subsidiaries

BELIMO Holding AG held directly and indirectly the following subsidiaries:

Europe, Middle East & Africa

Company, place of incorporation	Activities	Country	Currency	Share Capital in '000		Group interest	
				December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BELIMO Automation AG, Hinwil	P, D, R&D	CH	CHF	500	500	100%	100%
BELIMO InnoVision AG, Hinwil	H	CH	CHF	3'500	3'500	100%	100%
BELIMO Stellantriebe Vertriebs GmbH, Stuttgart	D	DE	EUR	205	205	100%	100%
BELIMO Automation Deutschland GmbH, Großröhrsdorf	P, R&D	DE	EUR	50	50	100%	100%
BELIMO Automation Handelsgesellschaft m.b.H., Vienna	D	AT	EUR	36	36	100%	100%
BELIMO Silowniki S.A., Warsaw	D	PL	PLN	500	500	100%	100%
BELIMO Servomotoren B.V., Vaassen	D	NL	EUR	18	18	100%	100%
BELIMO Belgium BV, Grimbergen	D	BE	EUR	500	500	100%	100%
BELIMO Automation UK Ltd., Shepperton	D	GB	GBP	0.1	0.1	100%	100%
BELIMO Automation Norge A/S, Oslo	D	NO	NOK	501	501	100%	100%
BELIMO Finland Oy, Helsinki	D	FI	EUR	100	100	100%	100%
BELIMO AB, Nacka	D	SE	SEK	1'000	1'000	100%	100%
BELIMO SARL, Courtry	D	FR	EUR	80	80	100%	100%
BELIMO Ibérica de Servomotores S.A., Madrid	D	ES	EUR	301	301	100%	100%
BELIMO Italia S.r.l., Grassobbio	D	IT	EUR	47	47	100%	100%
BEREVA S.r.l., Ora ¹⁾	D, R&D	IT	EUR	1'330	1'330	89%	89%
BELIMO Automation FZE, Dubai	D	AE	USD	1'905	1'905	100%	100%
BELIMO Turkey Otomasyon A.Ş., Istanbul	D	TR	TRY	1'000	1'000	100%	100%

¹⁾ Investment held by BELIMO InnoVision AG

H = Holding company

P = Production

D = Distribution

R&D = Research and development

Americas

Company, place of incorporation	Activities	Country	Currency	Share Capital in 1'000		Group interest	
				December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BELIMO Aircontrols (USA), Inc., Danbury	D, H	US	USD	200	200	100%	100%
BELIMO Customization (USA), Inc., Danbury ¹⁾	P	US	USD	45	45	100%	100%
BELIMO Technology (USA), Inc., Danbury ¹⁾	R&D	US	USD	30	30	100%	100%
BELIMO Aircontrols (CAN), Inc., Mississauga	D	CA	CAD	95	95	100%	100%
BELIMO Sensors Inc., Dorval	P, D, R&D	CA	CAD	2'025	2'025	100%	100%
BELIMO Brasil – Comércio de Automação Ltda., São Paulo	D	BR	BRL	10'372	10'372	100%	100%

¹⁾ Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

Asia Pacific

Company, place of incorporation	Activities	Country	Currency	Share Capital in 1'000		Group interest	
				December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
BELIMO Actuators Ltd., Hong Kong	D	HK	HKD	10	10	100%	100%
BELIMO Actuators Pty. Ltd., Mulgrave, Melbourne	D	AU	AUD	1'210	1'210	100%	100%
BELIMO Automation (Shanghai) Co., Ltd., Shanghai	P, D, R&D	CN	CNY	20'320	20'320	100%	100%
BELIMO Automation India Private Limited, Mumbai	D	IN	INR	1'574	1'574	100%	100%
BELIMO Automation Malaysia SDN. BHD., Kuala Lumpur	D	MY	MYR	5'300	5'300	100%	100%

H = Holding company

P = Production

D = Distribution

R&D = Research and development

Accounting Policies - Consolidation

Scope of Consolidation

The consolidated financial statements include all companies (subsidiaries) that are controlled either directly or indirectly by BELIMO Holding AG. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the company and is able to affect those returns through its power over the company. Subsidiaries that are acquired or sold during the course of the year are consolidated with effect from the date on which control commences and deconsolidated with a gain or loss included in the income statement from the date on which control is lost.

Eliminations

Assets, liabilities, income, and expenses are recognized on a 100% basis using the full consolidation method. Intercompany income and expenses and intercompany receivables and payables are eliminated. Any unrealized profits arising from intercompany transactions are eliminated, affecting net income. Unrealized losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

4.2 Changes to the Scope of Consolidation

There were no changes to the scope of consolidation in 2022.

In the previous year, the distribution company BELIMO Belgium BV was founded.

4.3 Currency Translation

in CHF	Year-end rates		Average rates	
	2022	2021	2022	2021
CAD	0.68	0.72	0.74	0.73
CNY	0.13	0.14	0.14	0.14
EUR	0.98	1.03	1.01	1.09
PLN	0.21	0.22	0.22	0.24
USD	0.92	0.91	0.95	0.91

The subsidiary BELIMO Turkey Otomasyon A.Ş. (Istanbul), with functional currency in Turkish lira, was affected by the hyper-inflationary economy as at December 31, 2022. The assessment of the accounting implication of standard IAS 29 Financial Reporting in Hyperinflationary Economies showed no material impact on the consolidated financial statements.

Accounting Policies - Currency Translation

Group Companies

Financial statements of foreign operations are translated into Swiss francs as follows: for the balance sheet (excluding equity), at the exchange rates at the reporting date; for the income statement, the statement of comprehensive income and the statement of cash flows, at the average exchange rate. Any translation differences arising from the translation of the balance sheets, income statements and the statements of comprehensive income are recognized in other comprehensive income with no effect on the consolidated income statement. This also applies to loans that are part of a net investment in a foreign operation. At the date of the loss of control over a foreign operation, the associated cumulative exchange differences are reclassified to the income statement.

Transactions in Foreign Currency

Transactions in a foreign currency are translated into the functional currency at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Any foreign currency gains or losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction.

5 Other Information

This chapter details information that is not already disclosed in other parts of the report. For instance, it includes disclosures regarding income taxes, related parties, and other accounting policies.

5.1 Income Taxes

in CHF 1'000	2022	2021
Current income taxes	-25'603	-24'673
Deferred taxes	792	-3'203
Income tax recognized	-24'811	-27'876
in CHF 1'000	2022	2021
Income before taxes	147'509	143'380
Expected tax expenses	-27'668	-28'043
applicable tax rate	18.8%	19.6%
Non-deductible expenses	-1'145	-571
Tax-exempt income	4'181	4'284
Adjustments from previous years	1'136	-2'570
Non-reclaimable withholding taxes	-169	-308
Effect of companies with mixed tax rates	-1'398	-851
Change in tax rate	-29	55
Other	280	128
Income tax recognized	-24'811	-27'876
effective tax rate	16.8%	19.4%

As Belimo operates in several jurisdictions, the applicable tax rate is computed as the weighted average of the applicable tax rate per jurisdiction. The applicable tax rate decreased by 0.8 percentage points in the reporting period (2021: -0.3 percentage points). There were no major changes in the structure of Belimo Group that would have impacted the applicable tax rate in 2022.

In accordance with the Swiss federal law on the tax reform and AHV financing (TRAF), the Canton of Zurich, where Belimo is headquartered, introduced certain provisions in the cantonal tax laws (e.g., patent box, additional research and development deductions) including transitional measures. Based on these transitional measures, in the balance sheet, deferred tax assets on intangible assets of CHF 19.8 million were recognized as at December 31, 2022 (2021:

CHF 22.9 million). The decrease of the deferred tax assets on intangible assets resulted from amortization.

Tax-exempt income includes additional research and development deductions of CHF 3.6 million (2021: CHF 3.6 million) because of Belimo's strong research and development base in Switzerland. Some Group companies are taxed at different rates, depending on the source of income. The effect of these mixed tax rates is presented as a separate item in the reconciliation above.

Deferred Taxes

in CHF 1'000	December 31, 2022			December 31, 2021		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Receivables	447	-3'104	-2'656	197	-2'788	-2'591
Inventories	4'932	-5'892	-961	3'015	-6'332	-3'317
Property, plant and equipment	241	-8'664	-8'423	234	-9'089	-8'855
Intangible assets	19'256	-822	18'434	22'976	-1'833	21'143
Other assets	25	-370	-345	19	-253	-233
Current liabilities	1'041	-137	904	899	-24	876
Non-current financial liabilities	926	-78	848	611	-	611
Tax loss carryforwards and tax credits	1'472	-	1'472	608	-	608
Total (gross)	28'340	-19'067	9'273	28'558	-20'318	8'240
Set-off of tax	-16'553	16'553	-	-18'190	18'190	-
Total (net)	11'787	-2'514	9'273	10'368	-2'128	8'240

In the reporting period and in the previous year, the Group did not consider temporary differences resulting from investments in Group companies because it controls the dividend policy of its subsidiaries while all subsidiaries are directly or indirectly owned by the Swiss Holding where the deduction for income from subsidiaries is applicable. Due to the deduction, there is no significant tax effect from dividend payments.

In 2022, all deferred income tax assets from deductible temporary differences have been recognized (2021: CHF 0.2 million not recognized). At the reporting date, deferred tax assets of CHF 1.7 million (2021: CHF 0.4 million) are recognized for Group companies that incurred losses in 2022 or 2021 supported by taxable temporary differences and expected future profitability.

