

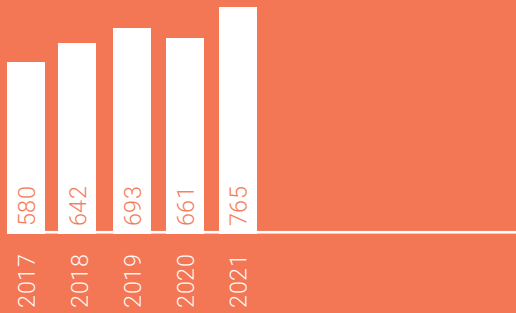
# Annual Report 21

# Key Figures

## Net Sales

in CHF million

# 765.3



## EBIT

in CHF million

# 145.4

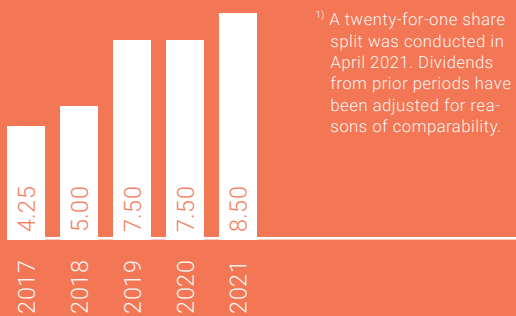
in % of net sales

# 19.0

## Dividend<sup>1)</sup>

per share in CHF

# 8.50



<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. Dividends from prior periods have been adjusted for reasons of comparability.

## FTEs

worldwide

# 1921

## Research and Development

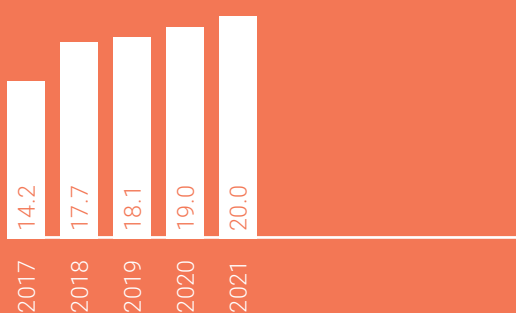
in % of net sales

# 7.3

## Operating Cash Flow

in % of net sales

# 20.0



## Total CO<sub>2</sub> Savings of Belimo Devices

in million tons CO<sub>2</sub>e

# 8.2

## CO<sub>2</sub> Savings Achieved per Device

24 × Saving



1 × Input



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# Letter to the Shareholders



## Dear Shareholders,

Heating, ventilation and air-conditioning (HVAC) markets everywhere recovered in 2021, and the two fundamental drivers of our business – reducing the CO<sub>2</sub> emissions of the global building stock and enhancing indoor air quality – further gained momentum. These trends, combined with pent-up demand, were the main growth contributors for Belimo field devices in the period under review.

Sophisticated inventory management and the flexibility of our employees and suppliers were vital factors that helped convert this additional demand into sales despite global supply chain shortages. Their joint efforts resulted in a net sales increase of 16.6 percent in local currencies. In Swiss francs, net sales increased by 15.7 percent, to CHF 765.3 million.

All in all, Belimo logged an operating income (EBIT) of CHF 145.4 million, which equals an EBIT margin of 19.0 percent. Net income increased by 33.3 percent to CHF 115.5 million. Free cash flow declined by CHF 47.7 million to CHF 45.5 million due to a tactical investment of CHF 60.0 million in term deposits. Research and development spending was 7.3 percent of net sales (previous year 8.1 percent), which equates to CHF 56.0 million.

While 2021 was a very successful year, Belimo worked intensively on its strategy to ensure long-term growth, releasing the Growth Strategy 2030 with six distinct initiatives, as outlined on pages 18 to 22. We have also continued to improve our ESG footprint, and in line with our sustainability



mission to “Create Healthier Indoor Comfort with Less Energy”, we have initiated targets that will further improve the current 1:24 leverage ratio stipulated by our impact model. By contributing to demand-controlled building automation systems, we save 24 times more energy than needed to source, manufacture, distribute, and operate one field device. To underline our commitment to making HVAC systems greener, we are striving to double the total CO<sub>2</sub> savings from our field devices sold from a current 8.2 million tons of CO<sub>2</sub>e to 16.4 million tons of CO<sub>2</sub>e in 2030 (find out more on pages 4 to 6).

We firmly believe our entrepreneurial activity makes a meaningful contribution to society. This is demonstrated by our ongoing commitment to support the UN Global Compact and its initiatives. With respect to their principles in the four issue areas – human rights, labor, environment, and anti-corruption – Belimo remains specifically engaged in encouraging the development and diffusion of environmentally friendly technologies (Principle No. 9). The Communication of Progress for the financial year 2021, which is in accordance with the Global Reporting Initiative (GRI) Standards’ “Core” reporting option as defined by the GRI, is presented in this report.

We are focusing on seven of the 17 goals in support of the UN 2030 Agenda for Sustainable Development (find out more on page 9). The goal of “Good Health and Well-Being” (SDG No. 3) has been of particular importance in the reporting period, along with our contribution to the area of “Climate Action” (SDG No. 13) by helping to double the global rate of improvement in energy efficiency (“Affordable and Clean Energy”; SDG No. 7). Belimo continued to provide solutions that not only ensure indoor air quality for occupants’ safety and comfort, but also enable critical applications.

The Board of Directors is proposing a dividend of CHF 8.50 per share at the 2022 Annual General Meeting. Based on the closing price of CHF 580.00 on December 30, 2021, this is equivalent to a return of 1.5 percent per share.

On behalf of the Board of Directors and the Executive Committee of BELIMO Holding AG, we would like to thank you, our esteemed shareholders, for the great trust you place in us and for your loyalty.

We wish you good health and send you our best regards.



Patrick Burkhalter  
Chairman of the Board of Directors



Lars van der Haegen  
CEO

# Introduction

## Our ESG Mission and Goals

# Introducing Our Sustainability Goals

In line with our mission to “Create Healthier Indoor Comfort with Less Energy,” our sustainability goals are to fulfill this mission with ever greater leverage and to double the absolute CO<sub>2</sub> savings from our field devices by 2030.

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 percent of all the energy used in buildings, which in turn account for around 40 percent of energy consumption worldwide. Control systems not only optimize the parameters of indoor comfort but can also substantially reduce energy consumption. According to European standard EN15232, smart building automation and controls systems (BACS) have a significant impact on the energy efficiency of HVAC systems. They can save between 29 (Class C) and 55 percent (Class A) of energy in comparison with systems without controls.

## Contributing to Indoor Air Quality

Belimo field devices play a decisive role in achieving these savings. To calculate the energy savings they realize in applications, our field devices are used in different percentages in each class, resulting in a total weight savings of approximately 44 percent (see impact model [online](#) or on page 53 of this report for more information).

Belimo also makes an essential contribution to better comfort and indoor air quality (IAQ) in buildings. Its sensors reliably measure the temperature, relative humidity, and CO<sub>2</sub> content of the air in rooms, and its actuators accurately control the flow of fresh air into the different zones. Perfect synchronization of sensors

and actuators in ventilation systems is a specialty of Belimo, which thus creates an ideal balance between supplying sufficient fresh air and achieving high energy efficiency in the HVAC process.

## Goals for Reducing Energy Input

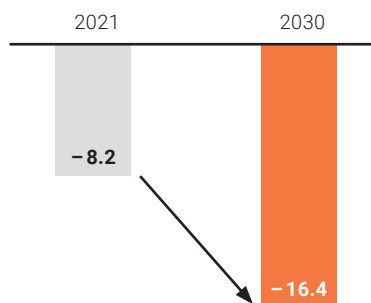
On the energy input side of our impact model (see graph page 5, upper part), we have decided to focus on reducing CO<sub>2</sub>-input at two steps of our impact model: Step 2 “Manufacturing” and Step 4 “Operation”; thus further reducing the numerator of our current leverage ratio of 1:24.

**Manufacturing** (Step 2): Carbon neutral buildings: We are striving for a 25 percent reduction in CO<sub>2</sub> emissions in Belimo-owned buildings by 2025 (CO<sub>2</sub>e in relation to the 2019 output, see page 70 for more information).

**Operation** (Step 4): We are striving to further reduce energy consumption per field device in standby and operation modes (both measured in kWh/year per Newton meter of torque). Thanks to our best-in-class motor technology, our actuators already now consume up to 80 percent less energy compared to competitor products. For example, the air-side actuator in our impact

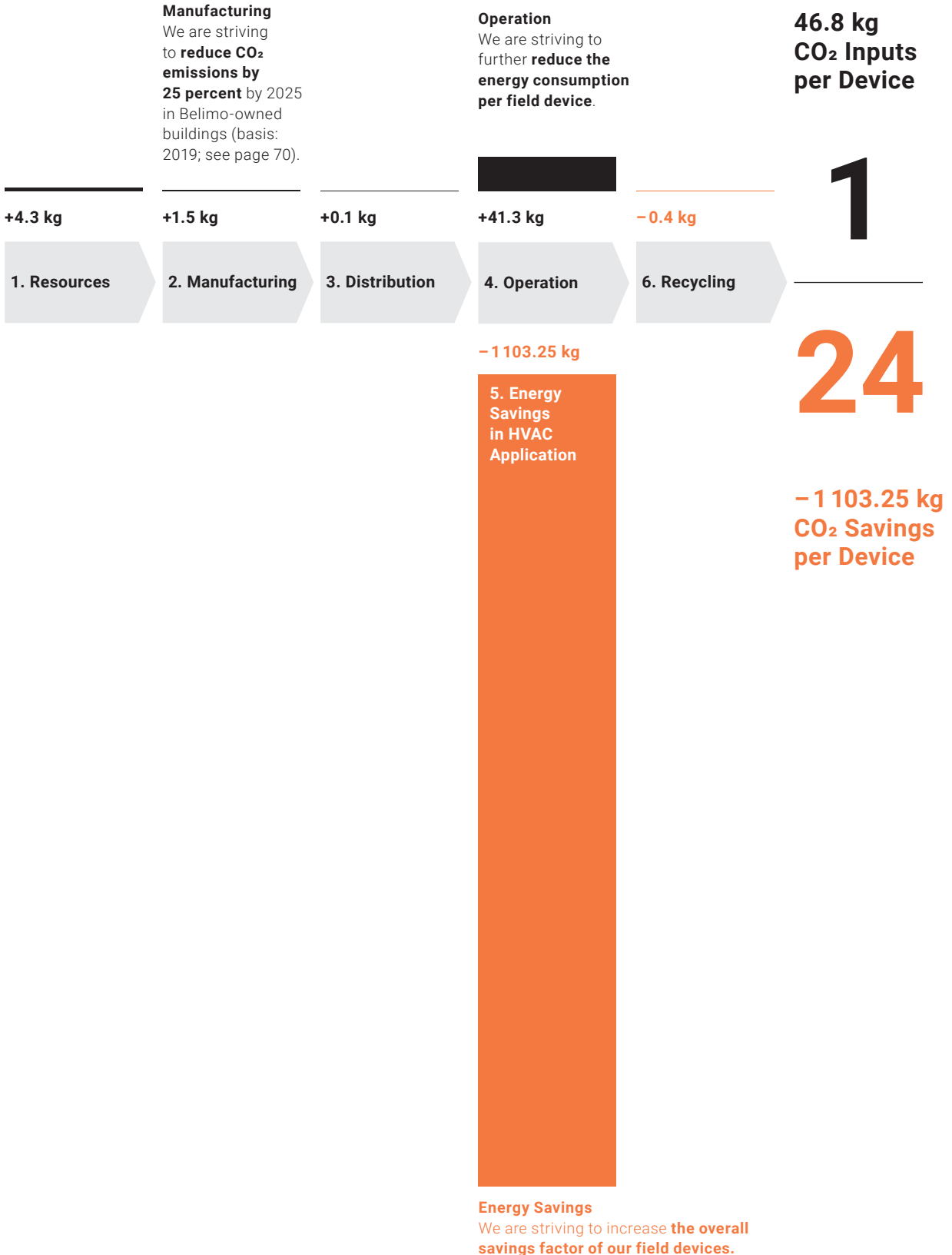
## Our Absolute Goal: 2×CO<sub>2</sub> Savings

Until 2030, we strive to double the total CO<sub>2</sub> savings from our field devices sold (basis 2021, measured in million tons CO<sub>2</sub>e).



### Our Efficiency Goals: How We Want to Improve Our Impact Along Our CO<sub>2</sub> Model

Weighted average impact of an air-side and water-side actuator in kg of CO<sub>2</sub>e.



model uses just 0.4 Watts in standby mode, much less than others.

As the impact potential of these two steps of our impact model, **Distribution** (Step 3) and **Recycling** (Step 6), is negligible by comparison, we chose not to embark on establishing specific goals for them and are focusing instead on where we can really make a difference: in our buildings and the energy used for operations. Furthermore, the contribution from **Resources** (Step 1) to reduce CO<sub>2</sub>-input is of long-term nature and is being addressed with ongoing projects and Eco Design guidelines.

### Goals Regarding Impact in the Application

On the application side of our impact model (see graph page 5, lower part), we have decided to focus on increasing the CO<sub>2</sub>-savings factor of our products in their application (**Energy Savings** Step 5). We are striving to increase the overall savings factor of our field devices in their applications and to improve the tracking of the CO<sub>2</sub> impacts of retrofit projects in the future.

**Indoor Air Quality** (additional step to our impact model): We are striving to increase healthy indoor comfort in our customers' buildings worldwide by increasing sales of field devices with a positive impact on indoor air quality. This initiative requires defining a set of criteria to clas-

sify our products in accordance with their impact on the "7 Essentials of Healthy Indoor Air".

### Improved Leverage and Doubled Total Impact

The primary goal of Belimo is to improve its overall leverage ratio according to its impact model (currently 1:24), thus fulfilling its mission to "Create Healthier Indoor Comfort with Less Energy" with ever greater efficiency in the future. Furthermore, Belimo is striving to double the total CO<sub>2</sub> savings from its field devices sold from 8.2 million tons of CO<sub>2</sub>e in 2021 to 16.4 million tons of CO<sub>2</sub>e in 2030.

In the future, Belimo plans also to define goals regarding social and governance-related topics.



#### Sustainability at Belimo:

Go to [belimo.com/sustainability](https://belimo.com/sustainability) to find out more.



#### UN Sustainable Development Goals Approach

Buildings are responsible for 40 percent of worldwide energy consumption and for the climate changes caused by their CO<sub>2</sub> emissions. 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."

Defining Materiality

# How Belimo Creates Value

Our Value Creation Model is our guideline for how we think about ourselves and our stakeholders.

Our Credibility Culture is at the heart of the value creation model that enables us to deliver more value to our customers than they expect, and more than others can offer. Our focus is on our customers' success. The three pillars that ensure their success are Customer Value, Solution Leadership, and Operational Excellence. Consistent implementation of these pillars also enables success for Belimo, our partners, and society.

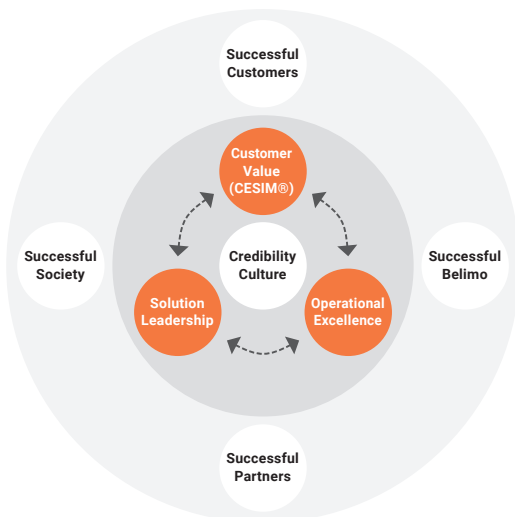
**Customer Value:** We differentiate ourselves from our competitors through the high level of customer benefits from our products and services. Added value for our customers is the measure of our success. The customer-centric method for innovating building technology with our actuators, valves, and sensors is CESIM®.

It ensures that our "small" Belimo devices have a "big" impact on **C**omfort, **E**nergy Efficiency, **S**afety, **I**nstallation, and **M**aintenance (see page 54). Sales, product management, and R&D are continuously applying the method in customer interactions and innovation workshops.

**Solution Leadership:** Research, market-relevant innovation, coupled with timely and customized execution, are vital for us. Belimo delivers more than just products. We support our customers with innovative, efficient, and energy-optimizing solutions and bring success to both them and to ourselves. We continuously invest in innovation to develop superior solutions.

**Operational Excellence:** This ensures that the products we deliver are top-quality, reliable, and come with short lead times. Quality, timeliness, and costs are our priorities. We continually enhance our processes by regularly examining how we work. We learn from our mistakes by reviewing their causes and taking systematic steps for improvement. We focus on improving our skills in the areas that allow us to deliver more Customer Value. We source other areas of expertise from reliable suppliers and work in close partnership with them. The criteria that apply to suppliers are similar to those that we apply to ourselves.