The following table summarizes the movements in the net deferred tax position:

in CHF 1'000	2022	2021
As at January 1	8'240	11'005
Recognized in the income statement	792	-3'203
Recognized in other comprehensive income	419	469
Translation differences	-179	-31
As at December 31	9'273	8'240

Deferred tax assets on tax loss carryforwards and tax credits as well as loss carryforwards without capitalized tax effect expire as follows:

in CHF 1'000	Expiry in 1–5 years	Expiry after 5 years	No expiry	December 31, 2022	December 31, 2021
Deferred tax assets on tax loss carryforwards and tax credits	50	850	572	1'472	608
Tax loss carryforwards without capitalized tax effect	-	255	-	255	1'921

The recoverability of tax loss carryforwards not capitalized in previous years has been reassessed and respective deferred tax assets of CHF 0.5 million have been recognized in the balance sheet.

Management Assumptions and Estimates

Estimates are required to determine the total assets and liabilities for current and deferred taxes. There are transactions and calculations for which the final tax assessment is uncertain by the end of the reporting period, e.g., the final step-up amount. Where the actual outcome of final tax assessments or tax audits of such matters differs from the amounts that were initially recognized, such differences may materially impact the income tax and deferred tax positions in the period in which such a determination is made.

Accounting Policies - Taxes

Income taxes

Income taxes include current and deferred income taxes. Income taxes are recognized in the income statement unless they relate to an item that is recognized in other comprehensive income or directly in equity.

Current income taxes are determined with regard to taxable profit, based on the tax rates in force as at the reporting date, including tax expenses for previous periods.

Deferred taxes

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax basis and the IFRS carrying amounts. No deferred taxes are recognized for the following temporary differences: initial recognition of assets or liabilities in a transaction that neither affects taxable nor accounting profit and investments in subsidiaries if it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets, including the tax benefits from deductible tax loss carryforwards, are recognized only if it is probable that the temporary differences or loss carryforwards can be offset against future taxable profits.

5.2 Related Parties

In 2022 and 2021, the total booked compensation for the Board of Directors and Executive Committee was as follows:

in CHF 1'000	2022	2021
Salaries and other short-term employee benefits	5'100	4'874
Post-employment benefits	874	884
Expenses for share-based payments	300	341
Total	6'274	6'100

Further information regarding compensation and investments of the Board of Directors and Executive Committee is disclosed in the [Remuneration Report 2022](#).

Transactions between Belimo and the pension funds are detailed in [Personnel Expenses](#).

In 2022 and 2021, there were no further material related party transactions.

5.3 Other Accounting Policies

Non-current Financial Assets

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies, investments held at fair value as well as loans to finance Belimo distribution companies. In 2022 an immaterial valuation allowance has been recognized (2021: none).

Accounting Policies - Non-current Financial Assets

Financial assets are generally measured at amortized costs, with the exception of investments held at fair value through other comprehensive income as well as investments held at fair value through profit and loss. Financial assets measured at amortized costs are subject to the impairment requirements of IFRS 9.

5.4 Events after the Reporting Date

On March, 3 2023, the Board of Directors of BELIMO Holding AG approved the present annual financial statements for release. As of this date, no material events after the reporting date have occurred. The consolidated financial statements are subject to approval by the shareholders of BELIMO Holding AG at the Annual General Meeting to be held on March 27, 2023.

Statutory Auditor's Report

To the General Meeting of BELIMO Holding AG, Hinwil

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of BELIMO Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) 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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters



REVENUE RECOGNITION

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



REVENUE RECOGNITION

Key Audit Matter

Revenue is the basis to evaluate the course of business of the Group and is thus a focus area of internal target setting and external third party expectations. These expectations create potential pressure on management to achieve the set targets, which leads to an increased risk in revenue recognition. The correct application of the accrual principle comprises significant risks in revenue recognition.

Our response

We have analysed the processes set up to ensure a correct application of the accrual principle. We have identified internal controls with regards to revenue recognition and have tested design and implementation of selected controls.

Furthermore, we have, amongst others, performed the following audit procedures:

- Reconciliation of revenue from financial accounting with invoice and incoming payment to verify that revenue exists and has been correctly entered applying a sampling method.
- Evaluation of the accrual principle as of 31 December 2022 by comparing invoices to delivery papers and evaluating incoterms.
- Assessing completeness and accuracy of recognition of revenue deductions by evaluating credit notes issued in 2023 on the one hand, and by applying retrospective procedures evaluating charge-backs actually paid out compared to prior year on the other hand.

For further information on revenue recognition refer to the following:

- Note 1.1 to the consolidated financial statements

Other Information in the Annual Report

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 consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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, ISAs 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 these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

A handwritten signature in blue ink, appearing to read 'Benz'.

Reto Benz
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'Kaufmann'.

Reto Kaufmann
Licensed Audit Expert

Zurich, 3 March 2023

Financial Statements of BELIMO Holding AG

Income Statement

in CHF 1'000	Note	2022	2021
Dividend income – Group companies		111'587	66'387
License fees – Group companies		12'500	7'828
Other financial income	1.1	6'066	4'821
Revenue		130'152	79'035
Personnel expenses		-955	-1'216
Other operating expenses		-2'095	-1'478
Financial expenses	1.1	-5'188	-458
Direct taxes		-1'172	-1'178
Expenses		-9'409	-4'330
Net income		120'743	74'705

Balance Sheet

in CHF 1'000	Note	December 31, 2022	December 31, 2021
Cash and cash equivalents		10'356	1'289
Other current receivables – Group companies	1.2	25'050	1'620
Other current receivables – Third parties		20	5'029
Accrued income and prepaid expenses		58	41
Current assets		35'484	7'980
Financial assets – Group companies		186'443	209'413
Investments	1.3	81'526	79'107
Non-current assets		267'969	288'520
Assets		303'453	296'500
Other current liabilities – Group companies	1.2	1'056	10'973
Other current liabilities – Third parties		316	64
Deferred income and accrued expenses		708	456
Current Provisions		100	-
Current liabilities		2'180	11'493
Liabilities		2'180	11'493
Share capital		615	615
Legal capital reserves		9'164	9'164
Legal retained earnings		580	580
Treasury shares	1.4	-552	-606
Balance carried forward		170'722	200'549
Net income		120'743	74'705
Shareholders' equity		301'273	285'007
Liabilities and shareholders' equity		303'453	296'500

Accounting Policies

General Information

The financial statements of BELIMO Holding AG, Hinwil (Switzerland), have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations. While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in these financial statements refers solely to the parent company. These financial statements are presented in Swiss francs (CHF), rounded to the nearest thousand. Due to rounding, amounts presented throughout this report may not add up precisely to the totals provided.

Non-current Assets

Non-current assets include long-term loans and investments in group companies. Loans denominated in foreign currencies are translated at the rate at the reporting date, whereby unrealized losses are fully recognized, and unrealized gains are only recorded to the extent of previous losses. Investments in group companies are accounted for at acquisition cost less valuation allowances, as required.

Treasury Shares

At the acquisition date, treasury shares are recognized at acquisition cost and deducted from shareholders' equity. In case of a resale, the gain or loss is recognized in the income statement as financial income or financial expense.

Foregoing a Statement of Cash Flows, Management Report and Additional Disclosures in the Notes

As BELIMO Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to refrain from presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a statement of cash flows and a management report in accordance with the law.

1 Information on Items in the Income Statement and Balance Sheet

1.1 Other Financial Income and Financial Expenses

Other financial income and financial expenses contain intercompany and third-party interest, foreign exchange gains and losses, bank charges, and the result on treasury shares awarded for share-based payments.

In 2022, net foreign exchange losses of CHF 4.7 million were recognized as financial expenses (2021: gain of CHF 0.9 million recognized as other financial income).

1.2 Other current Receivables and Liabilities - Group Companies

As at December 31, 2022, BELIMO Holding AG had a payable towards BELIMO Automation AG of CHF 1.1 million (2021: payable of CHF 10.8 million).

1.3 Investments

Information on the investments directly and indirectly controlled by BELIMO Holding AG is given in the [list of group companies](#) in the Annual Report. Ownership interests equal voting rights.

1.4 Treasury Shares

	2022		2021	
	Number of shares	Value in CHF 1'000	Number of shares	Value in CHF 1'000
As at January 1	1'128	606	580	224
Purchase	9'101	4'072	9'520	5'178
Awarded for (group) share-based payments	-8'972	-4'126	-8'972	-4'796
As at December 31	1'257	552	1'128	606

Awards for group share-based payments are made on behalf of the respective group companies. These group companies cover all costs.

In the reporting year, the average transaction price of the treasury shares purchased was CHF 447.42 (2021: CHF 543.90) and the average transaction price of the treasury shares awarded for share-based payments CHF 435.50 (2021: CHF 535.00).

2 Other Information

2.1 Full-Time Equivalents

BELIMO Holding AG does not have any employees.

2.2 Contingent Liabilities and Collaterals for Third-Party Liabilities

There were no contingent liabilities as at December 31, 2022 and 2021.

The Company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

As at December 31, 2022, BELIMO Holding AG has issued a guarantee to certain banks in respect of credit facilities granted to one subsidiary in the amount of CHF 100.0 million (2021: CHF 80.0 million). The credit lines were not used as at December 31, 2022 and 2021.

2.3 Participation Rights of the Members of the Board of Directors and the Executive Committee

The following table discloses the number of shares held by the members of the Board of Directors and the Executive Committee as well as their related parties:

Number of shares	December 31, 2022	December 31, 2021
Board of Directors		
Prof. Adrian Altenburger	1'000	1'000
Patrick Burkhalter	71'300	71'300
Sandra Emme	400	400
Urban Linsi ¹⁾	160'630	160'200
Stefan Ranstrand	325	-
Dr. Martin Zwyssig	500	500
Total	234'155	233'400
Executive Committee		
Dr. Elena Cortona	558	158
Gary Economides	1'309	745
Lukas Eigenmann ²⁾	-	4'119
James W. Furlong	1'882	1'677
Louis Scheidegger	1'364	1'115
Dr. Markus Schürch	797	483
Dr. Adrian Stauffer ³⁾	535	-
Lars van der Haegen	2'953	2'429
Total	9'398	10'726

¹⁾ Urban Linsi is a member of the registered shareholder group Linsi, which holds a total of 2'400'000 voting shares.

²⁾ Left the Executive Committee in 2022.

³⁾ Joined the Executive Committee in 2022.

No shares or options were granted to the members of the Board of Directors and none of the members held conversion or option rights.

In 2022, 2'776 shares (CHF 1.2 million) (2021: 2'026 shares, CHF 1.1 million) were issued to the members of the Executive Committee based on the long-term incentive share plan.

2.4 Significant Shareholders

The following shareholders and shareholder groups owned more than 5% of the voting rights:

	December 31, 2022	December 31, 2021
Group Linsi ¹⁾	19.51%	19.51%

¹⁾ Group Linsi holds 19.54% of the shares of BELIMO Holding AG, of which 19.51% are voting shares.

2.5 Events after the Reporting Date

On March 3, 2023, the Board of Directors of BELIMO Holding AG approved the present annual financial statements for release. As of this date, no material events after the reporting date have occurred. The financial statements are subject to approval by the shareholders of BELIMO Holding AG at the Annual General Meeting to be held on March 27, 2023.

Appropriation of Available Earnings

in CHF 1'000	2022	2021
Balance carried forward	170'722	200'549
Net income	120'743	74'705
Retained earnings available to Annual General Meeting	291'465	275'253
Proposed / paid dividend ¹⁾	-104'550	-104'532
Balance carried forward	186'915	170'722

¹⁾ Shares held by BELIMO Holding AG at the time of dividend distribution are not entitled to dividends.

The Board of Directors proposes to the 2023 Annual General Meeting a dividend of CHF 8.50 per share (2021: CHF 8.50). The dividend is expected to be paid on March, 31 2023.



Statutory Auditor's Report

To the General Meeting of BELIMO Holding AG, Hinwil

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of BELIMO Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements for the year ended December 31, 2022 comply with Swiss law and the Company's articles of incorporation.

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 Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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 consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Financial Statements

The Board of Directors is responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going



concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in blue ink, appearing to read 'Benz'.

Reto Benz
Licensed Audit Expert
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'R. Kaufmann'.

Reto Kaufmann
Licensed Audit Expert

Zurich, 3 March 2023

Information for Investors

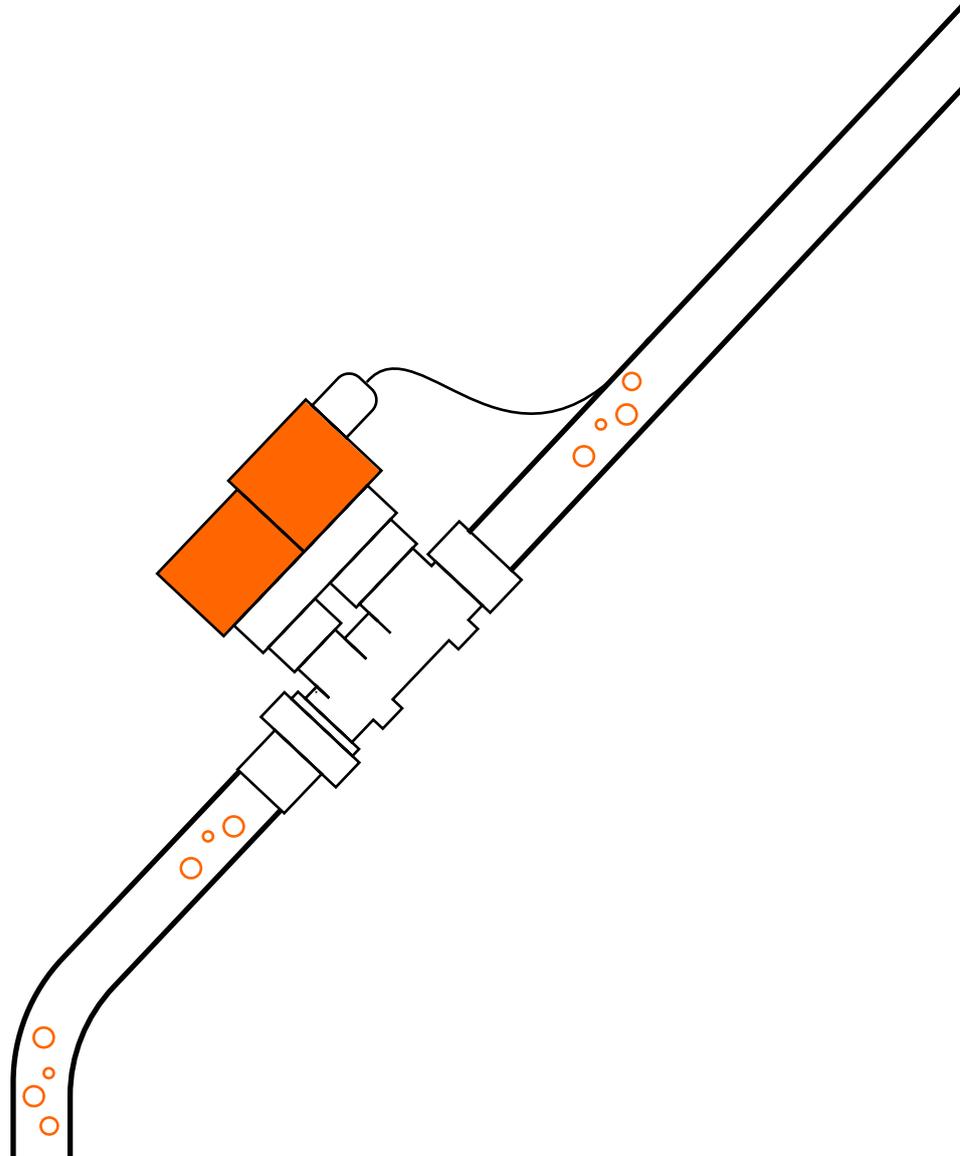
	2022	2021	2020	2019	2018
Share capital					
Number of registered shares as at December 31	12'300'000	12'300'000	12'300'000	12'300'000	12'300'000
Average number of outstanding shares	12'297'527	12'298'556	12'298'480	12'298'860	12'296'680
Information per average outstanding share					
Earnings, in CHF	10.0	9.4	7.1	9.9	7.0
Cash flow from operating activities, in CHF	9.2	12.4	10.2	10.2	9.3
Earnings before interest and taxes (EBIT), in CHF	12.4	11.8	8.8	10.1	8.9
Equity attributable to shareholders of BELIMO Holding AG as at December 31, in CHF	42.4	41.6	39.8	41.3	35.6
Information per registered share					
Dividend, in CHF (as proposed by the Board of Directors for next year)	8.50	8.50	7.50	7.50	5.00
Return on dividend as at December 31, in %	1.9%	1.5%	2.0%	2.1%	2.5%
Payout ratio, in % of net income attributable to shareholders of BELIMO Holding AG	85.1%	90.4%	106.4%	76.1%	71.3%
Price-earnings ratio as at December 31	44.0	61.6	54.5	37.0	28.1
Stock market prices in CHF					
High	580	580	405	365	250
Low	317	328	234	197	188
Year-end	440	580	384	365	197
Market capitalization in CHF million					
High	7'134	7'134	4'975	4'490	3'072
Low	3'899	4'028	2'875	2'417	2'306
Year-end	5'412	7'134	4'723	4'483	2'423
In % of equity attributable to shareholders of BELIMO Holding AG as at December 31	1'037%	1'395%	965%	884%	554%
Average daily trading volume					
In number of shares	17'755	12'728	20'934	18'700	8'480

Alternative Performance Measures are described [here](#).

Five-Year Summary

in CHF 1'000 (unless indicated otherwise)	2022	2021	2020	2019	2018
Net sales					
EMEA	367'902	375'556	322'285	328'777	317'200
Americas	368'261	291'387	253'875	272'849	242'885
Asia Pacific	110'737	98'400	85'067	91'054	82'283
Group	846'900	765'343	661'226	692'680	642'368
Growth in local currencies, in %	11.9%	16.6%	0.0%	9.2%	9.6%
Growth in CHF, in %	10.7%	15.7%	-4.5%	7.8%	10.8%
Income statement					
Net sales	846'900	765'343	661'226	692'680	642'368
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	189'033	178'395	139'337	154'224	134'999
Earnings before interest and taxes (EBIT)	152'363	145'363	108'065	123'869	109'839
Net income	122'698	115'504	86'641	121'103	86'209
EBIT margin, in %	18.0%	19.0%	16.3%	17.9%	17.1%
Return on equity (ROE), in %	23.8%	23.1%	17.4%	25.6%	20.3%
Return on invested capital (ROIC), in %	24.9%	26.0%	24.7%	27.8%	27.8%
Cash flow					
Cash flow from operating activities	112'861	153'049	125'668	125'400	113'938
Cash flow from investing activities	-21'658	-107'505	-32'394	-41'549	-19'677
Free cash flow	91'203	45'544	93'274	83'852	94'261
Cash flow from financing activities	-112'309	-101'238	-98'614	-65'860	-51'533
Dividend distribution	-104'531	-92'243	-92'241	-61'494	-52'256
Free cash flow in % of net sales	10.8%	6.0%	14.1%	12.1%	14.7%
Balance sheet					
Total assets	671'983	642'671	583'458	602'002	531'472
Total liabilities	150'226	131'335	94'195	94'658	94'229
Total equity	521'757	511'336	489'263	507'344	437'243
Equity ratio	77.6%	79.6%	83.9%	84.3%	82.3%

Appendix



GRI Content Index



CONTENT INDEX
ESSENTIALS SERVICE

2023

Belimo has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022. For the GRI Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. This service was carried out on the English version of the report.