## The Belimo Value Creation Model

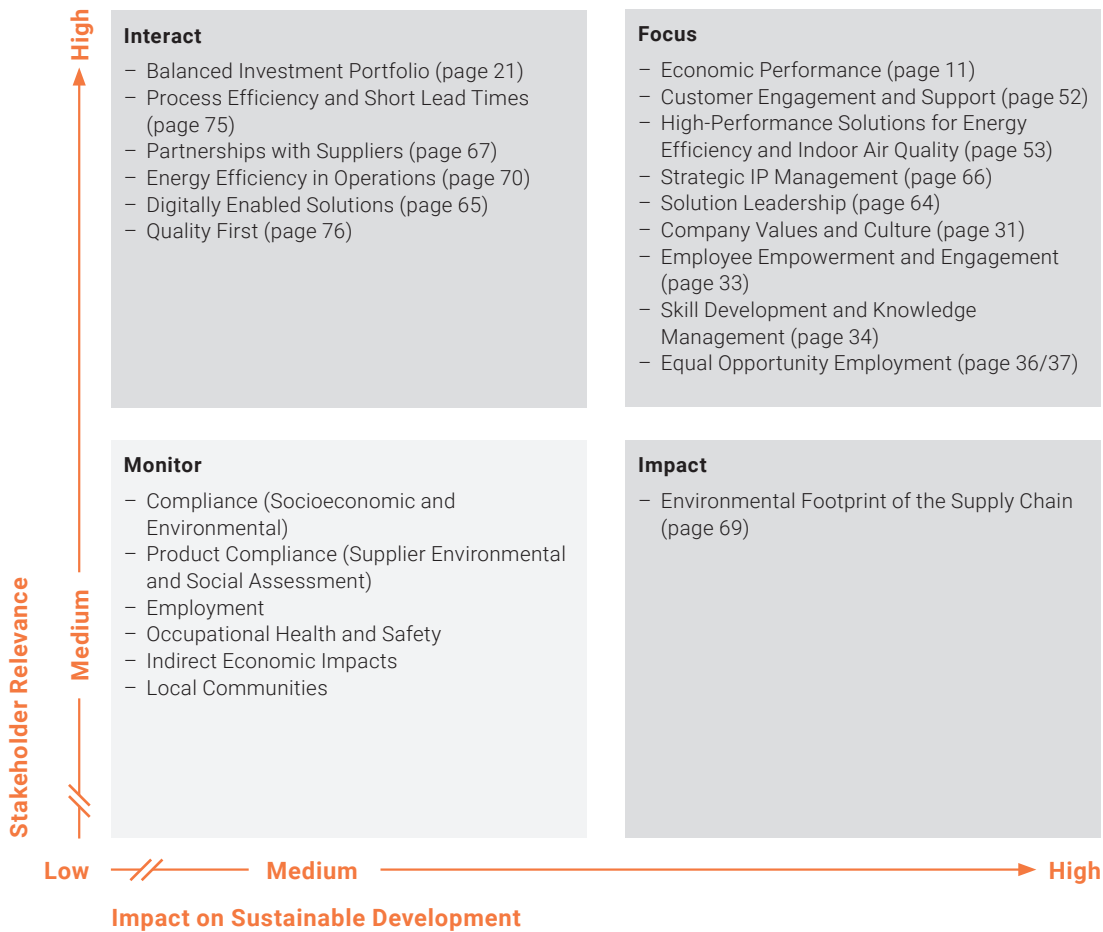


## Assessing Materiality (GRI 102-46)

Determining the topics that are most relevant for the role of Belimo in supporting sustainable development, responding to stakeholder interests, and ensuring long-term success in the marketplace are essential steps in maintaining the foundation for strategic corporate management and sustainability reporting.

To achieve this, Belimo has identified relevant topics through a materiality assessment in accordance with three dimensions: strategic relevance for the business, impact on sustainable development, and relevance for key stakeholder groups. By identifying these topics and implementing the following steps to address them,

**Belimo Materiality Map (GRI 102-47)**



Belimo strengthens stakeholder relationships, monitors high-level opportunities, safeguards against risks, and maintains successful mid-term 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 dialog with group management across the Company, is provided in the resulting materiality map (see graph above).

This report focuses on the dark-gray “Interact,” “Impact,” and “Focus” topics. Topics most relevant for business are considered in particular as part of the further development of the Company’s strategic priorities.

**Our Answer to Megatrends**

Structural growth drivers in the core markets of Belimo consist of the four following long-term megatrends:

**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 spending 90 percent 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.

**Energy Efficiency: Increased Energy Efficiency**

As buildings currently consume 40 percent of the world’s energy, 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. Belimo products are making a difference.

**Safety in Buildings: Fail-Safe and Indoor Air Quality**


Urbanization means more buildings in less space with unusual designs, mixed use and increasing complexity. This poses new challenges in protecting lives and assets, making technical fire protection through motorized fire and smoke control dampers more important than ever. 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: Welcoming 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 it be in the form of data analytics, monitoring, predictive maintenance, ease of installation, or digital support of the commissioning and system integration phase.

**External Initiatives/Association Memberships**

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 under the following link: [bit.ly/33K5R3r](https://bit.ly/33K5R3r)

**UN Sustainable Development Goals Index**

Belimo contributes directly to the Sustainable Development Goals (SDG). 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.



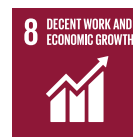
**Good Health and Well-Being:**

Belimo provides indoor air quality for occupant comfort and enables critical applications (page 63).



**Affordable and Clean Energy:**

With smart HVAC controls, Belimo contributes to the doubling of the global rate of improvement in energy efficiency (page 59).



**Decent Work and Economic Growth:**

With its sustained economic growth, Belimo continuously creates excellent new workplaces (page 11).



**Industry, Innovation, and Infrastructure:**

Belimo field devices drive the energy efficiency of buildings and contribute to their resilience (page 64).



**Sustainable Cities and Communities:**

Belimo helps make cities more sustainable and safer (page 22).



**Responsible Consumption and Production:**

Belimo upholds sustainable procurement practices and environmental management standards (page 70).



**Climate Action:**

Through their application, Belimo products save energy and reduce CO<sub>2</sub> emissions (page 6).



# Belimo Thrives in a Strong Market

Belimo has achieved double-digit top-line growth and expanded margins in a recovering market, despite a challenging supply chain situation.

The year 2021 has been exceptional for Belimo. Supported by a strong market recovery and with customer confidence back across all regions, the Group was able to maintain the growth momentum of the first half-year.

Belimo was well-positioned to benefit from pent-up demand and governmental stimulus on strengthened fundamental drivers such as measures for improved energy efficiency and enhanced indoor air quality in buildings. Accordingly, net sales in 2021 increased in comparison to prior year figures by 15.7 percent, to CHF 765.3 million (16.6 percent in local currencies).

### A Year Marked by Operational Excellence

The economic forecast for 2021 led most companies, including Belimo, to plan purchases and resources cautiously. However, as signs of a recovery emerged during

the first months of the year, the backlog in demand was quickly unleashed. This led in turn to unprecedented global supply-chain shortages that affected many procurement categories, but in particular electronic components such as microcontrollers.

Nevertheless, Belimo could once more prove its operational excellence by achieving a strong on-time delivery performance under difficult circumstances and thus to gain in market share, while competitors were less able to fulfill their commitments. This was only possible thanks to high flexibility on the part of the employees and suppliers, in combination with sophisticated inventory management.

### Market Overview

In this extraordinary year, the positive market trends accentuated demand most prominently in the Americas and Europe. Europe – the largest market region for Belimo – posted net sales growth of 15.9 percent in local currencies. The Americas market region grew 18.1 percent in local currencies. In the Asia Pacific market region, Belimo achieved high growth in its key markets of China and India. Lockdowns in southeast Asia diminished the market region's overall growth, however, resulting in net sales growth of 14.4 percent in local currencies.

Continued on page 14

### Net Sales by Market Regions

	2021	%	Growth in local currencies in %	2020	%
in CHF 1 000					
Europe	375 556	49	15.9	322 285	49
Americas	291 387	38	18.1	253 875	38
Asia Pacific	98 400	13	14.4	85 067	13
<b>Group</b>	<b>765 343</b>	<b>100</b>	<b>16.6</b>	<b>661 226</b>	<b>100</b>

# How We Manage Our Economic Performance

## How We Achieve Economic Performance

Belimo was founded on the enduring belief that successful customers are the basis for healthy and sustainable economic performance.

By creating more value for our customers than the competition, we work to generate a virtuous cycle, with greater demand for our products leading to more shipments of actuators, valves, and sensors, in turn boosting both productivity and profitability. In short, Belimo views profit not as the objective but as the result of enabling its customers' success.

## How We Manage the Topic

Sustaining economic performance crucially involves an optimal use of available resources and a balancing of growth and profitability. On the principle that "The greater the concentration, the stronger the force," Belimo attaches great importance to keeping a laser-sharp focus on its niche and maintaining market leadership there. This approach not only safeguards against competitors but also allows Belimo to retain innovation and quality leadership.

The business philosophy of Belimo also means focusing on organic growth, outsourcing production and services to others with greater expertise or economies of scale, and being committed to solving customer problems, no matter what their cause may be.

## How We Measure Performance

The three top-level financial metrics tracked to evaluate economic performance at Belimo are sustained growth (also in comparison with market growth), high profitability (EBIT margin, net income, and cost ratios – a balance between spending and results), and the optimal use of capital (return on invested capital).

Sustained growth is gauged by the annual growth rate of the six strategic initiatives of Belimo and the measured investments for each initiative. Division Heads manage their areas of responsibility based on cost ratios, which express operating costs as a percentage of market or group sales. The optimal use of capital entails the effective management of core processes and is reflected in an accurate net working capital level and capital investment. The percentage of in-house value

add (see page 68) serves as a proxy for measuring the optimal use of capital.

Further leading indicators for gauging the effectiveness of our method of doing business include market share and profitability, both in total and in comparison with (new) products and regions, as well as research and development, both in absolute terms and in comparison with our closest competitors.



### UN Sustainable Development Goals Approach

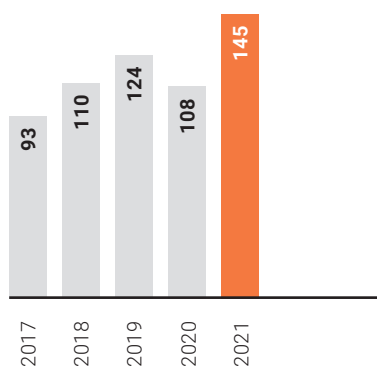
With its sustained economic growth

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 opportunity employment.

# Key Financials

## EBIT

in CHF million



### Excellent Operating Results

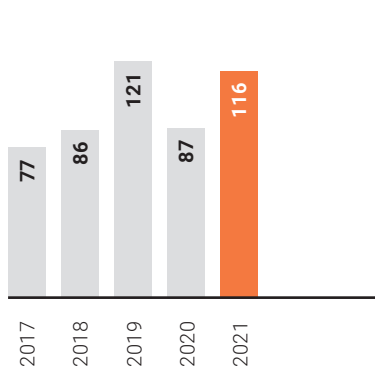
A strong top line with double-digit sales growth across all market regions combined with operational excellence mastering a very challenging supply chain situation resulted in an EBIT of CHF 145.4 million (previous year CHF 108.1 million).

The EBIT margin of 19.0 percent (previous year 16.3 percent) confirms the validity of the Belimo strategy and business model to capture opportunities in a time of high volatility, uncertainty, and complexity.

To ensure long-term success, Belimo continued to increase spending in research and development by 4.1 percent for a total of CHF 56.0 million (previous year CHF 53.8 million).

## Net Income

in CHF million



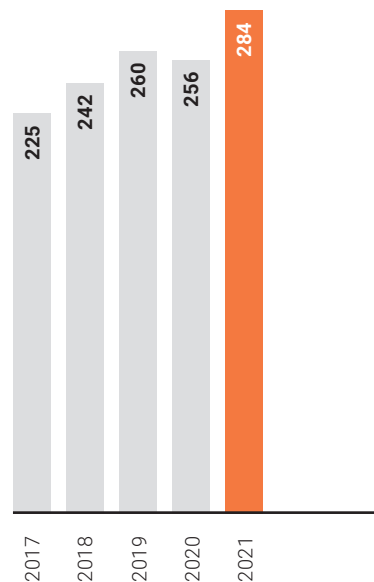
### High Earnings per Share

Belimo achieved a net income of CHF 115.5 million (previous year CHF 86.6 million). Income taxes, still affected by the transitional provisions of the Swiss tax reform implemented as of January 1, 2020, amounted to CHF 27.9 million (previous year CHF 14.1 million). Foreign exchange losses of CHF 0.8 million (previous year CHF 5.6 million) were incurred, mainly due to the recent devaluation of the Turkish lira.

Earnings per share increased to CHF 9.41 (previous year CHF 7.05, adjusted for the twenty-for-one share split conducted in 2021).

## Operating Expenses

in CHF million



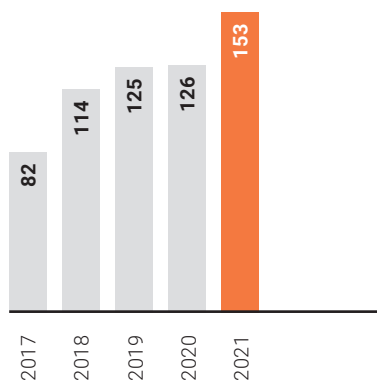
### Growth Absorption

Operating expenses increased by CHF 27.4 million to CHF 283.8 million (previous year CHF 256.4 million). To absorb growth and to further pursue its long-term growth strategy, the Group hired an additional 95 employees (full-time equivalents) during the reporting period. The additional employees as well as higher bonus expenses due to outstanding operating results led to higher personnel expenses by CHF 15.1 million compared to the prior year.

Higher provisions for warranties and litigations negatively impacted operating expenses by CHF 9.6 million in 2021.

### Cash Flow from Operating Activities

in CHF million



### Strong Cash Flow from Operating Activities

Growth in 2021 and an increase of strategic safety stocks led to a higher net working capital. Nevertheless, Belimo was able to preserve a healthy aging structure among the outstanding trade receivables and payables. Operating cash flow grew by CHF 27.4 million to CHF 153.0 million (previous year CHF 125.7 million).

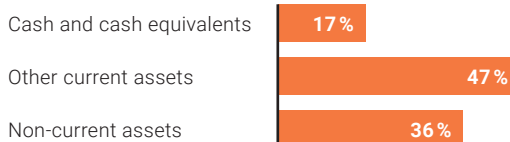
Cash flow used in investing activities of CHF 107.5 million (previous year CHF 32.4 million) included CHF 60.0 million term deposits with maturities of more than three months from the date of acquisition (previous year none) to limit the negative interest rate effects on cash and cash equivalents.

Capital expenditures in property, plant, and equipment amounted to CHF 38.9 million (previous year CHF 22.8 million). The increase was related to the capacity expansion strategy.

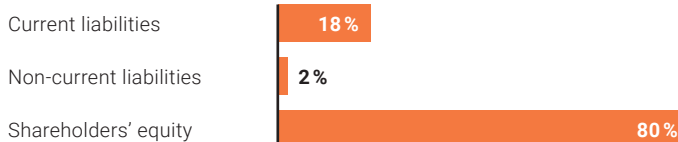
### Balance Sheet as at December 31, 2021

in % of total assets

#### Assets



#### Liabilities and Shareholders' Equity



### Sound Balance Sheet

Belimo was successful in maintaining a very strong balance sheet in 2021. Total shareholders' equity amounted to CHF 511.3 million (previous year CHF 489.3 million) or 79.6 percent of total assets (previous year 83.9 percent).

Cash and cash equivalents decreased to CHF 109.4 million (previous year CHF 164.9 million) due to the CHF 60.0 million term deposits reported as other assets in the balance sheet.

To reduce its substantial cash reserves, the Board of Directors of BELIMO Holding AG will propose a dividend of CHF 8.50 (previous year CHF 7.50, adjusted for the share split conducted in 2021) at the Annual General Meeting.

Continued from page 10

## Europe

In the Europe market region, the Group achieved net sales of CHF 375.6 million, corresponding to a growth in local currencies of 15.9 percent (16.5 percent in Swiss francs). According to the data provider Euroconstruct, the European non-residential market output reversed the losses of 2020 in their entirety.

Belimo increased its market share in Europe and enjoyed above-market growth in all countries during the reporting period. The main reasons for this favorable outcome were reliable on-time performance, an expanded sales organization, and an attractive product offering. The Group also experienced a rebound effect in some markets and individual cases of inventory buildup at Original Equipment Manufacturers (OEMs) and distributors.

The trend of conventional heating system retrofits towards heat pumps or pellet burner systems could be observed all over Europe, most prominently in the DACH region. As a result, the OEM business grew steadily, and water applications registered strong performance. Contracting business kept up due to the numerous projects that had been postponed during the previous year. Belimo also increased its leading positions with damper actuators for air applications.

The Design to Order (DTO) process offering of the service and logistics center in Großröhrsdorf (Germany) also experienced a good year, supplying for example more than 3000 factory-fitted control valve assemblies for the tallest building in Switzerland. The product range grew at a fast pace with an ever wider offering of pipe, duct, and room sensors.

In Germany, sales grew by 12.4 percent in local currency due to a strong comparison period and a pronounced lack of industry capacity. Labor shortages meant that several contractors announced increasing difficulties with taking on new projects. In Belgium, Belimo expanded its sales network in June 2021 by founding the distribution company BELIMO Belgium BV. Pent-up demand contributed greatly to the double-digit growth figures in 2021 in Italy and France, following lockdowns that had strongly impacted these markets in 2020. The Middle East region showed a mixed performance, with strong growth in Turkey and Saudi Arabia while sales in the United Arab Emirates fell due to meager investments in construction projects.

Another highlight of the year under review was the start of the Belimo truck roadshow. After the cancellation of trade shows in 2020 and 2021, Belimo built itself a roadshow truck to bring new products such as the Belimo Energy Valve™ 4 and the Thermal Energy Meter closer to its customers. The fully equipped truck and the Belimo sales experts onboard visited Germany, Austria, and Italy during the reporting period, and will continue its journey across Europe in 2022 and 2023.

A second European logistics and customization center was opened in Großröhrsdorf in 2019 and is being extended steadily. Additional capacities will also be needed in Hinwil, which has led Belimo to sign a contract to purchase a piece of land next to the existing building. This will make it possible to accommodate long-term growth-related investments, mainly in logistics and customization. Needs assessment and expansion planning will be launched in 2022.

## Americas

In the Americas market region, the Group registered net sales of CHF 291.4 million, which corresponds to a growth of 18.1 percent in local currencies (14.8 percent in Swiss francs). The economies in the Americas – and likewise the HVAC and building automation markets – recovered earlier than anticipated from the pandemic, resulting in solid gains throughout the region.

Belimo sales in all countries have developed strongly, clearly outperforming the market as a whole. The retrofit market, which had been impacted by the pandemic in 2020, was a significant source of growth. Retrofit projects rebounded in early 2021 due to the lifting of access restrictions for maintenance personnel and continued to remain strong throughout the year. Superior lead times were another factor that added to share gains in all segments.

In the US, Belimo experienced strong sales growth due to high demand from the data center market. In Canada, growth has been primarily driven by the contracting business in hospital and school projects.

Air applications grew faster than those of water and were bolstered by demand from OEM damper manufacturers supporting the data center market. Sensor sales, including gas detection sensors from Opera Electronics Inc., Montreal, thrived in 2021. Following the acquisition of Opera, the company was merged into BELIMO Sensors Inc. and its full range of gas detection sensors has been sold throughout Canada by leveraging the sales force of Belimo. In the meantime, BELIMO Sensors Inc. obtained UL 2075 approval for its carbon monoxide

(CO) gas detection sensors, preparing the ground for the planned US market introduction in 2022.

Most trade show activity remained muted in 2021 due to the lingering effects of the pandemic. Increased investments in online customer training programs and webinars have however provided additional value to customers.

The capacity of the Automatic Storage and Retrieval System (ASRS) in the Danbury (Connecticut, USA) location has been doubled. The system was commissioned at the end of 2021 and is now ready to support future growth while supporting high on-time performance.

### Asia Pacific

In the Asia Pacific market region, the Group registered net sales of CHF 98.4 million. The measures implemented to mitigate the COVID-19-related negative health and economic impact differed greatly among the affected countries. While some nations enjoyed extensive stimulus packages, many in Southeast Asia did not, thus hampering local growth. This averaged out to a net sales growth of 14.4 percent in local currencies (15.7 percent in Swiss francs).

Belimo China managed to return to the growth levels last seen in 2019, helped by strict COVID-19 policies and favorable market conditions. Growth rates in the second half of the year turned out to be considerably lower than in the first, due to a more robust comparison period. Transportation and data center markets did however continue to experience significant growth. Room pressurization solutions were particularly suc-

cessful and aided the acquisition of major projects in the hospital and pharma vertical. Commercial market development was slower as private companies remained cautious. Products that contribute greatly to reducing CO<sub>2</sub>-emissions, such as the Belimo Energy Valve™, ZoneEase VAV™, and the sensor offering, experienced very positive development in China.

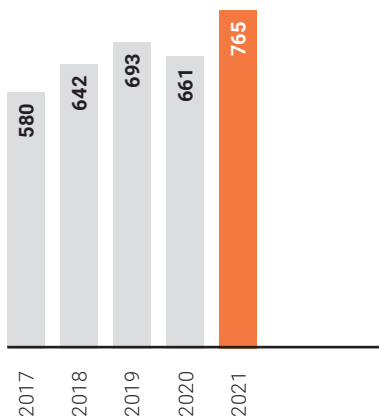
After a severe mid-year second COVID-19 wave, Belimo India sales bounced back during the second half of 2021, resulting in significantly above-average market growth. Data centers, healthcare, and infrastructure projects thrived, while office and hospitality markets remained stagnant. The promotion of strategic products such as the Belimo Energy Valve™, Electronic Pressure Independent Valves, sensors, and VAV through customer meetings, webinars, and social media in India paid off.

Market development in Southeast Asia and Australia generally failed to meet expectations due to prolonged strict lockdowns, thus putting many large-scale projects temporarily on hold. The market focused instead on minor retrofits, refurbishment, and replacement projects.

While air applications saw robust growth in most market regions, water applications registered a considerably higher growth rate, especially in India and China. The market share of sensors has also increased continuously. Contracting business reported particularly high growth in India and Malaysia – a sign of post-COVID-19 recovery after a difficult 2020 – while OEM business experienced healthy development because of data center growth in key markets.

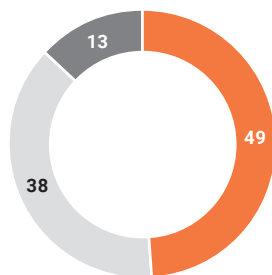
### Net Sales

in CHF million



### Net Sales by Region 2021

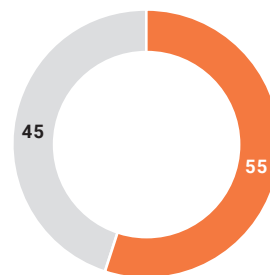
in %



- Europe: 49%
- Americas: 38%
- Asia Pacific: 13%

### Net Sales by Application 2021

in %



- Air: 55%
- Water: 45%

China will require additional capacities and space for warehousing, customization, logistics and offices. Belimo has therefore purchased its existing location in Shanghai and will begin planning building expansion in 2022. Furthermore, our subsidiary in India will be moved to a new headquarters in Navi Mumbai in spring 2022 that incorporates logistics and customization as well as an experience center.

## Outlook

After a robust expansion of the global economy in 2021, 2022 will likely bring another year of above-potential recovery growth. Additionally, supply chain shortages have led to input cost increases that will be recovered by price adjustments, translating into an extraordinary inflationary growth component. In addition, growth for the HVAC industry is expected to be above average due to the fundamental trends of urbanization, indoor air quality requirements, and energy efficiency investments in existing buildings. Lastly, market share gains, market development, and new product applications support the Group's organic long-term growth path.

Nonetheless, the risks of further setbacks caused by the pandemic, delivery disruptions, and skilled labor shortages with respect to consulting engineers and contractors are casting a shadow on the positive outlook. On balance, planning at Belimo is based on a sales revenue growth rate in local currencies around its five-year average.

Belimo continues to pursue its long-term growth strategy, allocating significant resources for research, development, operational excellence, and sales network expansion. This results in higher expenditures, following an overleveraged 2021. Additional investments in production, logistics, and global customization capacities are projected to impact cash flow in 2022 and subsequent years.



## Key Figures

	2021	2020	Change in %
in CHF million			
Net sales	765.3	661.2	15.7
Material expenses incl. changes in inventories	306.8	266.6	15.1
in % of net sales	40.1%	40.3%	
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	178.4	139.3	28.0
in % of net sales	23.3%	21.1%	
Earnings before interest, taxes (EBIT)	145.4	108.1	34.5
in % of net sales	19.0%	16.3%	
Net income	115.5	86.6	33.3
in % of net sales	15.1%	13.1%	
Cash effective investments in property, plant and equipment, and intangible assets	46.7	29.0	61.3
Cash flow from operating activities	153.0	125.7	21.8
in % of net sales	20.0%	19.0%	
Free cash flow	45.5	93.3	-51.2
in % of net sales	6.0%	14.1%	
in percent			
Return on equity (ROE)	23.1%	17.4%	
Return on invested capital (ROIC)	26.0%	24.7%	
in CHF			
Earnings per share (EPS) <sup>1)</sup>	9.41	7.05	33.5
Dividend per share <sup>1)</sup>	8.50	7.50	13.3
Number of employees (FTEs) as at December 31			
	1 921	1 826	5.2
Actuators shipped (in million items)			
	7.8	6.9	12.5
Total CO <sub>2</sub> impact of Belimo devices (in tons of CO <sub>2</sub> e)			
	- 8 226 347	- 7 312 825	12.5

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. Earnings and dividend per share for prior periods have been adjusted for reasons of comparability.

Alternative performance measures that are not defined or specified in IFRS are described under the following link: [belimo.com/financial-summary](https://belimo.com/financial-summary).

### Value added and its distribution

Significant GRI disclosures for the creation and distribution of value in accordance with GRI Standards can be found in the Financial Report.

### Direct economic value added

- Sales and operating profit: see Consolidated Financial Statements Belimo Group, Consolidated Income Statement
- Personnel expenses: see Notes to the Consolidated Financial Statements Belimo Group, Note 4: Personnel Expenses
- Income Taxes: see Notes to the Consolidated Financial Statements Belimo Group, Note 7: Income Taxes
- Payments to the providers of capital: see Consolidated Financial Statements Belimo Group, Consolidated Statements of Cash Flows

### Economic value retained

Investments in and divestments of tangible and intangible assets: see Consolidated Financial Statements Belimo Group, Consolidated Statements of Cash Flows.

### Subsidiaries

Number of subsidiaries and their activities: see Notes to the Consolidated Financial Statements Belimo Group, Note 23 Subsidiaries

Balanced Investment Portfolio

# Growth Strategy and Innovation

The long-term growth strategy of Belimo consists of six distinct initiatives: Three of these focus on Solution Leadership and three on Customer Value.

A comprehensive annual strategy process ensures the long-term success of Belimo. The strategy follows the four Belimo values that are congruent with four perspectives of the Balanced Scorecard.

For the growth strategy, six initiatives have been defined that are geared to drive demand. Three initiatives fall under Customer Value and three under Solution Leadership (see depiction on page 19).

## Customer Value

### RENEWAL

Only two percent 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. As a consequence, this initiative intends to eliminate customer bottlenecks by analyzing overall processes and making them more efficient.

Belimo is therefore expanding its sales organization with dedicated product managers and retrofit application consultants. The aim is to address barriers in renovation with more convincing explanations of the benefits of energy savings, introducing the most effective

retrofit measures with dedicated retrofit kits and offering customers easier access to subsidies and financing models.

Training modules with application cases will support Belimo customers by educating their experts. The Design to Order offering for factory-fitted, unique retrofit assemblies will reduce on-site labor time.

The initiative offers the opportunity to expand the existing retrofit business by leveraging synergies among damper actuators, control valves, and sensors/meters for an increased impact on Comfort, Energy Efficiency, and Safety, thus accelerating the renewal of the installed base.

### Grow Asia Pacific

The market for actuators, valves, and sensors/meters in Asia Pacific is estimated to represent only about 18 percent of the global market, but is the one growing at the fastest rate. 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. Additional locations will therefore be added to the eleven hub offices that have already been established. To ensure efficient onboarding and continuous employee education, a new training organization has been established to offer technical, commercial, and managerial training. The sales teams and the marketing measures focus strongly on selected vertical markets such as data centers, subway stations, and healthcare. For the OEM sales channel, a dedicated organization has been established and is being expanded.

To respond better and faster to customer and market needs in Asia Pacific, an Innovation Hub (I-Hub) for product and application development is being built in Shanghai. Qualified engineers in this I-Hub will

strengthen the Group’s local technical expertise and will enable better leverage networks in Asia.

In 2019, a study in India was conducted to analyze the local market and develop an accelerated growth strategy. The main pillars of the strategy are the focus on specific vertical markets such as data centers, pharma, and healthcare while at the same time 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. The opening of the new India headquarters in spring 2022 will further increase awareness for the Belimo brand (go to page 23 to find out more).

While the bulk of the planned growth will come from China and India, business development in other Asia Pacific countries continues to be pursued as well. In spring 2018, a new Belimo Customization center in Malaysia was opened to better serve business in the ASEAN region. The abovementioned Renewal initiative represents another opportunity in mature city clusters such as Hong Kong, Singapore, Sydney, or Melbourne (Australia).

**Digital Customer Experience**

The use of digital tools in the planning, design, and execution of HVAC projects will become increasingly

predominant. The initiative is directed at enlisting a digitally adept generation of technicians and engineers (go to “Customer Engagement and Support” on page 52 for more information).

As part of a comprehensive “Digital Customer Experience” program, Belimo will systematically increase its resources for a variety of topics to augment its customers’ experience with the Company by changing the pattern of physical interactions, ensuring a strong emotional bond, and increasing customer captivity.

Following the successful launch of a fully integrated and seamless global website with e-commerce, this new platform is undergoing extensive further development based on customer feedback and in light of new product offerings.

Beyond the offering on its website, Belimo devices must be easily selectable by the most-used design tools in the industry. Over the next few years, it is expected that significantly more information regarding the engineering of HVAC systems will be integrated into a BIM model, thereby advancing the decision point for product selections. It is therefore imperative that all relevant information regarding Belimo devices be made available. Efficient sizing, selection and specification software must be paired with education.

**The Belimo Growth Strategy: Our Six Strategic Initiatives**

The Belimo Growth Strategy is directly related to the Belimo Value Creation Model. The Growth Strategy is structured according to a Balanced Scorecard (BSC) that is uniquely adapted to Belimo in that each value represents a perspective of the BSC. Each perspective has been assigned three growth

initiatives, so that there are now a total of six initiatives for Customer Value (left side) and Solution Leadership (right side). These initiatives are geared to increase demand, thus driving top-line growth.

**Customer Value**

**Solution Leadership**

**RENEWAL**  
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.

**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**  
Leverage platform capabilities, edge logic, and allow seamless access to device data.



While Belimo has substantially increased its offering for online training and webinars, this learning approach is to be expanded yet further.

Another major step is the development of a new Customer Relationship Management (CRM) system that is currently being introduced globally, with completion scheduled for 2022. Customer Relationship Management goes beyond the software itself; it also requires an adaption of the organization and processes so that customer service, technical support, product management, quality management, and outside sales can be seamlessly integrated within them. Dedicated employees are necessary for continuous process improvement, training, assurance of data quality and compliance with data protection regulations.

## Solution Leadership

### Actuators and Valves

The biggest sales contribution in the growth plan for the period leading up to 2030 is expected to come from the damper actuators and control valves business. That is why “existing business” 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 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 also fully integrating its sensors/meters product range. This will allow for a seamless design, installation, and commissioning experience across the product range offering, as the devices will become more and more integrated and require consistent interfaces in the evolving building automation architecture.

Specifically for damper actuators, Belimo has continued to enhance its broadest portfolio in the market, e.g. with the launch of the new UM actuator in 2021. The smallest HVAC damper actuator was very well received and adopted by OEM customers, especially for residential ventilation and air diffusers. Further development projects in the field of Fire, Smoke, and VAV actuators are underway, while a large number of ideas for future projects are currently being assessed.

While several important projects are likewise in the development pipeline for control valves, the launch of the fourth generation of the Belimo Energy Valve™ excited great interest in the market, with more than 80 000 customers watching the online launch event in June

2021 (find more information on the new Belimo Energy Valve™ 4 on page 55).

### Sensors and Meters

Belimo has expanded its product ranges during the reporting period with new duct, pipe, and room sensors. The new indoor air quality sensor – equipped with CO<sub>2</sub> measurement and NFC configuration – is a great success (refer to the “Seven Essentials of Healthy Indoor Air” on page 61 for more information). The Company also developed new and innovative room operating units throughout 2021. Their launch date has however been postponed to 2022, due to the shortage of micro-controllers.

Belimo had been planning on offering specialty air quality and gas sensors as part of its growth strategy, and the acquisition of Opera Electronics Inc. enabled the Group to implement this product range expansion. Under the new name BELIMO Sensors Inc., the company develops and manufactures a solid range of air quality and gas sensors for buildings. Core applications are vehicle emission monitoring in car parks, refrigeration gas leak detection, and combustible gas monitoring in HVAC plant rooms. The acquisition makes it possible for Belimo to leverage its global marketing, sales, and logistics network so that customers can benefit from an ever wider range of field devices as a consequence.