GRI Standard	Disclosure	Omission
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
GRI 2: General Disclosures 2021	2-1 Organizational details 2-2 Entities included in the organization’s sustainability reporting 2-3 Reporting period, frequency and contact point 2-4 Restatements of information 2-5 External assurance	
Activities and workers		
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships 2-7 Employees 2-8 Workers who are not employees	
Governance		
GRI 2: General Disclosures 2021	2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-17 Collective knowledge of the highest governance body 2-18 Evaluation of the performance of the highest governance body 2-19 Remuneration policies 2-20 Process to determine remuneration 2-21 Annual total compensation ratio	

GRI Standard	Disclosure	Omission
Strategy, policies and practices		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	
	2-23 Policy commitments	
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	
	2-28 Membership associations	
Stakeholder engagement		
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	
	2-30 Collective bargaining agreements	
Materiality assessment and list of material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	
	3-2 List of material topics	
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	
Customer Engagement and Support		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Partnership with Suppliers		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Process Efficiency and Short Lead Times		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Balanced Investment Portfolio		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Strategic IP Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Solution Leadership		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Quality First		
GRI 3: Material Topics 2021	3-3 Management of material topics	

GRI Standard	Disclosure	Omission
Energy Efficiency in Operations		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	
GRI 302: Energy 2016	302-3 Energy intensity	
High-Performance Solutions for Energy Efficiency and Indoor Air Quality		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	
Digitally Enabled Solutions		
GRI 3: Material Topics 2021	3-3 Management of material topics	
Environmental Footprint of the Supply Chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 416: Customer Health and Safety 2016	416-1 Assessments of the health and safety impacts of product and service categories	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
Employee Empowerment and Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
Skill Development and Knowledge Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 404: Training and Education 2016	404-1 Average hours of training per year and employee	
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	
Equal Opportunity Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	
Company Values and Culture		
GRI 3: Material Topics 2021	3-3 Management of material topics	

GRI Disclosures

GRI 1: Reporting Principles

Belimo has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022.

The Group applied the reporting principles specified in GRI 1: Foundation 2021.

GRI 2: General Disclosures 2021

The Organization and its Reporting Practices

2-1 Organizational Details

a) Legal Name

Belimo Group, also referred to as Belimo or the Group, with the ultimate parent company BELIMO Holding AG.

b) Nature of Ownership and Legal Form

The ultimate parent company, BELIMO Holding AG, is the only listed company within the Group. Its shares are publicly traded on the Swiss stock Exchange SIX Swiss Exchange (ISIN CH1101098163).

c) Location of the Group's Headquarters

The Group has its headquarters in Hinwil (Switzerland).

d) Countries of Operation

Belimo has disclosed all its [subsidiaries](#) in its audited consolidated financial statements.

2-2 Entities Included in the Organization's Sustainability Reporting

a) Entities Included in the Sustainability Reporting

Generally, all entities that the Group controlled during the reporting period were included in its sustainability report. Consequently, the same group of [entities](#) was covered as in the consolidated financial report.

b) Differences to the Reporting Scope of the Financial Reporting

Due to materiality reasons, the Group decided to limit the reporting scope for some sustainability disclosures. In this case, the limited scope is indicated in the respective sustainability topic.

For example, the disclosure of the energy consumption within the organization was limited to the main sites located in Danbury (Connecticut, USA) and in Hinwil (Switzerland).

c) Approach Used for Consolidating the Information

The sustainability disclosures of Belimo show the aggregated figures reported by each legal entity. Effects of non-controlling interest were neglected, due to the current structure of the Group and materiality reasons. Entities that are acquired or sold during the course of the year are included in the reporting with effect from the date on which control commences and excluded from the date on which control is lost.

2-3 Reporting Period, Frequency, and Contact Point

a) Reporting Period and Frequency of the Sustainability Reporting

The reporting period for BELIMO Holding AG and all of its subsidiaries is January 1, 2022, to December 31, 2022, for this sustainability report. The sustainability report is published once a year as an integrated part of the Annual Report.

b) Reporting Period and Frequency of the Financial Reporting

The reporting period for the financial reporting is the same as the reporting period of the sustainability reporting, covering the period January 1 to December 31 of a reporting year.

c) Publication Date of the Sustainability Report

This sustainability report is published on March 6, 2023.

d) Contact Point for Questions About the Report or Reported Information

The Group CFO and the Investor Relations Officer (IRO) are the designated contact persons:

Dr. Markus Schürch, CFO / Gérard Moinat, IRO
Brunnenbachstrasse 1
8340 Hinwil (Switzerland)
Phone +41 43 843 63 80
E-mail ir@belimo.ch

2-4 Restatements of Information

a) Restatements of Information from Previous Reporting Periods

The Group has not made material restatements of information disclosed in previous reporting periods. Only the employee turnover of 2021 is adjusted from 7.4% to 8.0%.

2-5 External Assurance

a) External Assurance Practice

There is no external review of the sustainability reporting in its entirety, but individual processes, results, and statements are inspected by external parties.

- The consolidated financial statements and its notes are audited by an independent, external auditor (see [Financial Statements Statutory Auditor's Report](#)).
- The Remuneration Report is audited by an independent, external auditor (see [Remuneration Statutory Auditor's Report](#)).
- All major Belimo sites are certified according to the international environmental management standard ISO 14001 and quality management standard ISO 9001. These sites also undergo regular audits by the Swiss Association for Quality and Management Systems (SQS) and the China Quality Certification Center (CQC) in China.

For additional information, see [Energy Efficiency in Operations](#).

Furthermore, the GRI inspected whether the GRI content index is clearly presented and the references for disclosures of all GRI Standards in this GRI Content Index match the corresponding parts of the report, as part of the service. The successful inspection is indicated by the GRI label in the GRI Content Index – Essentials.

Activities and Workers

2-6 Activities, Value Chain, and Other Business Relationships

a) Sectors Belimo is Active in

Belimo is the global market leader in the development, production, and sales of field devices for the energy-efficient control of heating, ventilation, and air-conditioning systems. The focus of our core business is on damper actuators, control valves, sensors and meters.

According to the International Standard Industrial Classification of All Economic Activities (ISIC), our products belong to ISIC 265 – Manufacture of measuring, testing, navigating, and control equipment.

b) Value Chain Description

Belimo views its suppliers as key partners and as the most critical element of its asset-light model. The main part of the production costs is incurred within a network of suppliers, with Belimo focusing on final assembly, testing, and customizing of products.

The main procurement region is Europe, and most of the suppliers are certified according to ISO 9001 and ISO 14001. For additional information, see [Partnerships with Suppliers](#) and [Environmental Footprint of the Supply Chain](#).

About 8.0 million actuators are shipped every year by the [subsidiaries](#) located worldwide.

Sales information by market region and by applications as well as information on geographic regions is disclosed in the [segment reporting](#) of the consolidated financial statements.

c) Other Relevant Business Relationships

Belimo has no other relevant business relationships (joint ventures and other entities directly linked to the organization's operations, products, or services) that are not described as part of its value chain under 2-6-b.

d) Significant Changes Compared to the Previous Reporting Period

There were no material changes in the activities, value chain, and other business relationships in the reporting year.

2-7 Employees

a) Number of Employees by Gender and by Region

FTEs	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Female	213	359	245	816	37.7%
Male	282	532	534	1'347	62.3%
Total	494	890	779	2'163	100.0%
As at December 31, 2021					
Female	180	334	199	712	37.1%
Male	235	506	468	1'209	62.9%
Total	415	840	667	1'921	100.0%

b) Number of Employees by Contract Type, Employment Type, and by Region

Employees by contract type:

FTEs by Contract Type	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Permanent	494	841	634	1'969	91.0%
Temporary	-	50	145	195	9.0%
Total	494	890	779	2'163	100.0%
As at December 31, 2021					
Permanent	396	791	530	1'717	89.4%
Temporary	19	49	136	204	10.6%
Total	415	840	667	1'921	100.0%

Employees by contract type and gender:

FTEs by Contract Type and Gender	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Permanent – Female	213	320	184	717	33.1%
Permanent – Male	282	520	450	1'252	57.9%
Temporary – Female	-	39	61	99	4.6%
Temporary – Male	-	11	84	95	4.4%
Total	494	890	779	2'163	100.0%
As at December 31, 2021					
Permanent – Female	173	297	145	615	32.0%
Permanent – Male	223	494	385	1'102	57.4%
Temporary – Female	7	37	53	97	5.1%
Temporary – Male	12	12	83	107	5.6%
Total	415	840	667	1'921	100.0%

Employees by employment type:

FTEs by Employment Type	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Full-time	493	671	745	1'909	88.2%
Part-time	1	219	34	255	11.8%
Total	494	890	779	2'163	100.0%
As at December 31, 2021					
Full-time	412	643	634	1'689	87.9%
Part-time	3	197	33	232	12.1%
Total	415	840	667	1'921	100.0%

Employees by employment type and gender:

FTEs by Employment Type and Gender	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Full-time – Female	212	224	217	653	30.2%
Full-time – Male	281	447	528	1'256	58.0%
Part-time – Female	1	135	28	163	7.5%
Part-time – Male	1	85	6	92	4.2%
Total	494	890	779	2'163	100.0%
As at December 31, 2021					
Full-time – Female	179	215	173	567	29.5%
Full-time – Male	233	428	461	1'122	58.4%
Part-time – Female	1	119	26	145	7.5%
Part-time – Male	2	78	7	87	4.5%
Total	415	840	667	1'921	100.0%

c) Methodologies and Assumptions Used to Compile Employee Data

Employee data disclosed in this section correspond to full-time equivalents (FTE) as at the end of the reporting period. An employee is an individual who is in an employment relationship with the organization according to national law or practice.