In its thermal meter business, Belimo celebrated the launch of the new Thermal Energy Meter and has since ramped up its production. This harmonized flow and thermal energy meter can be used either standalone or in combination with the Belimo Energy Valve™ to offer such patented features as glycol measurement. The new product range offers certified energy metering with Measuring Instruments Directive (MID) approval – ready for tenant billing – with new features such as Power over Ethernet (PoE), digitally supported workflows, and readout via the Belimo Assistant App and API data availability in the Belimo Cloud.

### Digital Ecosystem

In 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, it is obvious that the digital connectivity of Belimo devices will be of increasing importance.

A well-designed digital ecosystem will allow for seamless integration (find out more on page 65), providing

Continued on page 22

## How We Balance Our Investment Portfolio

Belimo needs to maintain a balanced investment portfolio to ensure its long-term success. Managing the portfolio involves striking the right balance between investments in existing and new portfolios.

In its existing business, Belimo focuses on maintaining a broad and competitive product range and on renewing selected sub-ranges at the end of their lifecycle by replacing them with new generations which embody more innovative features. Belimo aims to gain ground in its new business areas and generate growth by developing unique and innovative products for existing Belimo customer groups.

### **Markets & Innovation Committee**

Balancing innovation investments between existing and new business is the responsibility of the Markets & Innovation Committee (M&I), a formal team of senior Belimo executives from the three sales regions, product management, and the Group division Innovation and Brand & Strategy

Management. The M&I carefully assesses and prioritizes projects to be released for development.

### **Products and Sales in Focus**

When defining the long-term corporate strategy, the Executive Committee and Board of Directors ensure that the right balance of product-oriented and sales-oriented strategic initiatives is selected. We need to work along both axes: Continued substantial spending on differentiated products in combination with dedicated investments in new sales approaches, extra marketing measures, and blended training. As shown on pages 18 and 19, Belimo has selected six strategic initiatives, of which three are product-focused, and three are related to both sales and marketing.

The assignment of an executive business owner and a strategy coach to each of the six Belimo Growth Initiatives, an implementation strategy, and quarterly progress reviews ensure that

operations and existing business activities are given sufficient consideration by management.

### **Strategic Controlling of Costs**

Tracking the following operative figures is crucial for balancing allocations between investments in the different areas of the Company: planning (long-term), budgeting (annual), and controlling costs for innovation, marketing, and training (continuous) – as are dedicated headcount and resulting sales growth per strategic growth initiative.

The growth initiatives and the abovementioned operative figures are discussed and adjusted in the annual strategy process by the Executive Committee and confirmed by the Board of Directors. Once approved, they become part of the “Belimo Strategy Map.” The KPIs of the different initiatives are tracked and discussed each quarter by the Executive Committee and the individual initiative manager.

Continued from page 20

easy access to data from actuators, valves, and sensors/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.

The mission of the Group's digital ecosystem has been formulated as follows: "We digitize our devices to provide high quality device data to be made available for customer use in an easy and cost-effective way." The main purpose is that of creating customer value such as easy access to useful data or the mining and supplying of data that optimizes buildings' operations.



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**UN Sustainable Development Goals**

**Approach**

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, 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.

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Welcome to Our  
New, State-of-  
the-Art India  
Headquarters



## Inaugurating a Lighthouse Project

In spring 2022, the Belimo India team will move into our new India headquarters in Navi Mumbai. With 3 800 square meters of floor space (almost 41 000 square feet), the building hosts an experience center, logistics, customization, and technical support.

The new building is certified with the Indian Green Building Council (IGBC) Platinum standard and boasts some of the most innovative technologies available, including Belimo motorized sun shading, a photovoltaic rooftop system, and rainwater recycling. The most obvious feature, however, is the state-of-the-art HVAC system that climatizes and dehumidifies all rooms, which we are now happy to show our clients from all over India.



Discover more  
[belimo.in](https://belimo.in)



## Remuneration Report

# Fully Aligned with Long-Term Strategy

Fair pay, orientation to strategic benchmarks, and shared participation are the cornerstones of the Belimo remuneration system.

Ever since the earliest days of the Company, the Belimo founding members have prioritized fair pay as a guiding principle for their remuneration system. All employees should feel valued for their work and benefit from the Company's success. Fair pay and the culture of employee participation is viewed as a form of recognition and job enrichment. These principles are reflected

in today's value creation model with the Credibility Culture at its core (see page 7).

## Ensuring Equal Pay and Wage Justice

Belimo is committed to internal wage justice and equal pay for men and women. To guarantee the principles of wage justice and competitive pay, Belimo continually monitors its remuneration system throughout the Company. Salaries and bonus payments are benchmarked against the market and adjusted as required. The internal remuneration system is screened for potential gender pay gaps. 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 subsidiar-

## Approval and Authority Levels on Remuneration Matters

Decision on	Chief Executive Officer	Remuneration and Nomination Committee	Board of Directors	Annual General Meeting
Selection criteria and succession planning for the CEO/ the Board of Directors		Proposes	Approves	
Selection criteria and succession planning for the 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 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 (including fixed and variable compensation)		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)

**ESPP Considerations: Simplicity and Homogeneity in Focus**

When it introduced the new Employee Share Purchase Plan (ESPP) in 2020, Belimo acted with the specific intention of having a plan that is a) similar for all employees (regardless of whether for Members of the Executive Committee Member or all other employees) and b) easy to understand and simple to manage. With voluntary ESPP-participation, the redemption mechanism for the two groups is almost identical: the chosen non-mandatory portion of the variable compensation is deducted directly from the participants' cash bonus and paid out in blocked, discounted shares. In the case of the mandatory ESPP-participation that applies only to the Members of the Executive Committee, the mandatory portion

of the variable compensation is also deducted directly from the cash bonus and paid out in blocked, discounted shares. The plan thus combines the Restricted Stock from Short-Term Incentive (RS from STI) element common among SMIM companies with the characteristics of a Long-Term Incentive (LTI). Through the performance of the Belimo share over the three-year blocking period, the interests of the Members of the Executive Committee are perfectly aligned with those of the Company's shareholders. The program also leads to a long-term buildup of shares of the individual Executive Committee Members. We view this as the most straightforward and fair approach.

ies are instructed to identify any pay gaps during the annual salary adjustment process.

**Employee Share Purchase Plan (ESPP)**

To foster and strengthen a sense of ownership among all employees, Belimo introduced the Employee Share Purchase Plan (ESPP) in 2020. It allows eligible employees to purchase shares at preferential conditions (with a 30 percent discount). The ESPP is a component of the variable remuneration and thus performance-based (see table page 27).

The acquired shares under the ESPP are subject to a three-year restriction period from the purchase date. This restriction period continues to apply, irrespective of continued employment, i.e., shares cannot be sold

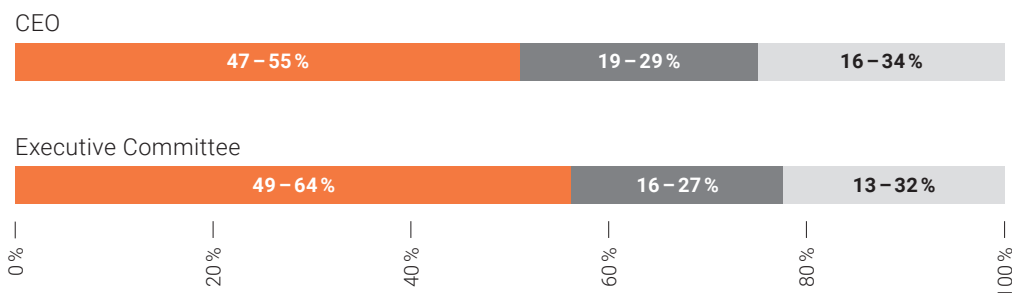
until the end of the restriction period. The program's scope was initially limited to the five Belimo subsidiaries in Switzerland, the US and Hong Kong (China) and has been expanded in 2021 to include Germany, Canada, and China. For all other employees, an alternative to the ESPP in the form of a special bonus with an equivalent value of one Belimo share was introduced in 2021.

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

**Governance Approach**

The Remuneration and Nomination Committee is responsible for defining overall remuneration for Members of the Executive Committee, performance targets, and assessment criteria (see table on page 24). The

**Compensation Framework for Members of the Executive Committee**



Fixed compensation: ■ Base Salary  
 Variable compensation: ■ Cash Bonus ■ Employee Share Purchase Plan (ESPP)  
 Pay mix corridor upon target achievement/upon maximum target bonus (133 percent), respectively – actual figures.

Committee also determines total compensation for the Members of the Board of Directors. Further duties of the Remuneration and Nomination Committee include:

- Pre-selection of suitable candidates for membership in the Board of Directors to be elected at the Annual General Meeting (AGM)
- Submitting motions to the Board of Directors for proposal to the AGM
- Selecting suitable candidates to fill positions on the Executive Committee
- Preparation of the Remuneration Report
- Personal development of the Executive Committee and periodic assessment of compensation policies/ programs

The AGM approves, with **binding** effect, the maximum overall remuneration for the current financial year for the Board of Directors and the Executive Committee. If the AGM withholds its approval, the Board of Directors may submit new proposals for approval at the same AGM. If the Board of Directors makes no new proposals or the AGM declines the new proposals, the Board of Directors must convene a new General Meeting within three months. The Remuneration Report is approved by the subsequent AGM by a **consultative** vote.

The Committee’s constitution is set within the framework of the statutory provisions and articles of incorporation

and is subject to a vote at each AGM. The Remuneration and Nomination Committee also monitors compliance with the principles for remuneration in accordance with corresponding legislation and the Swiss Ordinance on Excessive Compensation in Listed Companies. The Members of the Remuneration and Nomination Committee for the 2021/2022 period of office are Sandra Emme (Lead), Prof. Adrian Altenburger, and Urban Linsi.

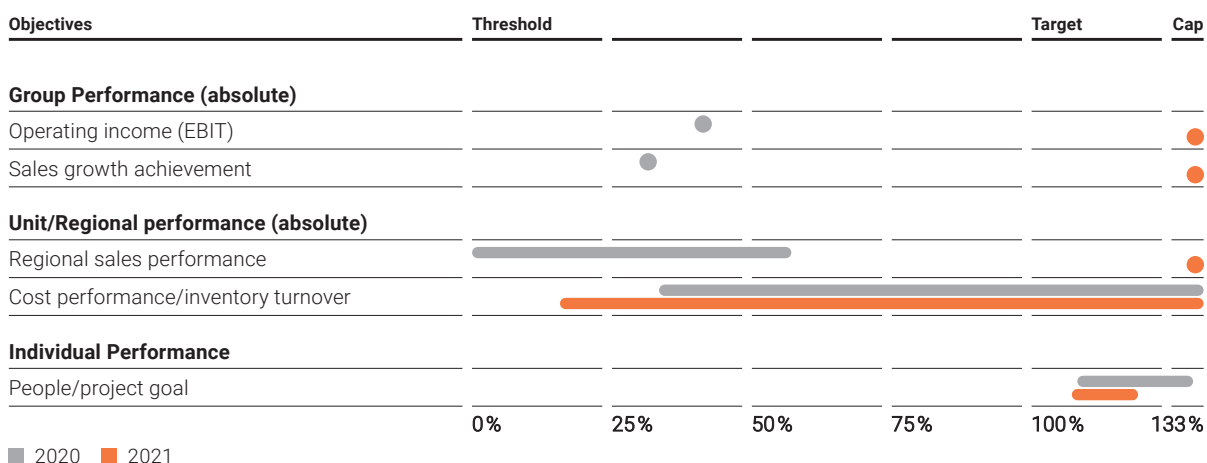
**Elements of Remuneration/Compensation Principles**

The Members of the Board of Directors receive a fixed cash remuneration only, as stipulated in the Articles of Incorporation, article 25<sup>quinquies</sup> (see [bit.ly/3tfdLMT](https://bit.ly/3tfdLMT)). The Members of the Executive Committee receive a fixed base salary, a cash bonus, and are required to purchase ESPP shares (as part of their performance-based variable compensation, see graph below). The ESPP allows them to voluntarily purchase additional shares. The amount of the base salary depends on the market value of the position, the incumbent’s qualifications, his/her skill set and experience.

The variable components of remuneration for the CEO may amount to a maximum of 120 percent of the base salary in accordance with the articles of incorporation. For the other Members of the Executive Committee, the variable components of remuneration may amount to a maximum of 100 percent of the base salary.

**Performance of the Members of the Executive Committee in 2020/2021**

The graph below shows the consolidated performance of the Members of the Executive Committee for the financial year 2020/2021. In 2020, the average performance was 76 percent, mainly due to the COVID-19 impact on sales performance and profitability, whereas in 2021 the average performance was 127 percent.



The amount of the variable remuneration components received when all set targets have been reached is approximately 45 percent of the CEO's total compensation and up to 42 percent for the other Members of the Executive Committee. If targets are partially achieved, the variable remuneration components are lower. If they are exceeded, they can be increased by a maximum factor of 1.33.

Payment of up to 60 percent of the variable components of remuneration is based on Earnings Before Interest and Taxes (EBIT) and sales growth achievement, as these two KPIs are of great strategic importance. The payment of the remaining portion of the variable components of remuneration is based on personal performance targets. Such targets include the total cost of a Member's division, inventory turnover, and specific projects. All targets are in line with the Company's core values, long-term goals and the interests of stakeholders.

The ESPP requires the CEO to invest a defined mandatory percentage – generally 16 percent of total compensation at target achievement – in shares at preferential conditions. Other Members of the Executive Committee are required to invest up to 15 percent of total compensation in shares (upon target achievement). The ESPP allows the CEO to voluntarily purchase additional shares worth up to 34 percent of the total compensa-

tion, while other Members of the Executive Committee can invest up to 32 percent of total compensation in shares.

## All Other Employees

### Governance Approach

Global Human Resources defines the minimum standards of employee remuneration throughout the Group. Together with local Human Resources representatives, managing directors are responsible for ensuring these requirements are met. Regional Human Resources heads support subsidiaries in the implementation of appropriate policies in accordance with local laws, regulations, cultures, and market conditions, and are responsible for monitoring compliance with them.

### Elements of Remuneration/Compensation Principles

The compensation principles for employees are based on the Hay Chart Profile method of job evaluation, which Belimo introduced in Switzerland and the US in 2000. It defines twelve different salary bands in conjunction with the three dimensions "Know-How," "Problem Solving," and "Accountability." All employees receive a fixed component (base salary) and a variable component of remuneration, consisting of a cash bonus and voluntary participation in the ESPP (see table below).

## Elements of Remuneration

Remuneration for all employees, including Members of the Executive Committee, is structured as follows: fixed

and variable remuneration components, and benefits (pension plans and other benefits):

Remuneration element	Type	Delivery	Entitlement
<b>Fixed components</b>	Base salary	Cash	For all employees.
<b>Variable components<sup>1)</sup></b>	Short-term incentive: Cash bonus	Cash	<ul style="list-style-type: none"> <li>– For the CEO: ranging from 19 to 29 percent of total compensation.</li> <li>– For all other Members of the Executive Committee: ranging from 16 to 27 percent of total compensation.</li> <li>– For all other employees: part of total compensation.</li> </ul>
	Long-Term incentive: Employee Share Purchase Plan (ESPP)	Discounted shares (with a 30 percent discount and a three-year restriction period)	<ul style="list-style-type: none"> <li>– For the CEO: mandatory 16 percent of total compensation, voluntarily up to 34 percent of total compensation.</li> <li>– For all other Members of the Executive Committee: mandatory between 13 to 15 percent of total compensation, voluntary between 28 to 32 percent of total compensation.</li> <li>– For all other employees: voluntary.</li> </ul>
<b>Benefits<sup>2)</sup></b>	Pension plans	Pension contributions	For all employees, in line with local market practices.
	Other benefits	Various forms	For all employees, in line with local market practices.

<sup>1)</sup> Pay mix corridor upon target achievement or upon maximum target bonus, respectively (133 percent) – actual figures.

<sup>2)</sup> Excluding expense allowance.

## Remuneration 2021

### Board of Directors

The 2021 AGM approved a projected maximum total compensation for the Board of Directors of CHF 0.97 million for the 2021 financial year. It consisted of fixed compensation, paid in cash, and included social security payments.

The Members of the Board of Directors receive a fixed cash remuneration only. Except for the Chairman, the remuneration is the same for all Members and has remained unchanged since 2017. Differences from year to year arise solely in the case of new entries/retirements during the year or in the event of a change of function (e.g., election to the position of Chairman).

In 2021, none of the Members of the Board of Directors received any compensation or loans from the Group other than those disclosed in this report. No allowance or loans were paid to related parties of the Members of the Board of Directors, and no payments were made to former members or related parties.

As of December 31, 2021, no credits or loans were outstanding.

### Remuneration of the Board of Directors

	2021 2020	Fixed cash compensation	Social security	Total fixed	Expense allowance
in CHF 1 000					
Patrick Burkhalter, Chairman		254	19	273	6
		254	19	273	6
Dr. Martin Zwyssig, Deputy Chairman		124	9	133	6
		124	9	133	6
Prof. Adrian Altenburger, Member		124	9	133	6
		124	9	133	6
Sandra Emme, Member		124	9	133	6
		124	9	133	6
Urban Linsi, Member		124	9	133	6
		124	9	133	6
Stefan Ranstrand, Member (from April 2020)		124	9	133	6
		83	6	89	4
<b>Total</b>		<b>874</b>	<b>66</b>	<b>940</b>	<b>36</b>
		<b>833</b>	<b>63</b>	<b>895</b>	<b>34</b>
<b>Approved Remuneration by the Annual General Meeting</b>				<b>970</b>	
				<b>950</b>	

Proposed remuneration for the Members of the Board of Directors for the financial year 2022 (six members) to the Annual General Meeting 2022: TCHF 970.

### Executive Committee

The 2021 Annual General Meeting approved a projected total maximum compensation of CHF 5.9 million for the Members of the Executive Committee (see table below). This is split between a maximum fixed compensation of CHF 3.0 million and a maximum variable compensation of CHF 2.9 million. In 2021, the highest remuneration paid to a Member of the Executive Committee was to Lars van der Haegen, CEO.

All members of the Executive Committee have permanent employment contracts with notice periods of a maximum of 12 months. Members of the Executive Committee are not entitled to any severance or change of control payments.

None of the Executive Committee Members received any compensation or loans from the Group other than those disclosed in this report. No allowance or loans were paid to related parties of the Members of the Executive Committee. There has been no remuneration assigned to former Members of the Executive Committee or related parties.

As of December 31, 2021, no credits or loans were outstanding.

### Remuneration of the Members of the Executive Committee

	2021 2020	Lars van der Haegen, CEO	Other Members, Executive Committee	Total	Approved Remuneration by the Annual General Meeting
in CHF 1 000					
Fixed compensation		500	1 619	2 119	
		500	1 512	2 012	
Social security and pension		128	369	497	
		118	276	394	
Other compensation		9	89	98	
		12	92	104	
<b>Total fixed compensation</b>		<b>637</b>	<b>2 078</b>	<b>2 714</b>	<b>3 000</b>
		<b>630</b>	<b>1 880</b>	<b>2 511</b>	<b>3 100</b>
Variable compensation		480	1 303	1 783	
		242	798	1 040	
ESPP Discount		104	237	341	
		44	173	217	
Social security and pension		101	221	321	
		65	154	219	
<b>Total variable compensation</b>		<b>685</b>	<b>1 761</b>	<b>2 446</b>	<b>2 900</b>
		<b>351</b>	<b>1 125</b>	<b>1 476</b>	<b>2 700</b>
<b>Total compensation</b>		<b>1 321</b>	<b>3 839</b>	<b>5 160</b>	<b>5 900</b>
		<b>982</b>	<b>3 005</b>	<b>3 987</b>	<b>5 800</b>
Expense allowance		18	65	83	
		18	57	75	

Proposed remuneration for the Members of the Executive Committee (seven members) for the financial year 2022 to the Annual General Meeting 2022: TCHF 6 900.

# Report of the Statutory Auditor

## To the General Meeting of BELIMO Holding AG, Hinwil

We have audited the accompanying remuneration report of BELIMO Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections “Remuneration 2021” on pages 28 to 29 of the annual report.

### Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

### Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of BELIMO Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG



Reto Benz  
Licensed Audit Expert  
Auditor in Charge



Reto Kaufmann  
Licensed Audit Expert

Zurich, 4 March 2022



# Credibility Culture

## Company Values and Culture

# Breathing the Belimo Values

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

Customer loyalty starts with the well-defined purpose and substantial investment of an organization. For Belimo, that purpose is to create impact through the development, production, and sales of field devices for the energy-efficient control of HVAC systems. We express this with CESIM®, our customer-centric method for innovating building technology with actuators, control valves, and sensors/meters (see page 54).

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 leads to better overall employee performance. The better the professional expertise of its employees, the better the Company's external service quality becomes. This includes excellent outside/inside sales and technical support, fast and reliable logistics, and efficient handling of quality issues. The resulting outstanding customer service leads to higher customer satisfaction, positioning the brand ahead of its competitors. The goal of Belimo, however, is not only to have satisfied customers. Its ambition is to provide superior value by exceeding customer expectations. When this becomes the norm, true customer loyalty is sure to follow.

The culture of Belimo is built on trust, integrity, competence, and responsibility. We support personal commitment, teamwork, cultural diversity, and the courage to take risks to inspire customers. The premium customers pay for a flawless experience leads to higher demand and efficiency through operational excellence on the supply side, resulting in above-average profitability.

## Culture Does Not Stop at the Company's Borders

The principles for interacting with internal and external stakeholders are outlined in our vision, mission statement, values, Code of Conduct, and CESIM®. They have to be followed and practiced in this order and in accordance with the Belimo management model.

Leadership training, ongoing communication of vision, mission, and values are vital to the continuous improvement of Company culture. New employees learn about the values and quality standards during their orientation to the Company. Given that any company also depends on its external stakeholders, these cultural aspects do not stop at the organization's borders. It is also equally in the interest of Belimo to promote a great company culture with its customers, suppliers, and other interfaces.

## Employee Loyalty and Identification

We assess the success of our company values and culture through employee surveys (see page 33) and feedback from new employees.

Each department evaluates the results of the survey process. Its employees then generate an improvement plan that Human Resources monitor. Each employee's ability to put those values into practice is assessed within the scope of the annual employee performance appraisal interview. Furthermore, average employee tenure is measured and benchmarked against industry standards.

# Information Regarding Employees

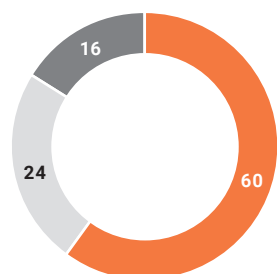
As at December 31	Danbury (Connecticut, USA)	Hinwil (Switzerland)	All Other Belimo Subsidiaries	Belimo Group 2021	In % of FTEs	Belimo Group 2020	Belimo Group 2019
<b>Total employees</b>							
Headcount	416	909	679	<b>2 004</b>		1 902	1 866
Full-time equivalents (FTEs)	415	840	667	<b>1 921</b>		1 826	1 789
	Female	180	334	<b>712</b>	<b>37.1%</b>	35.9%	36.5%
	Male	235	506	<b>1 209</b>	<b>62.9%</b>	64.1%	63.5%
<b>Employees by employment contract (FTEs)</b>							
Permanent/indefinite	Female	173	297	<b>615</b>	<b>32.0%</b>	593	624
	Male	223	494	<b>1 102</b>	<b>57.4%</b>	1 085	1 118
Temporary/fixed	Female	7	37	<b>97</b>	<b>5.1%</b>	62	29
	Male	12	12	<b>107</b>	<b>5.6%</b>	86	18
<b>Employees by employment type (FTEs)</b>							
Full-time	Female	179	215	<b>567</b>	<b>29.5%</b>	522	519
	Male	233	428	<b>1 122</b>	<b>58.4%</b>	1 089	1 061
Part-time	Female	1	119	<b>145</b>	<b>7.5%</b>	132	133
	Male	2	78	<b>87</b>	<b>4.5%</b>	83	76
<b>Employees covered by collective bargaining agreements (GRI 102-41)</b>							
As % of the total workforce	0% <sup>1)</sup>	0% <sup>1)</sup>	20.6% <sup>2)</sup>	<b>7.0%</b>		7.0%	6.2%

<sup>1)</sup> In Switzerland and the US, employees are not covered by a collective bargaining agreement.  
<sup>2)</sup> Average of all other Belimo subsidiaries in percent on a headcount-basis.

## Employees by Region

FTEs, as at December 31, 2021

in %

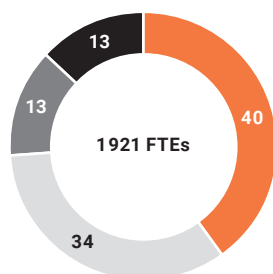


- Europe: 60%
- Americas: 24%
- Asia Pacific: 16%

## Employees by Function

FTEs, as at December 31, 2021

in %

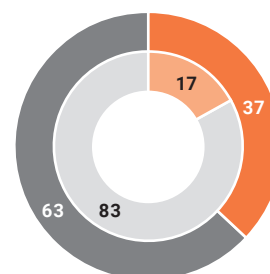


- Assembly, logistics: 40%
- Sales, marketing, distribution: 34%
- Research, development: 13%
- Administration, management: 13%

## Employees by Gender

as at December 31, 2021

in %



- Belimo Group (FTEs)**
- Male: 63% Female: 37%
- Employees with Management Functions (Headcount; excl. Executive Committee)**
- Male: 83% Female: 17%

Employee Empowerment and Engagement

# Taking Engagement to the Next Level

Employee engagement is critical for our success. Even amidst the pandemic, employees reaffirmed their high commitment to Belimo.

Belimo believes that satisfied employees lead directly to happy customers: an empowered and engaged workforce is essential to market success through the maintenance of a high level of customer support and innovation leadership. In short: Belimo sees the engagement of its employees as a competitive advantage. For Belimo, employee empowerment and engagement begin with transparent communication and a culture of trust. Creating a trusting work environment where employees can thrive and unlock their full potential is a primary aspiration at the Company. To ensure that employees remain empowered and engaged, Belimo regularly holds management training on its corporate mission and values. It is an essential responsibility of

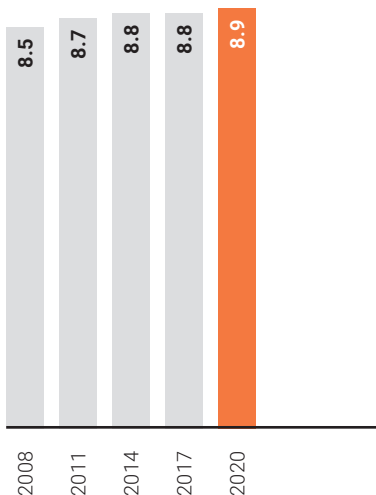
managers across all levels to act as role models, to represent the values of Belimo and to lead by example. Belimo also regularly supports social and team-building events.

### High Employee Engagement Score

To assess employee engagement, Belimo conducts a group-wide employee survey every three years. Employees are polled questions anonymously regarding central workplace subjects, such as job content and satisfaction, structures, processes, collaboration, change management, leadership, promotion, and remuneration. Individual teams analyze the results and use them to implement corresponding measures. The so-called engagement score is the pivotal value of the survey, as it allows us to gauge employee commitment (see chart). In the 2020 employee survey, this score increased slightly to an outstanding value of 8.9. Another factor in assessing its success in Human Resources Management is employee turnover, which averaged 7.4 percent<sup>1)</sup> in 2021. Among other topics, managers are trained to foster participation, a trial-and-error culture and to align their decision-making process with the mission and values of Belimo.

### Employee Engagement

Scale from 1 (lowest rating) to 10 (highest rating)



### Lessons from the Pandemic

Based on the positive experience with remote work during the pandemic, Belimo has decided to allow its employees up to three days per week of remote work if their function permits it. Increased availability, more constructive and shorter meetings, and a higher observed efficiency were compelling arguments in favor of such a policy. With this work model, an employee's work-life balance can be further improved, which in turn has a positive influence on the health and engagement of employees. At the same time, remote work also contributes to lowering commuting-related CO<sub>2</sub> emissions.

<sup>1)</sup> Employee turnover includes terminations by employees (all reasons) or by Belimo (inadequate performance). It does not include departures of apprentices, retirements, temporary employees, deaths, and terminations by Belimo due to economic reasons.

## Skill Development and Knowledge Management

# Fostering Skills in the Organization

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, responsibilities, and corporate culture. Belimo views properly trained employees as essential to providing value to customers. Furthermore, effectively managing skills development and knowledge is vital for successful employer branding: It helps attract talent and retain employees by facilitating their continued engagement. Likewise, it also prepares employees for future changes.

### Tracking Training Days

The deliberate management of skill development ensures employees receive the training necessary to succeed in their roles. Belimo deploys a global training organization with local teams and a Learning Management System (LMS) to streamline its training functions for customers and employees. It provides e-learning content to employees and allows tracking of training and certifications. Belimo tracks expenses for internal and external courses and the number of days of training per employee, while also monitoring the core competencies' average degree of fulfillment. Feedback forms are usually collected after each session, and the topics of skills development and knowledge management are addressed in periodic employee surveys. Identifying and training skills which will be needed in the future is crucial.

### Performance and Appraisal System

Belimo works at all levels with performance and behavioral appraisal systems. These include regular status reports on the achievement of individual goals,

employee performance appraisals, and appropriate remedial measures. Personal development planning is outlined and discussed at regular employee reviews. Appraisal reviews (including the assessment of core competencies), competency matrices for assemblers, career paths, and career development plans, all serve as a basis for deciding which employees should receive training. Comprehensive introduction programs ensure that new employees are provided with an efficient orientation and introduction to their work and to the corporate culture at Belimo.

An internal training program enables knowledge and skills to be continuously adapted to the tasks at hand. Employee personal development is also supported, and Belimo managers regularly complete training courses on leadership skills. Notably, all Belimo managers complete a three-day leadership course focusing on company values and strategies and enhancing leadership skills. Belimo offers career-path planning for managers and professional specialists and provides financial support for further individual education.

### Leadership Accelerator Program

To foster leaders and build a pipeline of internal candidates for various leadership roles who embody our Belimo values, we launched the Leadership Accelerator program with diversity quotas during the period under review. It aims to identify ambitious employees who are willing to develop their leadership potential within the Company. Our goal is to create a pool of future leaders who show mid- to long-term potential for various leadership positions at the Company.

While the Leadership Accelerator does not prepare for specific leadership roles, it prepares the participants for opportunities that arise during and after the development plan of two or five years. The program was implemented for the first time in 2021 and will be repeated at regular intervals.

# Training and Education Overview

## Average hours of training per employee

	Danbury (Connecticut, USA)	Hinwil (Switzerland)	All Other Belimo Subsidiaries	Belimo Group 2021	Belimo Group 2020	Belimo Group 2019
Total number of training hours divided by average full-time equivalents (FTEs)	18 hours/ year	35 hours/ year	32 hours/ year	<b>30 hours/ year</b>	26 hours/ year	24 hours/ year

## Programs for Improving Employee Skills and Transition Assistance Programs

Type and scope of programs implemented and assistance provided to enhance employee skills.

### Methodical Competency

Methodical experience includes general knowledge with cross-discipline importance. It comprises the ability to apply specific learning and working methods necessary for the acquisition and development of expertise. Belimo offers a wide range of courses for developing such abilities, e.g., presentation skills, project management, workshop leadership and moderation, introduction to HVAC and building technology, etc.

### Social Competency

Social competencies are key to our current working environment, as social skills form the basis to working together smoothly. These include fostering certain levels of empathy, teamwork, and communication readiness. Courses offered to our employees cover, for example, effective communication, negotiation and conflict management, and intercultural competences, in addition to 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 a global leadership course, which is offered at regular intervals, other offerings include, for example, the essence of leadership, succeeding as a supervisor, change management, health promotion, "The 7 Habits of Highly Effective People", etc.

### 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 policy 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 trained on the contents and are required to comply with the principles set out therein.

Transition assistance programs provided to facilitate continued employability and manage the end of careers resulting from retirement or termination of employment.

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.

## Employees receiving regular performance and career development reviews

	Danbury (Connecticut, USA)	Hinwil (Switzerland)	All Other Belimo Subsidiaries	Belimo Group 2021	Belimo Group 2020	Belimo Group 2019
As a percentage of the total workforce	100%	100%	100%	<b>100%</b>	100%	100%
As a percentage of the workforce with management functions	100%	100%	100%	<b>100%</b>	100%	100%
As a percentage of the workforce without management functions	100%	100%	100%	<b>100%</b>	100%	100%

## Equal Opportunity Employment

# Offering Equal Opportunities

Our success is only possible thanks to the shared commitment of our employees. We therefore celebrate the diversity of our culture.

Being a reliable partner that always bases its actions on the highest level of integrity requires cultural diversity, equality of treatment 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. This, in turn, offers a competitive advantage.

## Code of Conduct Training for all Employees

Belimo is committed to a work environment in which all individuals are treated with respect and dignity, free from all forms of discrimination, harassment, and retaliation. The Belimo mission statement has been supplemented by a Code of Conduct, on which all employees are required to attend a web-based training course. Those with customer and supplier interactions are also required to participate in separate training on the Company's anti-bribery and anti-corruption policy. Employees are encouraged to report violations of this policy through a globally accessible notification channel. In 2021, one report concerning the possibly inappropriate behavior of a manager was submitted. The case is still under investigation, as it was reported towards the end of the period under review.

A policy prohibiting workplace harassment and discrimination (e.g., on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the International Labour Organization) is implemented. In 2021, a former Belimo employee made an allegation regarding sexual harassment. The allegation was thoroughly investigated and determined unfounded except for an inappropriate remark.