The definitions of permanent, temporary, full-time, and part-time employees differ between countries. The Group has employees in more than one country. Therefore, the definitions as per the national laws of the countries where the employees are based were used to calculate country-level data. The country-level data then was added up to calculate total numbers, disregarding differences in national legal definitions.

d) Contextual Information

Temporary employees cover production peaks or are engaged for temporary projects. In some regions and functions, it is a standard practice to offer a temporary contract to new employees before an offer of permanent employment is made.

Belimo does not employ non-guaranteed hours employees.

e) Significant Fluctuations in the Number of Employees

During the reporting period, no significant fluctuation took place.

The Group's growth strategy requires continuous talent acquisition. Additional information about the Credibility Culture of the Group is disclosed in the following sections:

- [Skill Development and Knowledge Management](#)
 - [Equal Opportunity Employment](#)
-

2-8 Workers Who Are not Employees**a) Workers Who Are not Employees**

Belimo engages external workers to cover production peaks and closely collaborates with external engineers and consultants in research and development projects. Furthermore, the Group offers work opportunities for individuals with disabilities in several programs.

As at December 31, 2022, Belimo engaged 366 (2021: not available) workers who are not employees.

b) Methodologies and Assumptions Used to Compile Data on Workers Who Are not Employees

Workers disclosed in this section correspond to headcounts as at the end of the reporting period.

c) Significant Fluctuations in the Number of Workers Who Are not Employees

There were no significant fluctuations in the number of workers.

Governance

2-9 Governance Structure and Composition**a) Governance Structure Description**

The Board of Directors of BELIMO Holding AG is the highest Governance Body of the Group. It determines the strategic objectives and the general resources for achieving these.

b) Committees of the Highest Governance Body Responsible for Decision-Making

The Board of Directors has established three committees: The Audit Committee, the Remuneration and Nomination Committee, as well as the Strategy Committee.

c) Composition of the Highest Governance Body

The Board of Directors of BELIMO Holding AG comprised a total of six non-executive members as at December 31, 2022.

Tenure, gender, competencies relevant to the impact on the organization, stakeholder representation of the board members as well as other significant positions and commitments, details about governance structure, the committees, and the composition of the highest governance body are disclosed in the [Corporate Governance Report](#).

For additional information, see [GRI 405-1](#).

2-10 Nomination and Selection of the Highest Governance Body**a) Nomination and Selection Processes for the Highest Governance Body**

According to the [Articles of Incorporation](#), members of the Board of Directors are elected individually at the Annual General Meeting for a term of office of one year.

The Board of Directors constitutes itself, subject to legal and statutory provisions. The Chairman and the Deputy Chairman of the Board of Directors as well as the members of the Remuneration and Nomination Committee are elected individually at the Annual General Meeting for a term of office of one year, which ends with the next ordinary Annual General Meeting.

b) Criteria Used for Nominating and Selecting Highest Governance Body Members

The Group nominates new members of the Board of Directors in accordance with its Articles of Incorporation, the Swiss Code of Best Practice for Corporate Governance, published by *economiesuisse*, the regulation of the Swiss stock exchange, SIX Swiss Exchange, and the Swiss Code of Obligations.

Furthermore, the following criteria are used:

- The candidate's qualifications considering the needs of the Company, and the current members of the Board of Directors.
- Diversity, to ensure diverse professional and personal backgrounds of the Board of Directors.
- Personality, to nominate individuals of highest character and integrity.
- Independence, the candidate should be free of any conflict of interest.

Details on the nomination and selection process for the highest governance body can be found in [Board of Directors in Corporate Governance](#).

2-11 Chair of the Highest Governance Body

a) Chair of the Highest Governance Body

The Board of Directors consists of non-executive members. This means that no member exercised an operational function for Belimo during the three financial years preceding the reporting period. The other members of the Board of Directors and the companies they represent have no material business relationship with Belimo.

The Chairman of the Board of Directors, Patrick Burkhalter, is an independent, non-executive member of the Board of Directors.

b) Conflicts of Interest

There is no conflict of interest for the Chairman of the Board of Directors.

2-12 Role of the Highest Governance Body in Overseeing the Management of Impacts on the Economy, Environment, and People

a) Role of the Highest Governance Body and of Senior Executives in Developing, Approving, and Updating the Organization's Purpose, Mission Statements, Strategies, and Policies

The non-transferable responsibilities of the Board of Directors pursuant to the Swiss Code of Obligations and the Articles of Incorporation are disclosed in the Corporate Governance Report of the Group.

The Board of Directors determines the strategic objectives. The Board of Directors delegates operational business management to the Chief Executive Officer (CEO). The CEO draws up the strategic and financial planning and the budget with the Executive Committee and submits it to the Board of Directors for approval.

The highest body responsible for the corporate strategy regarding environmental, social, and governance topics is the Board of Directors of BELIMO Holding AG. Meanwhile, the Board of Director's Audit Committee is responsible for the reporting and the compliance regarding environmental, social, and governance topics.

b) Role of the Highest Governance Body in Overseeing the Organization's Due Diligence and Other Processes to Identify and Manage the Organization's Impacts

At every board meeting, the CEO or CFO informs the Board of Directors about current business developments (including developments regarding the economy, environment, and people). The Chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him on all transactions and issues that are of fundamental importance or that have wider implications.

c) Role of the Highest Governance Body in Reviewing the Effectiveness of the Organization's Processes

The Board of Directors has implemented a comprehensive system for monitoring and controlling risks associated with the business activities. A company-wide risk assessment is carried out annually, using a systematic risk management methodology.

An independent audit firm has been assigned by the Audit Committee to perform objective internal audit services in order to ensure compliance with applicable laws and internal directives and procedures.

Further information on the role of the highest governance body is disclosed in [Board of Directors in Corporate Governance](#).

2-13 Delegation of Responsibility for Managing Impacts on the Economy, Environment, and People**a) How the Highest Governance Body Delegates Responsibility for Managing the Organization's Impacts on the Economy, Environment, and People**

The Board of Directors has assigned operational management to the Chief Executive Officer. The CEO is authorized to further delegate powers to individual members of the Executive Committee.

At the Executive Committee level, environmental, social, and governance topics are managed by the Sustainability Steering Committee, namely consisting of the Chief Executive Officer, the Chief Financial Officer, and the Chief Technology Officer. They are supported by the Head of Group Division Logistics/Customization, the Global Head of Human Resources, the Head of Group Quality and Sustainability, and the Head of Sustainability.

A Sustainability Working Group consisting of representatives from all major departments of Belimo assists them in operationalizing the corresponding initiatives.

b) Process and Frequency for Senior Executives or Other Employees to Report Back to the Highest Governance Body on the Management of the Organization's Impacts

The Board of Directors is integrated in the management information system of Belimo and receives monthly financial key figures, and quarterly commented financial statements.

The Board of Directors holds at least six ordinary meetings per year. During each meeting, the Board of Directors receives an update about major strategic initiatives and current business developments which also includes sustainability-related topics.

More information about the delegation of responsibility is reported in the [Corporate Governance Report of the Group](#).

2-14 Role of the Highest Governance Body in Sustainability Reporting

a) Role of the Highest Governance Body in Sustainability Reporting

The sustainability reporting (including materiality matrix) is reviewed and approved by the Board of Directors as part of the integrated annual report of Belimo.

b) Explanation, if the Highest Governance Body is not Responsible for Reviewing and Approving the Sustainability Reporting

Not applicable.

2-15 Conflicts of Interest

a) Processes for the Highest Governance Body to Ensure that Conflicts of Interest Are Prevented and Mitigated

The members of the Board of Directors are required to order their personal and business affairs and take whatever measures necessary to ensure that conflicts of interest are avoided as far as possible. Should a conflict of interest nevertheless arise, the member concerned must inform the Chairman of the Board of Directors immediately. The members of the Board of Directors are obliged to abstain from negotiations in business that conflict with their own interests or with the interests of natural or legal persons closely associated with them.

The Board of Directors also complies with the Code of Conduct of Belimo, in which it is written that conflicts of interest are consciously avoided and that we make decisions based on the well-being of the Company, not personal interests.

b) Disclosure of Conflicts of Interest

Material conflicts of interest are disclosed in the Corporate Governance Report of the Group.

For additional information, see [Board of Directors in Corporate Governance](#).

2-16 Communication of Critical Concerns

a) Communication of Critical Concerns to the Highest Governance Body

The CEO reports regularly to the Board of Directors on the course of business as well as on risks and changes in personnel at the management level. In addition to periodic reporting, he is obliged to inform the Board of Directors immediately about any business transactions of fundamental importance and about critical concerns.

b) Total Number and Nature of Critical Concerns that Were Communicated to the Highest Governance Body during the Reporting Period

In the 2022 reporting period, no critical concerns incurred that would have been communicated to the Board of Directors.

2-17 Collective Knowledge of the Highest Governance Body**a) Measures Taken to Advance the Collective Knowledge, Skills, and Experience of the Highest Governance Body on Sustainable Development**

The Board of Directors is informed regularly by the Sustainability Steering Committee to strengthen the aggregated knowledge on sustainable development.

The Chair of the Remuneration and Nomination Committee, Sandra Emme, is currently attending the ESG (Environment, Social, and Governance) Designation Program for Boards with the aim of understanding critical components of good ESG performance and enhancing important ESG competencies. This knowledge is and will be shared with the Board of Directors. She will obtain the ESG Competent Board Certification and Designation (GCB.D) in March 2023.