## Focus on Inclusion and Diversity

Belimo attaches great importance to ensuring that women and men receive equal pay for work of equal value. Special attention is also paid to gender equality in salary adjustments and the internal remuneration system is screened for potential gender pay gaps. Moreover, the Company is particularly proud of its integration of people with physical or mental disabilities. Ability Beyond in the US, Sonnalde in the Zurich Oberland region (Switzerland) and Foundation Brändi in Willisau (Switzerland) as well as the residential and employment center for people with restricted mobility (IWAZ) in Switzerland are examples of programs in which Belimo is involved for finding gainful employment for individuals with disabilities. Belimo Americas has pioneered a new format for examining the efforts Belimo is making to ensure employees are treated equally and fairly, for proactively encouraging an ongoing dialogue regarding equality, and for celebrating the Company's diverse culture. An Inclusion Council has been formed, which consists of six employees from different departments and locations in the Americas who have volunteered to participate in the Council. Their task is to advise the Leadership Team regarding potential initiatives Belimo may consider for the promotion of this kind of dialog. Following its establishment, the Council quickly went into action and developed an Inclusion and Diversity Survey focused exclusively on equality for the purpose of determining a baseline of the Belimo Americas culture with respect to issues of diversity and inclusion. Employees from all regions and departments of Belimo Americas participated in the survey. The results were overall very positive. Employees feel that Belimo is a welcoming and diverse workplace. To further improve its performance as an equal opportunity employer, Belimo tracks KPIs such as percentage of genders employed, age structure, results of the employee survey, proportion of women in management positions, and gender pay gaps. Employees and the Company are unanimous in valuing the part-time working models offered. In Hinwil, 23.4 percent of employees have chosen this model.

## Diversity of Governance Bodies and Employees

As at December 31, Headcount Figures	Danbury (Connecticut, USA)	Hinwil (Switzerland)	All Other Belimo Subsidiaries	Belimo Group 2021	In % of Headcount 2021	In % of Headcount 2020	In % of Headcount 2019
<b>Employees without Management Functions</b>							
Female	165	341	135	<b>641</b>	50.8%	50.4%	48.5%
Male	194	197	229	<b>620</b>	49.2%	49.6%	51.5%
<30 years	46	85	44	<b>175</b>	13.9%	14.8%	16.3%
30 – 50 years	155	314	238	<b>707</b>	56.1%	54.6%	55.6%
>50 years	158	139	82	<b>379</b>	30.1%	30.6%	28.1%
<b>Employees with Management Functions</b>							
Female	15	35	73	<b>123</b>	16.7%	15.2%	16.1%
Male	41	331	241	<b>613</b>	83.3%	84.8%	83.9%
<30 years	–	6	16	<b>22</b>	2.1%	2.1%	1.8%
30 – 50 years	27	235	225	<b>487</b>	66.2%	67.4%	68.2%
>50 years	29	125	73	<b>227</b>	30.8%	30.5%	30.0%
<b>Executive Committee<sup>1)</sup></b>							
Female	–	1	–	<b>1</b>	14.3%	0.0%	0.0%
Male	1	4	1	<b>6</b>	85.7%	100.0%	100.0%
30 – 50 years	–	1	–	<b>1</b>	14.3%	33.3%	28.6%
>50 years	1	4	1	<b>6</b>	85.7%	66.7%	71.4%
<b>Board of Directors<sup>2)</sup></b>							
Female	–	1	–	<b>1</b>	16.7%	16.7%	20.0%
Male	–	5	–	<b>5</b>	83.3%	83.3%	80.0%
30 – 50 years	–	2	–	<b>2</b>	33.3%	33.3%	40.0%
>50 years	–	4	–	<b>4</b>	66.7%	66.7%	60.0%
<b>New Hires</b>							
Female	24	63	46	<b>133</b>	45.7%	28.1%	
Male	29	54	75	<b>158</b>	54.3%	71.9%	
<30 years	22	36	25	<b>83</b>	28.5%	22.1%	
30 – 50 years	20	70	84	<b>174</b>	59.8%	70.1%	
>50 years	11	11	12	<b>34</b>	11.7%	7.8%	
<b>Disability-Employment-Schemes</b>							
Number of individuals with disabilities working for Belimo in the context of disability-employment-schemes <sup>3)</sup>	Danbury	Hinwil	Off-Site	Belimo Group 2021		Belimo Group 2020	Belimo Group 2019
	15	6	64	85 <sup>4)</sup>		70 <sup>4)</sup>	119

<sup>1)</sup> The percentage of women at the Executive Committee level at Belimo deviates by +8.3 percentage points from the manufacturing industry average in Switzerland of 6.0 percent.

<sup>2)</sup> The percentage of women at the Board level deviates by +3.7 percentage points from the industry average in Switzerland of 13.0 percent. (Source: Schillingreport 2021).

<sup>3)</sup> Individuals are employed by the respective organizations, not by Belimo directly.

<sup>4)</sup> All Sonnalde associates (42 individuals) and all associates of Brändi Foundation (22 individuals) perform their work on the premises of the respective institutions. The six associates from the residential and employment center for people with restricted mobility (IWAZ) perform their work at Belimo in Hinwil.

Corporate Governance

# Our Principles of Governance

BELIMO Holding AG discloses this corporate governance report at the highest corporate level of the Belimo Group 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*.

The required disclosure of remuneration for the Members of the Board of Directors of BELIMO Holding AG and the Executive Committee, as well as other disclosures, are reported in the Remuneration Report on pages 24 to 29 on the basis of the Ordinance Against Excessive Compensation in Listed Companies and the articles of incorporation of BELIMO Holding AG.

The information contained in this corporate governance report is based on the corporate organization, regulations and articles of incorporation effective as of December 31, 2021.

## Group Structure and Shareholders

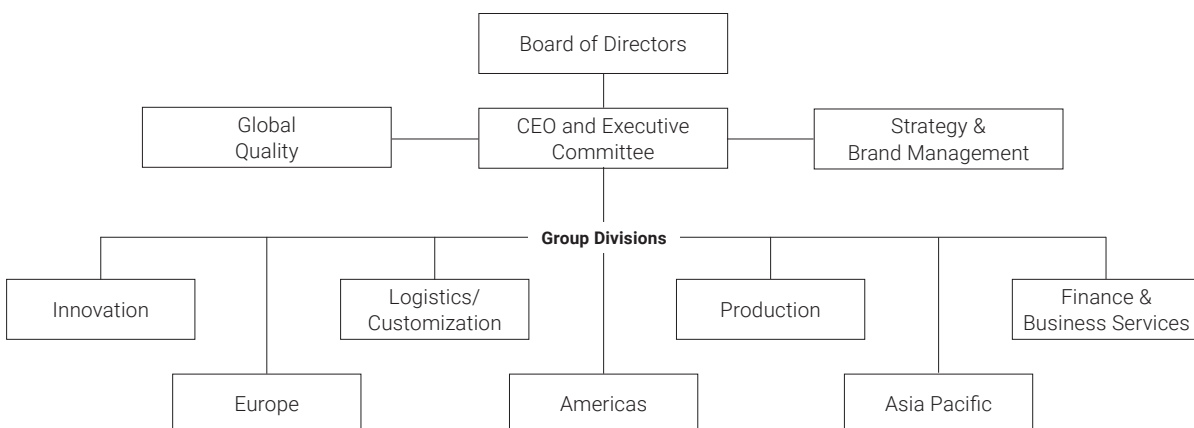
### Group Structure

The Belimo Group is organized by markets (Europe, Americas, Asia Pacific), by divisions (Innovation, Production, Logistics/Customization, Finance & Business Services), and by 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 Group company that is listed. The registered office of the Company is in Hinwil (Switzerland). Belimo shares (ISIN CH1101098163) are listed on the Swiss stock exchange SIX Swiss Exchange.

As of December 31, 2021, market capitalization totaled CHF 7 134 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are dis-

## Group Structure





closed on page 133. Further details on Belimo shares are provided on pages 138 to 139. Information regarding the unlisted companies is given on page 124.

### Significant Shareholders

As of December 31, 2021, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Ownership	Voting rights <sup>1)</sup>
BlackRock, Inc.	372 234	3.03%	3.03%
Ameriprise Financial, Inc.	513 185	4.17%	4.17%
The Capital Group Companies, Inc.	613 740	4.99%	4.99%
1832 Asset Management L.P.	719 700	5.85%	5.00%
Group Linsi	2 402 600	19.53%	19.51%

<sup>1)</sup> Maximum voting rights based on the Company's registration limits, section "Limitation of Transferability and Nominee Registrations" pages 39/40.

Disclosure notices relating to persons or groups with significant shareholdings (more than three percent of voting rights) can be found at:

[www.six-exchange-regulation.com](http://www.six-exchange-regulation.com)

As of December 31, 2021, BELIMO Holding AG held 0.01 percent of the share capital.

### Cross-Shareholdings

There are no cross-shareholdings with other companies.

### Capital Structure

Information on the capital structure is contained to a large extent in the articles of incorporation of BELIMO Holding AG and in the financial statements of BELIMO Holding AG (pages 130 to 135). The articles of incorporation are available at:

[belimo.com/corporate-governance](http://belimo.com/corporate-governance)

### Capital

The ordinary share capital of BELIMO Holding AG totals CHF 615 000.

### Approved and Conditional Capital in Particular

The Company has no approved or conditional share capital.

### Changes in Equity

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

	2021	2020	2019
in CHF 1 000			
Shareholders' equity as of December 31	285 007	302 927	309 095

### Shares

The share capital is divided among 12 300 000 registered shares, each with a nominal value of CHF 0.05. All registered shares are fully paid up and entitle the holder to dividends.

The Company 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 at the date determined in advance by the Board of Directors 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.

### Participation and Dividend-Rights Certificates

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

### Limitation of Transferability and Nominee Registrations

In terms of the relationship with the Company, only those persons who are entered in the share register shall be considered registered shareholders or beneficial owners. Buyers of shares or their beneficial owners must apply in writing to be entered in the share register. The Company may refuse to make an entry in the share register if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account.

A shareholder or beneficial owner shall be entered in the share register as a voting shareholder or beneficial owner for a maximum of five percent of the total number of shares as shown in the commercial register. Legal entities and private partnerships related to one another through ownership or voting rights, by shared management, or in any similar manner, and individuals, legal entities and private partnerships acting jointly or in a coordinated manner shall be deemed one person. Shareholders holding more than five percent of the total number of shares at the time this provision was introduced shall continue to be registered in the share register with the number of shares actually held.

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

### Convertible Bonds and Share Options

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

## Board of Directors

### Members of the Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of six members as of December 31, 2021.

### Further Activities and Relationships

Personal details and further activities and relationships of the individual Members of the Board of Directors are shown on pages 42 to 43.

### Independence of Non-Executive Members

The Board of Directors consists of non-executive members. This means that no member exercised an operational function for the Belimo Group 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 Belimo Group.

### Mandates

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 which do not belong to the Belimo 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 which do not belong to the Belimo Group is permissible for a Member of the Board of Directors as long as the Member of the Board of Directors is not impaired in exercising his or her obligations to BELIMO Holding AG.

### 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, who are elected individually by the Annual General Meeting (AGM) for a term of office of one year, 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.

### Internal Organization

The Board of Directors is the supreme management body in the Belimo Group. It is empowered to make decisions with respect to 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. 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.

By law, the Board of Directors has the following non-transferable and non-assignable tasks:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the organizational structure

## Information on the Members of the Board of Directors and their Committee Membership

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

## Attendance of Ordinary Board Meetings in 2021

The Board of Directors held ten ordinary meetings in 2021. The participation rate was 100 percent. Each meeting took six hours on average, for a total of 60 meeting hours.

	Feb 3	Feb 19	Apr 9	Jun 6	Jun 7	Jun 8	Jul 5	Jul 16	Sep 24	Dec 3
Patrick Burkhalter	●	●	●	●	●	●	●	●	●	●
Dr. Martin Zwysig	●	●	●	●	●	●	●	●	●	●
Prof. Adrian Altenburger	●	●	●	●	●	●	●	●	●	●
Sandra Emme	●	●	●	●	●	●	●	●	●	●
Urban Linsi	●	●	●	●	●	●	●	●	●	●
Stefan Ranstrand	●	●	●	●	●	●	●	●	●	●

- Determining the design of the accounting system, financial control and financial planning
- Appointing and removing the persons entrusted with the management and representation of the Company
- Supervision of the persons in charge of management
- Drawing up the Annual Report and the Remuneration Report, preparing for the Annual General Meeting and carrying out its resolutions
- Notifying the judge in the event of insolvency

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 and the Strategy Committee.

The Board of Directors has delegated operational management to the Executive Committee, headed by the CEO, 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 CEO is not a Member of the Board of Directors.

The Chairman of the Board of Directors, or, in his or her absence, the Deputy Chairman of the Board or a duly appointed member, calls the meetings and chairs the discussions.

### *Functioning of the Board of Directors*

The Board of Directors holds at least five ordinary meetings per year. As a rule, the dates of its ordinary meetings and committee meetings are scheduled early so that all members can attend in person. 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 agenda for meetings is drawn up by the Chairman in cooperation with the CEO. Any Board Member may request additional items to be included in the agenda. Meetings are announced in writing by the Chairman. The invitation, together with the detailed agenda and attachments, is normally distributed to all participants one week prior to the date of the meeting. Provided that no member objects, the Board may then also discuss other urgent matters that were not included in the agenda. The Members of the Executive Committee may be invited to attend Board meetings. Other employees or third parties may also be invited to attend meetings, in order for the Board of Directors to receive adequate information for its decisions.

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. Resolutions may also be passed by videoconferences, conference calls or by means of circulation, provided that no Member requests a verbal discussion at a meeting. The individual Members are required to step out of the meeting if matters are discussed that affect them or persons or legal entities related to them. The Board Members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/resolutions of relevance to them.

In addition to board meetings, the Board of Directors holds regular meetings with the Executive Committee. Furthermore, the Board of Directors and the Executive Committee met for one workshop in 2021, which is included in the ten ordinary Board meetings.

On April 9, 2021, the Members of the Board of Directors, including the CEO and CFO, carried out their annual self-evaluation by compiling and discussing insights gained from a questionnaire completed in advance.

## Board of Directors

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### **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 (AGM). 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 with 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 AGM. 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 AGM. 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). He is Vice President 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), BS2 AG (Zurich), Artha AG (Schlieren), and Pasquale Baurealisation AG (Zurich).



**Sandra Emme, Member**

Sandra Emme (1972, Swiss/German citizen) was elected to the Board of Directors at the 2018 AGM. 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 at the IMD Business School. Her fields of expertise are digital transformation strategy, international business development, and entrepreneurship.

**Mandates in listed companies**

She is a Member of the Board of Directors of Metall Zug AG, Zug (Switzerland). Furthermore, she has been proposed for election to the Board of Directors of the Zehnder Group, Gränichen (Switzerland), at the next Annual General Meeting in April 2022.



**Urban Linsi, Member**

Urban Linsi (1974, Swiss citizen) was elected to the Board of Directors at the 2019 AGM. 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 AGM. 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.

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**Changes in the Board of Directors during the Reporting Period**

No changes. More information on former Members of the Board of Directors can be found in under [belimo.com/financial-reports](https://belimo.com/financial-reports)

Suggestions for improvement have been recognized and implemented.

*Composition/Functioning of the Committees of the Board of Directors*

The duties of the Audit Committee, the Remuneration and Nomination and the Strategy Committee primarily comprise evaluation, advisory and supervisory functions for the Board of Directors. The committees have no decision-making powers. They meet periodically or when required. The same conditions regarding meeting rules and stepping out also apply as for the Board of Directors meetings. The Board of Directors elects the Members of the Audit Committee and the Strategy Committee annually. The Members of the Remuneration and Nomination Committee are proposed by the Board of Directors and elected individually by the Annual General Meeting for a term of office of one year.

Minutes of the meetings are prepared and distributed to those who attended the meeting and to all Members of the Board of Directors. The Members of the committees also report verbally to the next meeting of the Board of Directors regarding the matters discussed and submit, where necessary, the respective motions to the Board of Directors.

*Audit Committee*

The Audit Committee comprises at least two independent Members of the Board of Directors. Based on their

education or their professional experience, all Members of the committee have sufficient knowledge of finance and accounting.

The Members for the 2021/2022 period of office are: Dr. Martin Zwyszig (Lead), Patrick Burkhalter, and Sandra Emme.

Duties:

- Evaluating 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
- Evaluating adherence to financial reporting standards within the Group
- Selecting the audit firm to be proposed to the Annual General Meeting as statutory auditors, submitting motions to the Board of Directors
- Approving the audit plans of the statutory auditors
- Evaluating the performance, independence and remuneration of the statutory auditors
- Periodically reviewing the guidelines issued regarding ad hoc announcements and the avoidance of insider offenses
- Reviewing the internal control system
- Reviewing reports and updates from Internal Audit
- Periodically reviewing the structure of the risk management system
- Evaluating key tax issues

**Competence Matrix – Board of Directors**

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



The Audit Committee held two meetings in 2021 with the CEO, CFO, and internal and external auditors. The participation rate for meetings in 2021 was 100 percent. Each meeting took two hours on average, for a total of four meeting hours in 2021.

#### Audit Committee Meeting Attendance in 2021

	Feb 19	Nov 29
Dr. Martin Zwyszig (Lead)	●	●
Patrick Burkhalter	●	●
Sandra Emme	– <sup>1)</sup>	●

<sup>1)</sup> Sandra Emme has been elected to the Audit Committee in April 2021.

#### Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises at least two non-executive, independent Members of the Board of Directors. A Member is considered 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. 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. The following Members have been elected for the 2021/2022 period of office: Sandra Emme (Lead), Prof. Adrian Altenburger and Urban Linsi.

Information on the duties of the Remuneration and Nomination Committee is disclosed in the Remuneration Report on pages 24 to 29. The Nomination and Remuneration Committee is entitled to occasionally call in an external advisor on specific remuneration issues. In 2021, HCM International Ltd. was entrusted with services related to compensation issues for management members. HCM International Ltd. does not hold any other mandates for Belimo.

The Remuneration and Nomination Committee held five meetings in 2021. The participation rate for meetings in 2021 was 100 percent. Each meeting took 1.8 hours on average, for a total of nine meeting hours in 2021. The CEO, the CFO, and as of 2022, also the Global Head of Human Resources, participate in the meetings of the Remuneration and Nomination Committee.

#### Remuneration and Nomination Committee Meeting Attendance in 2021

	Feb 16	May 12	Aug 12	Nov 11	Nov 23
Sandra Emme (Lead)	●	●	●	●	●
Prof. Adrian Altenburger	●	●	●	●	●
Urban Linsi	– <sup>1)</sup>	●	●	●	●

<sup>1)</sup> Urban Linsi has been elected to the Remuneration and Nomination Committee at the Annual General Meeting of March 28, 2021.

#### Strategy Committee

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

The Members for the 2021/2022 period of office are: Prof. Adrian Altenburger (Lead), Patrick Burkhalter and Stefan Ranstrand.

#### Duties:

- 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 six meetings in 2021. The participation rate for meetings in 2021 was 94 percent. Each meeting took two hours on average, for a total of twelve meeting hours in 2021.

#### Strategy Committee Meeting Attendance in 2021

	Mar 9	May 11	Jun 30	Jul 22	Nov 5	Nov 12
Prof. Adrian Altenburger (Lead)	●	●	●	●	●	●
Patrick Burkhalter	●	●	●	●	●	●
Stefan Ranstrand	●	●	●	●	●	●

#### Regulation of Authority

The regulation of authority between the Board of Directors and the Executive Committee, which is headed by the CEO, is laid down in the organizational regulations (corporate schedule of responsibilities) of BELIMO Holding AG, in accordance with the articles of incorporation of BELIMO Holding AG. These describe the

## Executive Committee

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### **Lars van der Haegen, Chief Executive Officer**

Lars van der Haegen (1968, Swiss citizen) was appointed CEO of the Belimo Group 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).

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### **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 been working for the Schindler Group, Ebikon (Switzerland), in various positions since 2001; recently as Senior Vice President, Head of Digital Transformation in the CTO Division. She graduated in Mechanical Engineering at 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).

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### **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).



### **Lukas Eigenmann, Head of Group Division Europe**

Lukas Eigenmann (1961, Swiss citizen) was appointed Head of Group Division Europe, and Member of the Executive Committee in July 2010. He joined the Company in 1984. Beginning in 1990, he held various management positions at Belimo Americas in Danbury (Connecticut, USA) until 1991 and in Vienna (Austria) from 1994 to 1996. From 2002 to 2010 he was Managing Director in Stuttgart (Germany). Lukas Eigenmann is an Electronics Technician TS.

#### **Mandates in non-listed companies**

In March 2021, Lukas Eigenmann was elected to the Board of Directors of Apaco AG, Grellingen (Switzerland).





**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 the 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.

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**Changes in the Executive Committee during the Reporting Period**

**Dr. Elena Cortona** was appointed Chief Technology Officer (CTO), Member of the Executive Committee, and Head of Group Division Innovation in October 2020, effective June 2021. She took over from Louis Scheidegger, Head of Group Division Production, who had been acting as temporary head of the Group Division Innovation.

Moreover, as communicated in February 2021, **Lukas Eigenmann**, Head of the Group Division 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 Stauer, who became the new Head of the Group Division Europe and Member of the Executive Committee as of January 1, 2022. More information on former Members of the Executive Committee can be found in our Annual Report 2020 available under the following link:

 [https://www.belimo.com/mam/corporate-communications/investor-relations/financial-reports/2021/Annual\\_Report\\_2020.pdf](https://www.belimo.com/mam/corporate-communications/investor-relations/financial-reports/2021/Annual_Report_2020.pdf)

### Diversity: Comply or Explain

Belimo currently does not comply with the requirements of the Swiss Code of Best Practice for Corporate Governance with respect to gender benchmarks for the Board of Directors (BoD) and Executive Committee (EC) of listed companies, which has been in force since January 1, 2021. During the reporting period, however, various initiatives have been launched to actively promote diversity within the Company:

1. **Leadership Accelerator Program** with diversity quotas for the succession planning of senior leadership roles (see page 34 for more information).
2. Introduction of a gender quota in the selection lists for **appointments to BoD and EC positions**.
3. Filling of the **CTO position** with a female executive (Dr. Elena Cortona), as of June 2021.
4. Appointment of a female **Global Head of Human Resources** who is also a Member of the extended EC (Sandra Pitt), as of January 2022.

general duties and define who holds the decision-making authority for which transactions.

In addition to decisions regarding the tasks that are defined under article 716a of the Swiss Code of Obligations as being irrevocable and non-assignable, the Board of Directors also reserves the right to approve significant transactions relating to the implementation of strategy and important organizational, financial, and staffing matters in the operational area.

### Information and Control Instruments in Relation to the Executive Committee

The Board of Directors is integrated in the management information system of the Belimo 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.

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.

The written reports are supplemented by verbal information from the CEO or CFO at every meeting of the Board

of Directors. In special cases, the CEO informs the Board of Directors without delay regarding the matter in question. The Chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him or her on all transactions and issues that are of fundamental importance or that have wider implications.

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.

### Executive Committee

Together with the other Members of the Executive Committee, the CEO manages the operations of the Group. He or she is responsible for drawing up, implementing, and achieving the Group's corporate targets. The Executive Committee handles all transactions that are of significant importance to the Belimo Group.

The main duties of the Executive Committee are as follows:

- Developing and implementing the overall strategy and the overall budget
- Drawing up and implementing the structures and systems necessary for the management of the Group
- Making optimal use of Group resources
- Utilizing potential synergies present within the Group
- Promoting cooperation and communication within the Group
- Preparing motions that fall within the authority of the Board of Directors

### Members of the Executive Committee

The Executive Committee comprised a total of seven Members as of December 31, 2021.

### Further Activities and Relationships

Personal details and further activities and relationships of the individual Members of the Executive Committee are shown on pages 46 to 47.

### 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 which do not belong to the Belimo 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 which do not belong to the Belimo Group is permissible for a Member of the Executive Committee, as long as the Member of the Executive Committee is not impaired in exercising his or her obligations to the Belimo Group.

### **Management Contracts**

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

### **Committee Responsible for Decision-Making on Economic, Environmental, and Social Topics**

At the Executive Committee level, economic, environmental, and social topics are managed by the CEO, CFO, and the CTO. They are supported by the Head of Global Quality and the Head of Strategy & Brand Management as Members of the Sustainability Steering Committee.

### **Remuneration, Participations and Loans**

Details on the principles of the remuneration system, the granted remuneration, participations and loans to current and former Members of the Board of Directors and the Executive Committee are provided on pages 24 to 29 in the Remuneration Report and in the notes to the financial statements of BELIMO Holding AG on page 134 of this Annual Report.

### **Shareholders' Rights of Influence**

#### **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 need not 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 the issuing of 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 instruc-

tion to vote in accordance with the Board of Directors is deemed to be a valid instruction for exercising the right to vote.

See the provisions under the note regarding limitations on the transferability of shares and nominee registrations in the respective Corporate Governance section on page 39 to 40.

#### **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**

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 provisions do not contain any rules that are in violation of statute.

#### **Including Items in the Agenda for the Annual General Meeting**

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request the inclusion of an additional item in the agenda of the Annual General Meeting. Such requests shall be submitted in writing to the Chairman of the Board of Directors not 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 an Annual General Meeting. The exact date will be determined by the Board of Directors of BELIMO Holding AG and is published in the invitation to the Annual General Meeting.

### **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 on pages 24 to 29 of the Remuneration Report.

## Statutory Auditors

### Period of Appointment and Period of Office of the Auditor in Charge

KPMG AG, Badenerstrasse 172, Zurich (Switzerland) has been the Group auditor of the Belimo 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. In compliance with the term of office regulations stipulated by the Swiss Code of Obligations, a new lead auditor will be in charge not later than for the 2026 financial year.

### Audit Fee

KPMG invoiced a total of CHF 0.5 million to the Belimo Group in 2021 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it.

### Additional Fees

No material additional fees were paid to KPMG for other services such as consulting and tax advice.

### Sources of Information for the External Audit

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.

## Information Policy

### Principles

BELIMO Holding AG and the Belimo 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.

### Contacts

The Group 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](mailto:ir@belimo.ch)

### Quiet Periods

Quiet periods generally start after closing (first half year: July 1/full year: January 1) and end on the day of public announcement of the semiannual/full year financial results. Trading is authorized as from 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 published at:

[belimo.com/financial-calendar](https://belimo.com/financial-calendar)

### Publications/Reporting Cycle

Each year, an Annual Report including a Remuneration Report, and a Semiannual Report are published and available at:

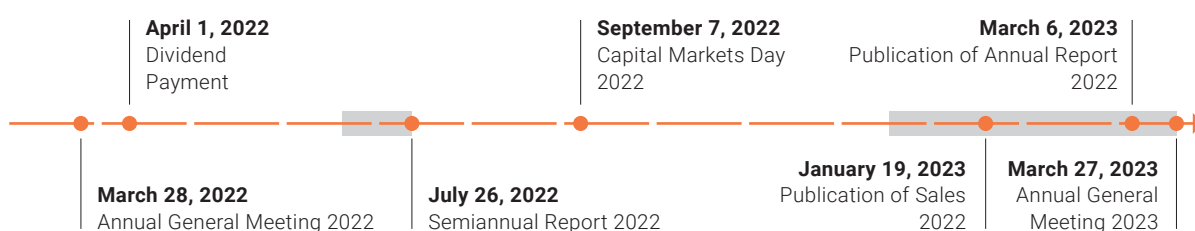
[belimo.com/financial-reports](https://belimo.com/financial-reports)

### Subscriptions

Interested parties are invited to add their names to a mailing list to receive the latest ad hoc and corporate news of Belimo at:

[belimo.com/press-releases](https://belimo.com/press-releases)

## Agenda and Events



■ Quiet Periods: July 1, 2022 – July 26, 2022 and January 1, 2023 – March 6, 2023

Additional information regarding the Company calendar is available at: [belimo.com/financial-calendar](https://belimo.com/financial-calendar)





**Become  
Part of a  
Winning  
Team**

## **Diversity and Inclusion at Belimo**

At Belimo, we believe in the value of diversity and are convinced that our workforce should reflect the diversity of the population. As a variety of perspectives strengthens our knowledge base, we strive for a well-balanced mix of employees – be it either along with visible differences such as gender, age, ethnicity, or physical abilities – or along with invisible differences such as national origin, religion, sexual orientation, political opinion, or work experience.



Discover more  
[belimo.com/jobs](https://belimo.com/jobs)

# Customer Value

## Customer Engagement and Support

# Belimo Drives Digital

By being the global market leader, Belimo has customer support ingrained in its corporate culture.

Excellent support is a competitive advantage of Belimo, as it improves the ease of doing business and establishes long-lasting customer relations and loyalty. As we introduce new technologies on a regular basis, we offer to assist our customers in overcoming initial reservations, thus helping to accelerate market acceptance of new solutions. With their direct regional access to customers, the three region heads are ultimately responsible for customer satisfaction. By maintaining a highly qualified sales force of more than 350 sales engineers, Belimo ensures that every customer receives expert advice in his or her local language. The consistency of customer engagement activities is crucial for the brand, and we therefore rely on well-documented internal policies and procedures to ensure that employees are aware of their responsibilities and of upstream and downstream value-creation processes. A state-of-the-

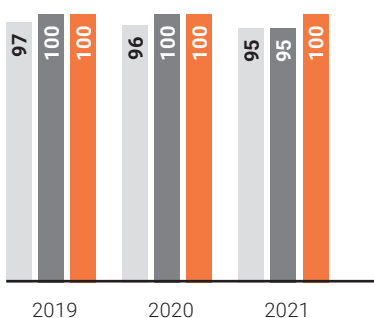
art Customer Relationship Management solution was evaluated in the interest of continuously improving our sales efficiency and enabling best practice exchange and was then implemented for five pilot countries in 2021 (Australia, Germany, Switzerland, Canada, and Austria). Global rollout will be completed in 2022, thus ensuring that our customer interactions will become even more focused on individual needs.

### Focus on the “Digital Customer Experience”

As digital tools in the planning, design, and execution of BACS become ever more predominant, Belimo is responding to this development with the launch of a new strategic initiative, “Digital Customer Experience.” Its focus is on the systematic advancement of pertinent critical topics in the area of digital tools, e.g., digital technical support, blended training, and HVAC/BACS design software. While the concentration on design software ensures that devices can be easily integrated and selected by the most popular design tools, digital technical support allows customers to communicate easily with a pool of hydronic and ventilation support engineers at all times. Blended training takes into account the tremendous success of our on-site and on-line training activities and is geared to expanding this way of learning further. The sub-initiatives are directed in their entirety towards changing the patterns of physical interactions, eliminating bottlenecks, and enlisting a digitally adept generation of technicians and engineers in the use of digital tools. To assess its effectiveness in the resolution of customer issues, Belimo conducts surveys, tracks material returns and has implemented a customer issue tracking system. Belimo applies a structured process to resolve product complaints quickly by conducting phone surveys. A quality manager calls customers to gather feedback, to measure performance, and to ensure that the case has been resolved. In 2021, 95 percent of customers were satisfied with overall complaint handling, 95 percent with the frequency of the communication, and 100 percent with the attitude of Belimo managers, which we see as reliable indicators of the effectiveness of our approach.

### Customer Survey Results Following Product Complaints

in %



- Satisfied with the overall complaint handling.
- Satisfied with the frequency of the communication.
- Satisfied with the attitude of Belimo managers.

High-Performance Solutions for Energy Efficiency and Indoor Air Quality

# Measuring Impact

How much impact do Belimo products really have on energy savings in the field?

To quantify positive energy leverage, Belimo has established a model that assesses the impact of its field devices over the course of their lifecycle in a typical HVAC system. We have structured our energy-impact model along six lifecycle steps:

**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 taken into account 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, considering 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 climate zones and power generation differences. 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.

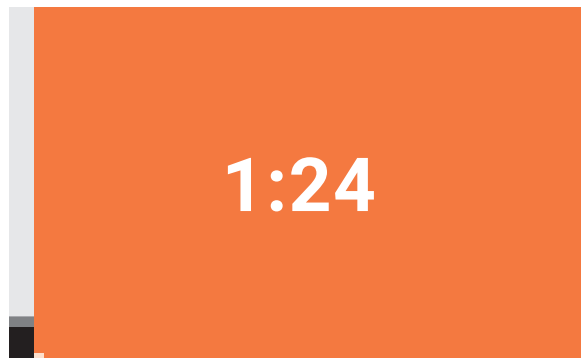
**Conclusion**

The energy-saving impact (step 5) of a Belimo valve and actuator is 21 (air-side) to 32 (water-side) times higher than the effect of all input factors, with a weighted average of 24. This results in a net CO<sub>2</sub> prevention impact of 1 068.28 kg CO<sub>2</sub>e per valve and actuator over a 15-year lifecycle (note: the typical lifetime of a Belimo field device is much longer than this). For air-side actuators, this value is 1 051.71 kg CO<sub>2</sub>e per device. With 5.5 million new airside actuators and 2.3 million water-side actuators shipped in 2021, these devices will help prevent 8.2 million tons of CO<sub>2</sub>e over their subsequent lifecycle.

Go to [belimo.com/sustainability](https://belimo.com/sustainability) to view the details of the model, the associated documentation, and a review of the model.

**CO<sub>2</sub> Impact of a Belimo Field Device**

Weighted average impact of an air-side and water-side actuator visualized in area sizes:



Input in kg of CO <sub>2</sub> e	Savings in kg of CO <sub>2</sub> e
Operation: +41.3	Savings: -1 103.25
Distribution: +0.1	
Manufacturing: +1.5	
Resources: +4.3	
Recycling: -0.4	

**Total CO<sub>2</sub> input: +46.8**      **Total CO<sub>2</sub> savings: -1 103.25 (approx. 24 times greater than all CO<sub>2</sub> input factors)**

With 7.8 million actuators shipped in 2021, Belimo helps save 8.2 million tons of CO<sub>2</sub>e in the application.