For additional information, see [Board of Directors in Corporate Governance](#).

2-18 Evaluation of the Performance of the Highest Governance Body**a) Processes for Evaluating the Performance of the Highest Governance Body in Overseeing the Management of the Organization's Impacts**

The Board of Directors conducts a self-evaluation of its work. This includes rating the strategic guidance, the risk management, and the early warning system of economic topics.

b) Frequency and Independence of the Evaluations

The self-evaluation is conducted once a year. The Remuneration and Nomination Committee is currently looking into conducting an external assessment of the Board.

c) Actions Taken in Response to the Evaluations

One relevant action was to permanently establish ESG (Environment, Social, and Governance) matters in the agenda of Board of Directors meetings.

2-19 Remuneration Policies

a) Remuneration Policies for Members of the Highest Governance Body and Senior Executives

Belimo publishes a detailed annual Remuneration Report that includes all relevant information concerning the remuneration governance, policies, and the remuneration awarded in the reporting year.

b) Relation Between the Remuneration Policies for Members of the Highest Governance Body and Senior Executives and Their Objectives and Performance

To guarantee independence in executing their supervisory duties, the members of the Board of Directors receive a fixed remuneration that does not contain any performance-related component. For the Executive Committee, 40% of the variable remuneration is linked to non-financial business objectives, which are set at the beginning of the year. They are linked to the [Belimo value-creation model](#) and include objectives related to sustainability.

For additional information, see [Remuneration Report](#).

2-20 Process to Determine Remuneration

a) Process for Designing the Remuneration Policies and for Determining Remuneration

The Remuneration and Nomination Committee oversees the process for determining remuneration and comprises at least two non-executive, independent members of the Board of Directors. Information on the duties of the Remuneration and Nomination Committee is disclosed in the [Remuneration Report 2022](#).

b) Results of Votes of Stakeholders (Including Shareholders) on Remuneration Policies and Proposals

The results of votes on remuneration policies and proposals can be found in the [minutes of the Belimo Annual General Meeting 2022](#).

2-21 Annual Total Compensation Ratio

a) Annual Total Compensation Ratio

The annual total compensation ratio is not collected and therefore not disclosed.

b) Annual Total Compensation Increase Ratio

The annual total compensation increase ratio is not collected and therefore not disclosed.

c) Contextual Information

The types of compensation as well as the title of the highest-paid individual is disclosed in the [Remuneration Report](#).

Strategy, Policies, and Practices

2-22 Statement on Sustainable Development Strategy

a) Statement From the Highest Governance Body on Sustainable Development

The relevance of sustainable development to the organization can be found in the [Letter to the Shareholders](#) as well as in the section [Sustainability Goals](#).

2-23 Policy Commitments

a) Policy Commitments for Responsible Business Conduct

Belimo is determined to manage its business in compliance with high ethical standards and applicable law. The Belimo mission statement has been supplemented by a Code of Conduct of the Belimo Group, on which all employees are required to attend a web-based training.

Furthermore, all suppliers are expected to sign the supplier's declaration, agreeing to comply with the Code of Conduct of the Belimo Group, and to demand conformity as well from their sub-suppliers.

b) Policy Commitment to Respect Human Rights

As described in the Code of Conduct of the Belimo Group, the Universal Declaration of Human Rights of the United Nations is respected. The policy commitment covers all internationally recognized human rights, including at-risk or vulnerable groups.

Additional information is disclosed in the Communication on Progress (CoP) of the United Nations Global Compact.

For additional information, see www.unglobalcompact.org > [BELIMO Holding AG](#).

c) Links to Policy Commitments

See [Code of Conduct of the BELIMO Group](#), [Code of Conduct –Declaration from Supplier](#), and anti-bribery and anti-corruption policies (internal).

d) Level at Which Each of the Policy Commitments Was Approved

All policy commitments were approved by the Board of Directors.

e) Extent to Which the Policy Commitments Apply

All policy commitments apply to all of the organization's activities and business relationships equally. Belimo is fully committed to its Code of Conduct and will not tolerate any behavior contrary to its content.

f) Communication of Policy Commitments to Workers, Business Partners, and Other Relevant Parties

See a)

2-24 Embedding Policy Commitments**a) Embedding Policy Commitments**

Compliance with the Code of Conduct of the Group is an integral part of the onboarding process. All employees are required to attend a training course. Those expected to interact with customers and suppliers are also required to participate in separate training on the Company's anti-bribery and anti-corruption policies.

2-25 Processes to Remediate Negative Impacts**a) Processes to Remediate Negative Impacts**

Everybody has access to the globally accessible independent Belimo Integrity Channel, where grievances can be entered anonymously.

All information on negative impacts are escalated to the Head of Global Human Resources and the General Counsel.

For more information on our communication on critical concerns, see [GRI 2-16](#).

b) Approach to Identify and Address Grievances

Each grievance is reviewed, internally investigated, and answered.

c) Other Processes in the Remediation of Negative Impacts

None.

d) Stakeholders Involved in the Design, Review, Operation, and Improvement of These Mechanisms

The main stakeholders are the Global Head of Human Resources, the General Counsel, and the members of the Executive Committee and the Board of Directors.

e) Tracking the Effectiveness of the Grievance Mechanisms

Each grievance is tracked in the Belimo Integrity Channel and must be closed in the system once resolved.

2-26 Mechanisms for Seeking Advice and Raising Concerns

a) Mechanisms for Seeking Advice and Raising Concerns on Implementing the Organization's Policies

Seeking advice on implementing our policies and practices for responsible business conduct in the organization's operations and business relationships is part of all our ongoing stakeholder engagements.

Employees are encouraged to report violations of the Code of Conduct or breaches of applicable law or ethical standards through the globally accessible Belimo Integrity Channel (see [GRI 2-25](#)), where grievances can be entered anonymously. This mechanism is operated by an external provider and is available around the clock seven days a week, in German, English, and Chinese.

2-27 Compliance with Laws and Regulations

a) Number of Significant Instances of Non-Compliance With Laws During the Reporting Period

In 2022, Belimo is not aware of any instances of non-compliance with laws and regulations for which fines or non-monetary sanctions were incurred.

b) Total Number and Monetary Value of Fines for Instances of Non-Compliance With Laws

There were no instances in 2022.

c) Significant Instances of Non-Compliance

There were no instances in 2022.

d) Determining Significant Instances of Non-Compliance

There were no instances in 2022.

2-28 Membership Associations

a) Membership Associations

Belimo has been a member of the UN Global Compact (UNGC) since 2013 and is committed to environmental protection, responsible working practices, human rights, and protection against corruption. The UNGC is the largest international initiative for responsible company management. As a trusted partner around the world, Belimo is actively involved in associations that sponsor research and formulate codes and standards.

A list of our affiliated organizations can be found [here](#).

Stakeholder Engagement

2-29 Approach to Stakeholder Engagement

a) Approach to Engaging with Stakeholders

The stakeholders listed below have been identified by the Executive Committee as important stakeholders in that they fulfil the following two criteria: the stakeholder group exerts a strong influence on the economic, environmental, or social performance of Belimo and the stakeholder group is strongly affected by the economic, environmental, or social performance of the Company.

Sustainability at Belimo is geared toward several stakeholder groups and aims to create added value for all of these groups. Meeting the interests of a stakeholder group, such as customers, must not be at the expense of other stakeholders, such as employees or local interest groups. Customers appreciate reliable and innovative application solutions and high product quality. Further strengths include consulting and service expertise throughout all customer relationship phases and partnership interactions with suppliers and consultants.

Capital Market

The Group CFO and the Investor Relations Officer are the designated contact persons for the capital market (shareholders, portfolio managers, and analysts). They regularly attend investor meetings, calls, conferences, and roadshows. An Annual Report, including a Remuneration Report, and a Semiannual Report are published each year. The Company also organizes at least one Conference for Media and Financial Analysts, an Annual General Meeting, and a Capital Markets Day during the same period.

Customers

The Belimo sales organization consists of outside sales managers, application consultants, training managers, inside sales technicians, customer service representatives and product management. It ensures excellent customer service while securing deep application know-how of the Belimo Organization. The digital customer experience is given by the website with webshop, online training events, application apps, technical support, customer hotline, mailings, interviews, and, most importantly, personal consultations through Belimo sales managers. All customer interactions are managed through a Customer Relationship Management tool.

Employees and Vulnerable Groups

Belimo regularly conducts management training on its corporate mission and values as well as semiannual performance reviews for all employees, new employee orientations and social and team-building events. To assess employee engagement, a group-wide employee survey is conducted every three years.

Suppliers

Initial contact takes place within the scope of the assessment procedure and

implementation of the Code of Conduct for Suppliers, close collaboration in joint development projects. Approximately 10% of the supplier base is audited each year.

Municipalities and Authorities

Regular exchanges on topics such as taxes, working permits, and developments of production sites are held with municipalities and authorities.

2-30 Collective Bargaining Agreements

a) Percentage of Total Employees Covered by Collective Bargaining Agreements

In total, 7.5% (2021: 7.0%) of all employees are covered by collective bargaining agreements.

b) Determining Working Conditions for Employees Not Covered by Collective Bargaining Agreements

For employees not covered by collective bargaining agreements, the working conditions and terms of employment are determined by local labor law regulations.

GRI 3: Material Topics

3-1 Process to Determine Material Topics

a) Process to Determine Material Topics

The materiality analysis forms the basis of the Belimo sustainability strategy. Topics are deemed material if they have a significant impact on the economy, environment, and people.

Belimo has determined relevant topics by means of a materiality assessment according to three dimensions: strategic relevance for the business, impact on sustainable development, and relevance for key stakeholder groups of Belimo. By identifying these topics and implementing the following steps to address these material topics, Belimo aims to strengthen its stakeholder relationships, monitor high-level opportunities, safeguard against risks, and maintain its successful mid- and long-term growth performance.

An overview of the topics identified in the process, which started with an industry and peer evaluation and was developed in dialogue with Group management across the Company, is provided in the resulting materiality map. A detailed description of the process is disclosed in the [Materiality Overview](#).

b) Stakeholders and Experts Involved in the Process of Determining Material Topics

Belimo used a broad context analysis to identify a list of potentially relevant topics, taking into account industry-specific circumstances and studies, reporting standards, and customer, employee, and investor expectations.

The resulting materiality map was set up internally by experts from various disciplines. Based on the material topics, the sustainability strategy and goals were successively defined, and the sustainability reporting was developed. For several years, the Group has been receiving support from an external consulting firm, specializing on sustainability strategy and reporting.

For additional information, see [Materiality Overview](#).

3-2 List of Material Topics

a) List of Material Topics

Belimo identified the following 16 material topics, which are displayed in the dark-gray fields of the Belimo Materiality Map below:

Belimo Materiality Map



b) Changes to the List of Material Topics

The material topics remained unchanged compared to prior year.

For additional information, see [Materiality Overview](#).

Economic Topics

Economic Performance

3-3 Management of Material Topics

See [Management Report / Economic Performance](#).

GRI 201: Economic Performance 2016 / 201-1 Direct Economic Value Generated and Distributed

See [Financial Report](#).

Customer Engagement and Support

3-3 Management of Material Topics

See [Customer Engagement and Support](#).

Partnership with Suppliers

3-3 Management of Material Topics

See [Partnerships with Suppliers](#).

Process Efficiency and Short Lead Times

3-3 Management of Material Topics

See [Process Efficiency and Short Lead Times](#).

Balanced Investment Portfolio

3-3 Management of Material Topics

See [Growth Strategy and Innovation/Balanced Investment Portfolio](#).

Strategic IP Management

3-3 Management of Material Topics

See [Strategic IP Management](#).

Solution Leadership

3-3 Management of Material Topics

See [Solution Leadership](#).

Quality First

3-3 Management of Material Topics

See [Quality First](#).

Environmental Topics

Energy Efficiency in Operations

3-3 Management of Material Topics

See [Energy Efficiency in Operations](#).

GRI 302: Energy 2016 / 302-1 Energy Consumption within the Organization

Scope: Danbury and Hinwil; encompassing approximately 85% of total energy consumption within Belimo

Energy Consumption by Source in MWh (Scope 1 and 2) ¹⁾	Danbury (CT, USA)	Hinwil (Switzerland)	Total
2022			
Electricity, location-based mixed	1'944	-	1'944
Electricity, renewable (purchased and in-house production)	2'005	3'330	5'336
Natural gas	1'407	-	1'407
District heating	-	1'003	1'003
Diesel	51	-	51
Total	5'407	4'333	9'741
2021			
Electricity, location-based mixed	1'974	3'225	5'199
Electricity, renewable (purchased and in-house production)	2'311	80	2'391
Natural gas	1'731	-	1'731
District heating	-	1'250	1'250
Diesel	129	-	129
Total	6'145	4'555	10'700

¹⁾ Disclosure includes data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

Floor Area in m ² ¹⁾	Danbury (CT, USA)	Hinwil (Switzerland)	Total
2022			
Floor area of all buildings on site	18'263	35'360	53'623
2021			
Floor area of all buildings on site	18'263	35'360	53'623

¹⁾ Disclosure includes data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

For additional information, see [Energy Efficiency in Operations](#).

Recycling and disposal in metric tons (unless indicated otherwise) ¹⁾	Danbury (CT, USA)	Hinwil (Switzerland)	Total
2022			
Recycling	358	433	791
Incineration	77	184	261
Hazardous waste (electronics, separated materials)	-	2	2
Wastewater, in m ³	6'500	6'212	12'712
2021			
Recycling	329	407	736
Incineration	63	248	311
Hazardous waste (electronics, separated materials)	-	1	1
Wastewater, in m ³	5'443	6'541	11'984

¹⁾ Disclosure includes data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

GRI 302: Energy 2016 / 302-3 Energy Intensity

Energy Intensity in kWh (Scope 1 and 2) ¹⁾	2022	2021
Energy intensity per CHF 1'000 Group net sales	11.50	13.98
Energy intensity per employee (average FTEs)	4'762.87	5'763.27
Energy intensity per actuator sold	1.22	1.37

¹⁾ Disclosure includes energy data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

For additional information, see [Energy Efficiency in Operations](#).

High-Performance Solutions for Energy Efficiency and Indoor Air Quality

3-3 Management of Material Topics

See [High-Performance Solutions for Energy Efficiency and Indoor Air Quality](#).

GRI 305: Emissions / 305-1 Direct (Scope 1) GHG Emissions, 305-2 Energy indirect (Scope 2) GHG Emissions

GHG Emission by Source in tCO ₂ e (Scope 1 and 2) ¹⁾	Danbury (CT, USA)	Hinwil (Switzerland)	Total
2022			
Electricity, location-based mixed	515	-	515
Natural gas	284	-	284
Diesel	14	-	14
Total	813	-	813
2021			
Electricity, location-based mixed	523	413	936
Natural gas	350	-	350
Diesel	34	-	34
Total	907	413	1'320

¹⁾ Disclosure includes data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland). Calculation of emissions: Danbury 2021 and 2022 according to US EPA and Ecoinvent version 2.2. Hinwil 2021 according to BAFU "Umweltbilanz Strommixe Schweiz 2018"; 2022 electricity purchased from European hydropower according to "Leitfaden Stromkennzeichnung des Bundesamtes für Energie (BFE)".

GHG Emission by Scope in tCO ₂ e ¹⁾	2022	2021
Scope 1: Direct emissions from owned or controlled sources	298	384
Scope 2: Indirect emissions from the generation of purchased energy	515	936
Total	813	1'320

¹⁾ Disclosure includes data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

For additional information, see [Energy Efficiency in Operations](#).

GRI 305: Emissions / 305-4 GHG Emissions Intensity

GHG Emissions Intensity in kgCO ₂ e (Scope 1 and 2) ¹⁾	2022	2021
GHG emissions intensity per CHF 1'000 Group net sales	0.96	1.72
GHG emissions intensity per employee (average FTEs)	397.49	710.97
GHG emissions intensity per actuator sold	0.10	0.17

¹⁾ Disclosure includes emission data for the sites in Danbury (CT, USA) and in Hinwil (Switzerland).

For additional information, see [Energy Efficiency in Operations](#).

Digitally Enabled Solutions

3-3 Management of Material Topics

See [Digitally Enabled Solutions](#).

Environmental Footprint of the Supply Chain

3-3 Management of Material Topics

Our quality-first initiative is an essential pillar for managing sustainable product development, ensuring continuous improvement, and handling complaints. All product development at Belimo follows a structured design process – certified according to ISO 9001:2015 and ISO 14001:2015 – where the “voice of the customer” provides vital information. This input is generated through onsite interviews with different customers across different regions, conducted in line with CESIM®.

For additional information, see [Environmental Footprint of the Supply Chain](#).

GRI 416: Customer Health and Safety 2016 / 416-1 Assessments of the Health and Safety Impacts of Product and Service Categories

Within CESIM®, the percentage of significant products and services with health and safety considerations is assessed before they are sold and, in 2022, 100% of products were evaluated.

Quality organization is responsible for supplier compliance with guidelines and regulations that govern the use of critical materials, such as the Restriction of Hazardous Substances Directive (RoHS), REACH, the Conflict Minerals Regulation, Prop 65, the ECHA SCIP reporting requirements, etc. The ever-increasing volume of requirements that govern the industry are continuously analyzed, and the findings flow into processes and products. A list of banned substances is provided, and suppliers must ensure compliance, carefully selecting materials to minimize their environmental impact. Auxiliary materials – such as solvents, resins, paints, lead and chromium – are not used at all or, if necessary, only in minimal quantities.

For additional information, see [Environmental Footprint of the Supply Chain](#).

GRI 416: Customer Health and Safety 2016 / 416-2 Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services

Belimo also relies on industry-accepted tools, such as FMEA (Failure Mode and Effect Analysis), and an in-depth risk analysis during the design process. Environmental directives – including WEEE, RoHS, and REACH – are also taken into account. Furthermore, all Belimo products undergo first-article inspection and series testing before distribution. Successful inspection and series testing have ensured that zero incidents of non-compliance with regulations and/or voluntary codes were reported in 2022.

All legal and compliance matters concerning customer health and safety are listed in the Belimo requirement specifications. With this framework, Belimo ensures that all requirements regarding health and safety are fulfilled.

For additional information, see [Environmental Footprint of the Supply Chain](#).

Social Topics

Employee Empowerment and Engagement

3-3 Management of Material Topics

See [Employee Empowerment and Engagement](#).

GRI 401: Employment 2016 / 401-1 New Employee Hires and Employee Turnover

New Hires (Headcount)	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
2022					
Female	58	100	71	229	45.3%
Male	74	91	111	276	54.7%
Total	132	191	182	505	100.0%
< 30 years	57	63	46	166	32.9%
30 – 50 years	58	103	113	274	54.3%
> 50 years	17	25	23	65	12.9%
Total	132	191	182	505	100.0%
2021					
Female	24	63	46	133	45.7%
Male	29	54	75	158	54.3%
Total	53	117	121	291	100.0%
< 30 years	22	36	25	83	28.5%
30 – 50 years	20	70	84	174	59.8%
> 50 years	11	11	12	34	11.7%
Total	53	117	121	291	100.0%

Employee Turnover (Headcount)	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
2022					
Female	23	29	27	79	43.9%
Male	22	37	42	101	56.1%
Total	45	66	69	180	100.0%
< 30 years	15	7	12	34	18.9%
30 – 50 years	17	45	49	111	61.7%
> 50 years	13	14	8	35	19.4%
Total	45	66	69	180	100.0%
2021					
Female	15	15	23	53	34.0%
Male	34	35	34	103	66.0%
Total	49	50	57	156	100.0%
< 30 years	16	8	7	31	19.9%
30 – 50 years	17	33	43	93	59.6%
> 50 years	16	9	7	32	20.5%
Total	49	50	57	156	100.0%

Employee turnover for the Belimo Group is averaged 8.4% in 2022 (2021: 8.0%).

Skill Development and Knowledge Management

3-3 Management of Material Topics

See [Skill Development and Knowledge Management](#).

GRI 404: Training and Education 2016 / 404-1 Average Hours of Training per Year and Employee

Hours of Training	2022	2021	2020	2019
Average hours of training per FTE	32	30	26	24

For additional information, see [Skill Development and Knowledge Management](#).

GRI 404: Training and Education 2016 / 404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs

To further strengthen the topic of skill development and knowledge management, a new global Head of Learning and Development was hired during the reporting period.

Also, the Company has continued to introduce new online and instructor-led programs to provide varied learning environments for employees.

Belimo offers career path planning for managers and specialists and provides financial support for further individual education.

For additional information, see [Skill Development and Knowledge Management](#).

GRI 404: Training and Education 2016 / 404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews

100% of employees are receiving regular performance and career development reviews.

Belimo works at all levels with performance and behavioral appraisal systems. These include regular status reports on the achievement of individual goals and employee performance.

Equal Opportunity Employment

3-3 Management of Material Topics

See [Equal Opportunity Employment](#).

**GRI 405: Diversity and Equal Opportunity 2016 /
405-1 Diversity of Governance Bodies and
Employees**

Headcount without Management Functions	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Female	194	364	182	740	49.2%
Male	237	203	323	763	50.8%
Total	431	567	505	1'503	100.0%
< 30 years	83	93	67	243	16.2%
30 – 50 years	188	310	336	834	55.5%
> 50 years	160	164	102	426	28.3%
Total	431	567	505	1'503	100.0%
As at December 31, 2021					
Female	165	341	135	641	50.8%
Male	194	197	229	620	49.2%
Total	359	538	364	1'261	100.0%
< 30 years	46	85	44	175	13.9%
30 – 50 years	155	314	238	707	56.1%
> 50 years	158	139	82	379	30.1%
Total	359	538	364	1'261	100.0%

Headcount with Management Functions	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Female	19	43	71	133	17.9%
Male	44	355	213	612	82.1%
Total	63	398	284	745	100.0%
< 30 years	1	3	12	16	2.1%
30 – 50 years	28	248	190	466	62.6%
> 50 years	34	147	82	263	35.3%
Total	63	398	284	745	100.0%
As at December 31, 2021					
Female	15	35	73	123	16.7%
Male	41	331	241	613	83.3%
Total	56	366	314	736	100.0%
< 30 years	-	6	16	22	3.0%
30 – 50 years	27	235	225	487	66.2%
> 50 years	29	125	73	227	30.8%
Total	56	366	314	736	100.0%
Executive Committee (Headcount)					
As at December 31, 2022					
Female	-	1	-	1	14.3%
Male	1	4	1	6	85.7%
Total	1	5	1	7	100.0%
< 30 years	-	-	-	-	0.0%
30 – 50 years	-	-	-	-	0.0%
> 50 years	1	5	1	7	100.0%
Total	1	5	1	7	100.0%
As at December 31, 2021					
Female	-	1	-	1	14.3%
Male	1	4	1	6	85.7%
Total	1	5	1	7	100.0%
< 30 years	-	-	-	-	0.0%
30 – 50 years	-	1	-	1	14.3%
> 50 years	1	4	1	6	85.7%
Total	1	5	1	7	100.0%

Board of Directors (Headcount)	Danbury (CT, USA)	Hinwil (Switzerland)	Other locations	Total	Share
As at December 31, 2022					
Female	-	1	-	1	16.7%
Male	-	5	-	5	83.3%
Total	-	6	-	6	100.0%
< 30 years	-	-	-	-	0.0%
30 – 50 years	-	1	-	1	16.7%
> 50 years	-	5	-	5	83.3%
Total	-	6	-	6	100.0%
As at December 31, 2021					
Female	-	1	-	1	16.7%
Male	-	5	-	5	83.3%
Total	-	6	-	6	100.0%
< 30 years	-	-	-	-	0.0%
30 – 50 years	-	2	-	2	33.3%
> 50 years	-	4	-	4	66.7%
Total	-	6	-	6	100.0%

For additional information to the diversity of employees, see [Equal Opportunity Employment](#).

GRI 406: Non-Discrimination 2016 / 406-1 Incidents of Discrimination and Corrective Actions Taken

One discrimination case concerning alleged inappropriate behavior of a manager was submitted in 2021, toward the end of the year. The case has been resolved in the meantime. In 2022, a group of employees brought possible discriminatory behavior of a manager to the attention of the Belimo headquarters via letter. The case was carefully evaluated, interviews with all involved employees were held, culture and teamwork workshops were organized, and the manager received extensive coaching. A review at the end of the reporting period showed that the situation had improved. Human Resources will continue to provide support and monitor the situation.

Additional information see [Equal Opportunity Employment](#).

Company Values and Culture

3-3 Management of Material Topics

See [Company Values and Culture](#).

Legal Notice

This report contains comments relating to future developments that are based on assumptions and estimates of BELIMO Holding AG. Although the Company assumes the expectations of these forward-looking statements to be realistic, they contain risks. These can lead to the actual results being significantly different from the forward-looking statements.

Various factors may cause actual results to differ materially in the future from those reflected in forward-looking statements contained in this report including, among others:

- Changes in the economic and business environment.
- Exchange rate and interest rate changes.
- The introduction of competing products.
- Inadequate acceptance of new products or services.
- Changes in the business strategy.

BELIMO Holding AG neither plans nor commits itself to keep these forward-looking statements up to date.

Credits

Concept/Editing

BELIMO Holding AG, Hinwil (Switzerland)

Design/Realization

NeidhartSchön AG, Zurich (Switzerland)

Photography

André Gutzwiller, Wila (Switzerland)

Florian Bilger, Freiburg (Germany)

Ksenia Puchina, Padua (Italy)

Remo Neuhaus, Bern (Switzerland)

Consultant on Sustainability and GRI Reporting

Sustainserv GmbH, Zurich (Switzerland), Frankfurt (Germany), and Boston (Massachusetts, USA)

This Annual Report 2022 was published on March 6, 2023. German translations of selected sections are available; the English version is binding.

Financial Agenda

Annual General Meeting 2023	March 27, 2023
Dividend Payment	March 31, 2023
Publication of Semiannual Report 2022	July 24, 2023
Publication of Sales 2023	January 22, 2024
Publication of Annual Report 2023 / Media and Financial Analysts Conference	March 4, 2024
Annual General Meeting 2024	March 25, 2024

The comprehensive financial agenda is available at: belimo.com/financial-calendar.

Alternative Performance Measures

Free cash flow = Cash flow from operating activities + Cash flow from investing activities

Net liquidity = Cash and cash equivalents + Current financial assets - Current financial liabilities - Non-current financial liabilities

Net working capital = Trade receivables + Inventories - Trade payables

Days sales outstanding (DSO) = Quarterly average of gross trade receivables for the past 4 quarters / Net sales for the past 4 quarters * 360

Days inventory outstanding, Inventory period (DIO) = Quarterly average of gross inventories for the past 4 quarters / Material expenses including changes in inventories for the past 4 quarters * 360

Material expenses incl. changes in inventories = Material expenses including changes in stock of finished goods and work in progress

Earnings before interest, taxes, depreciation, and amortization (EBITDA) = Net sales - Material expenses + Changes in inventories - Personnel expenses - Other operating expenses + Other operating income

Earnings before interest and taxes (EBIT) = Net sales - Material expenses + Changes in inventories - Personnel expenses - Other operating expenses + Other operating income - Depreciation, amortization, and impairment

Compound annual growth rate (CAGR) net sales, 5 years = $(\text{Net sales actual year} / \text{Net sales 5 years ago})^{(1/5)} - 1$

Quick ratio = $(\text{Cash and cash equivalents} + \text{Current receivables}) / \text{Current liabilities}$

Payout ratio = $(\text{Dividend} + \text{Nominal share capital repayment}) / \text{Net income attributable to Belimo shareholders}$

Equity-to-fixed-assets ratio = $(\text{Non-current liabilities} + \text{Shareholders' equity}) / \text{Non-current assets}$

Equity ratio = $\text{Total equity} / \text{Assets}$

Return on equity (ROE) = $\text{Net income} / \text{average shareholders' equity as at December 31 and December 31 of previous year}$

Return on invested capital (ROIC) = $\text{Operating income (EBIT)} / (\text{Total assets} - \text{Cash and cash equivalents} + \text{Trade payables})$

Return on dividend = Dividend / Stock market price as at December 31

Price-earnings ratio (P/E ratio) = Stock market price as at December 31 / Earnings per share (EPS)

Total shareholder return = (Stock market price as at end of period - Stock market price as at beginning of period + Paid dividend) / Stock market price as at beginning of period)

Total shareholder return, 5 years = (Stock market price as at end of period - Stock market price as at beginning of 5-year period + Paid dividends of last 5-year period) / Stock market price as at beginning of 5-year period)

Research and development in percent of net sales = Expenses of the Innovation division excluding effects of capitalized development costs (capitalization and amortization) and excluding costs of litigation divided by net sales

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