# How We Maintain Leadership with Our Solutions

Belimo employees show fantastic creativity when it comes to new ideas for higher energy efficiency or better IAQ. Through a regional idea collection process, dozens of new product ideas are submitted to the Markets & Innovation (M&I) Committee every year. This body, consisting of members from the three sales regions, product management, and the Group division Innovation and Strategy & Brand Management, carefully evaluates and prioritizes the ideas. The degree of additional CESIM®-value generated for customers is a critical factor in this selection process. Ultimately, the M&I Committee defines and updates the product development roadmap and decides which project has the highest business potential for the company and

which will be released next for development. During product development, the customer-centric method CESIM® (see overview below) ensures that the project team never loses sight of the primary purpose and customer benefit of a product.

integrated at our experience centers around the world and in customer training. This is one reason why our application and product training courses enjoy an excellent reputation among consulting engineers, contractors, and facility managers.

### Credibility – We Use What We Sell

Before launching them to the market, new Belimo products are consistently applied and thoroughly field-tested in the Company’s buildings worldwide. By doing so, Belimo employees gain practical experience with new offerings and become familiar with their new functions and features. In addition, our buildings are continuously upgraded to higher comfort and energy-efficiency levels. This valuable information can then be

### Tracking of Strategic Products

Belimo maintains a fully transparent, SAP-based controlling system that tracks existing products’ sales and margin development. A “strategic products” reporting has also been established which tracks the monthly sales developments of selected strategic, high-performance products. A dedicated report is sent to all managers at headquarters and in the sales regions. It is frequently used in management reviews.

## Our Customer-Centric Method CESIM®: The Benefits of Belimo Solutions



**Comfort:** People spend more than 90 percent of their time in buildings. Belimo helps people feel more comfortable, thus ensuring that they can live and work in a healthy environment: [bit.ly/349FTGO](https://bit.ly/349FTGO)



**Energy Efficiency:** Buildings account for more than 40 percent of the world’s energy consumption. With our energy-saving devices, we help reduce greenhouse gas emissions: [bit.ly/3jjw3bQ](https://bit.ly/3jjw3bQ)



**Safety:** Belimo fire and safety actuators save lives and help minimize damage to buildings and tangible assets. Furthermore, our devices safely control critical environments such as those in hospitals and laboratories: [bit.ly/2Gb25bz](https://bit.ly/2Gb25bz)



**Installation:** We make the day-to-day work of engineers and contractors easier. Our devices simplify design and installation processes and make commissioning even faster: [bit.ly/3kZ2pZB](https://bit.ly/3kZ2pZB)



**Maintenance:** Our high-quality actuators, control valves, and sensors have a longer lifetime and consume less energy during operation. Reduced maintenance provides peace of mind for building owners and operators: [bit.ly/3lOm9fG](https://bit.ly/3lOm9fG)



**About us:** Belimo is the global market leader in the development, production, and sales of field devices for controlling HVAC systems. The focus of our core business is on actuator, control valve, and sensor/meter solutions.



# Story: Integrated Thermal Energy Management



**Bringing  
Together  
What Belongs  
Together**



**You can't manage what you can't measure. This principle guided our engineers to design the first Belimo Energy Valve™ in 2012 and it continued to propel them through the next three iterations. Launched in 2021, the fourth generation of Belimo Energy Valves™ unites temperature control, certified energy measurement, and billing in one intelligent field device.**

For many years now, building operators have been collecting data they considered valuable in buildings for various reasons. On the one hand, operational data such as valve positions, air temperature, CO<sub>2</sub> levels, pump speeds, and chiller control were used to ensure a comfortable environment for occupants, while on the other hand energy data allowed owners to bill those occupants for that comfort.

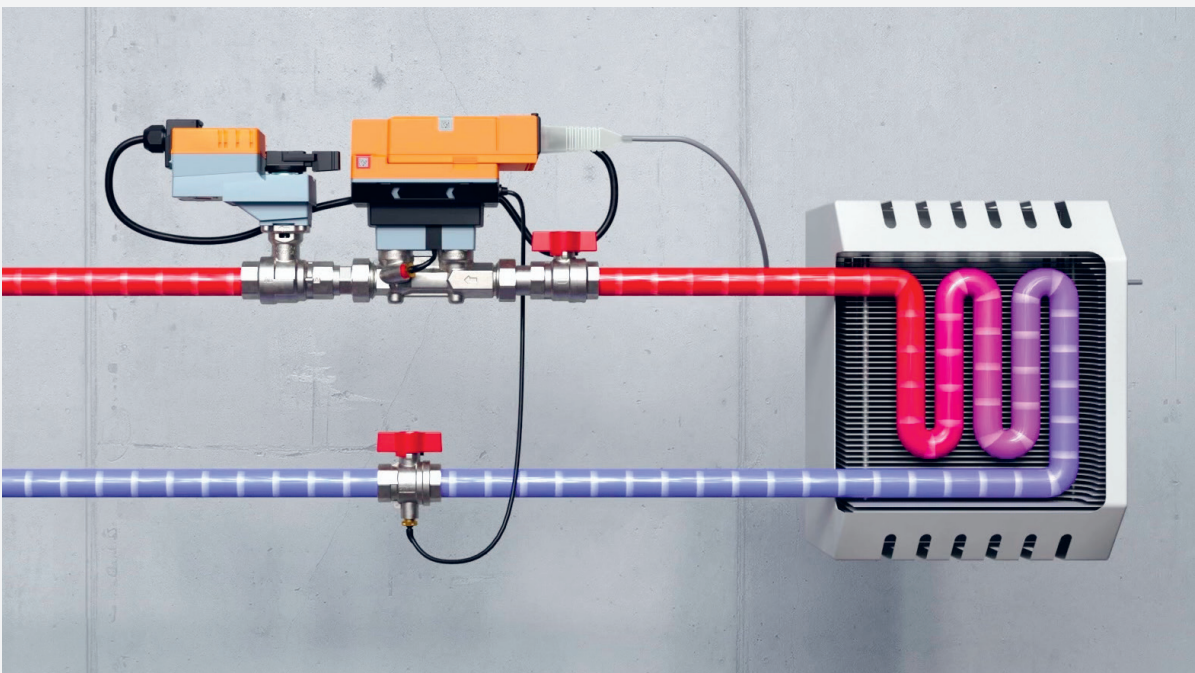
As the years have progressed, our need to reduce the operational energy consumption associated with comfort has increased, as have also the data collection requirements for building management systems (BMS). Change has been driven by multiple sources:

- The commercial aspect: numerous studies have shown that energy-efficient buildings have a higher capital value, spend less time vacant, and command higher rental yields, not to mention cost less to run.
- The legislative element: a number of different governments worldwide are forcing improvements through building codes and rating systems.
- The environmental aspect: pressure has mounted in this area, either because of corporate social responsibility trends or because of customer and employee demand.

Energy meters have been collecting valuable data useful for operational optimization for quite some time now. Collecting energy meter

data was however automated using Meter Bus (M-Bus) communication; as a dedicated metering system (the M-Bus System), this activity focused solely on the billing side and offered no operational transparency. This approach meant metering remained a separate "world," and attempts at integrating a metering system into a BMS, where all the other building data resides, was generally a slow and challenging process. As a result, duplication was considered the most straightforward approach for achieving the efficiency goals of building managers.

Belimo has taken the logical step of bringing together the worlds of certified thermal energy metering and comfort control. This was achieved by launching an innovative range of new thermal energy meters that meets the most stringent billing requirements while also communicating seamlessly with BMS. It can either be used as a stand-alone model for energy measurement or in an integrated approach as part of our fourth-generation Belimo Energy Valve™.



## Facing the Performance Gap

A gap between the expected energy performance of a building and its reality has always existed. This originates from design and commissioning tolerances when the building is new and increases from there. These so-called “performance gaps” widen significantly with buildings that have been in operation for as little as three years. Many products claim to be the solution for fixing all energy performance issues, but the reality of optimization is as complex as the buildings themselves and becomes more and more difficult as the utilization of a building changes over time. Existing HVAC equipment will be expected to cope with vastly different loading patterns, making them significantly oversized for most situations.

The Belimo Energy Valve™ is well established as one of the go-to components for holistic improvement of the energy performance of buildings. Belimo Energy Valves™ have proven themselves invaluable, both in autonomous optimizations by controlling power and managing delta T and in system transparency enablement, as their bus capability provides data to other systems. This approach is most successful when deployed as part of a mixture of measures; data from the Belimo Energy Valve™ can be readily used to optimize flow temperatures and pump speeds via the BMS.

### Measuring Energy

Energy measurement has always been one of the critical pillars of the Belimo Energy Valve™ and has been significantly enhanced with the launch of the fourth generation. Our MID (Measurement Instruments Directive) certified version complies with one of the most stringent requirements an energy meter can meet. MID is the pre-

## The Belimo Energy Valve™: Measure and Control Energy Instantly

The Energy Valve™ measures both supply and return water temperatures, instantly controls flow rates, and optimizes the energy supplied to the consumer. It safeguards ideal room comfort by ensuring optimum water flow, even with differential pressure changes and partial load operation. Ever since its original release, the functions of the Energy Valve™ have been threefold:



**Measuring Energy.** From things as simple as checking the temperature change and measuring the flow rate, nearly all the groundbreaking Belimo Energy Valve™ features use energy measurement (one could in fact argue that this is the most critical feature of the valve.) And with the fourth generation, this energy measurement data has become twice as valuable, as it can now also be used to charge consumers for energy usage.



**Controlling Power.** The Belimo Energy Valve™ provides control certainty in a world where everything is in flux. Modern, efficient HVAC systems maximize effi-

ciency by adapting as much as possible to changing conditions. The fluctuations of air volumes, water flows, air temperatures, and water temperatures means that heat exchanger outputs can vary dramatically for any given control signal. Power control completely removes this by translating control signals into power output. The Belimo Energy Valve™ works to provide consistent power output for any given control signal, thus greatly simplifying control loop configuration and tuning.



**Managing Delta T.** Delta T management is an integral part of any optimization strategy. Adding energy to water and then distributing that water accounts for a significant portion of the power consumed by HVAC systems. Not making the most out of the energy being distributed is one of the most common causes of inefficiency in modern buildings. Energy Valves™ manage Delta T and prevent water from flowing too quickly through heat exchangers, thus ensuring that the optimum amount of energy is extracted from the water: Pump energy is reduced, slow-moving water is easier to heat or cool at the central plant and efficiency is increased.

requisite for being considered a “billing quality” meter in many countries. Our Thermal Energy Meter, either as part of the fourth-generation Belimo Energy Valve™ or stand-alone, is not only MID-compliant, but it also meets EN1434 standards and is

NIST-traceable. While glycol or anti-freeze are indispensable in systems that take water close to or below freezing point, glycol is itself a headache when efficiency and energy monitoring are required. Its presence can affect energy meters by as much as 30 percent, making

most energy meters incompatible with glycol-reliant systems. The new Belimo Thermal Energy Meter can detect the type and level of glycol in the water and adjust thermal calculations to match those levels. Glycol affects the viscosity of water, making it thicker, resulting in increased pumping energy consumption. Ensuring the correct levels of glycol will maintain a balance between the efficiency of the HVAC system and protection against freezing. As no allowance is made in metering standards for accommodating methods of glycol compensation, our certified Thermal Energy Meters will alert users to the presence of glycol in the water.

### Seamless Integration

HVAC Digital Ecosystems are extending further down the device chain, with many peripherals forming part of the BMS network in modern buildings. Belimo has long recognized the need for easy sharing of data between Thermal Energy Meters and the BMS, and in fact, the Belimo Energy Valve™ has supported Modbus, BACnet, and MP-Bus, for some time now, as does also now the new Thermal Energy Meter. If required, the Thermal Energy Meter can use a gateway to communicate via M-Bus systems.

In this connected world of ours, the sharing of data with multiple cloud-based platforms is being requested by more and more customers, including facility management operations, building energy analytics,

Bertrand Piccard's (left) Solar Impulse Foundation has awarded Belimo the Solar Impulse Efficient Solution Label. The Belimo Energy Valve™ is one of 1000 innovative solutions that meet high standards of sustainability and profitability.

and energy-billing services. We make this easy, as all Belimo Thermal Energy Meters and Belimo Energy Valves™ are already IoT-ready and can be connected directly to the cloud. Building owners can then provide third parties with authorized, secure access to their data from the Belimo Cloud using an API (Application Programming Interface). Many Building IoT companies have already set up connectors to the Belimo cloud and can access our respective customers' data when authorized. These range from the billing companies that use the meter data to analytics businesses that offer insight into how well buildings perform.

### Keeping it Digital

It is often the case in the HVAC world that we are essentially still using pen and paper for record-keeping, while at the same time the need for accurate records has never been greater. This is particularly true for metering, where documentation concerning installation and re-calibration may become of critical importance if the meter's accuracy is challenged. Digital Twin Technology is now

making life easier. Using a smartphone and an NFC chip built into the fourth generation of the Belimo Energy Valve™, not only commissioning and calibration certificates but also configuration data can now be stored securely in the Belimo Cloud. Improved workflows thanks to NFC simplify the configuration, commissioning, and troubleshooting process, removing the need for extra tools, specialist equipment, and even power itself during configuration.

Ethernet-based communication has always been regarded as being something 'for the future.' As peak efficiency requires large amounts of data delivery by responsive and reliable networks, that future will soon be upon us. Belimo has looked beyond Ethernet cables. The fourth-generation Belimo Energy Valve™ and Thermal Energy Meter support Power Over Ethernet (POE), allowing the device to be powered and high-speed communication to be possible using only one low-power cable. This technology is already widely used in buildings (telecommunications, CCTV, etc.); it dramatically reduces the wiring, power, and installation outlays required.







### Lightening the CO<sub>2</sub> Load

Over the last decade, Belimo has had tremendous success convincing customers of the advantages of electronic pressure-independent control valves, resulting in over-proportional sales growth in this range. Besides product features such as power-control or Delta-T management, electronic valves also offer another fundamental advantage.

Mechanical Pressure-Independent valves require an internal diaphragm which needs to be supported and actuated by a spring. While inconsequential on smaller valves, the additional weight of these internal components begins to take on significance in larger-sized valves. Given that a single 150 millimeters (6 inches) electronic pressure-independent valve is 50 kilograms (110 pounds) lighter than an equivalent mechanical version, and that thousands of these valves are being installed globally every day, this one small device shows significant CO<sub>2</sub>-savings at several steps of our impact model (see page 53).

As the Belimo Energy Valve™ is built using CCV technology, it closes off 'air bubble-tight,' meaning no


water passes through when the valve is closed. The process of allowing water through the valve when it is closed, often referred to as "ghost energy leakage," is graded as a "class," whereby valves which are described as watertight are assigned to 'Class IV.' When the initial leakage rate is minimal but increases over time, the unwanted flow becomes quite significant, given the sheer number of these valves. As the pump speed is determined by pressure, a drop in pressure means that the pumps are forced to work harder, which is associated with heating or chilling water at great expense, only to have it be returned to the plant as unused energy.


A reduction in travel to construction sites is another behind-the-scenes benefit of electronic valves. Ideally, large, high-rise buildings worldwide should each be commissioned as autonomous and extensive hydronic systems. Commercial pressures often require that a building be handed over in stages, i.e., resulting in staggered occupation of the different floors as soon as they are completed. With electronic pressure independent valves, the individual hydronic systems on each floor can be fully commissioned and handed over to the ten-

The Belimo Energy Valve™ and Thermal Energy Meter work with the Belimo Assistant App to support the design process, simplify commissioning, make troubleshooting easy, and retain records and certificates as required.

ants, independent of the progress of the other floors. Flow-through electronic valves can be easily verified without commissioning stations and will tolerate temporary pumps more readily than their mechanical counterparts. Design flows are possible earlier in the construction process, and this allows installation contractors to confirm correct pipework installation, and fewer onsite personnel are required for its accomplishment.

In conclusion, the fourth-generation Belimo Energy Valve™ and the Thermal Energy Meters launched in 2021 are significant milestones in the history of Belimo and further proof of the Company's passion and innovative power when it comes to optimizing the energy efficiency of HVAC systems.

 **The new Belimo Energy Valve™:** Go to [belimo.com/energyvalve](https://belimo.com/energyvalve) to find out more.

 **One of 1000 Solutions:** The Energy Valve™ is one of the Solar Impulse Foundation's 1000 Solutions to Change the World: [bit.ly/30PGvTK](https://bit.ly/30PGvTK).



#### 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 percent 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."

# Story: Indoor Air Quality Sensors

## Controlling Indoor Air Quality at One's Fingertip



**Fresh air is of paramount importance for our comfort, productivity, and health. It improves cognitive performance, reduces numbers of sick days, and prevents the spread of viruses. Belimo indoor air quality sensors serve as a critical link between the zones and the HVAC system for ensuring optimum conditions.**

In the past few years, especially during the COVID-19 pandemic, indoor air quality (IAQ) has become the dominant topic in the HVAC industry. This trend is reflected in guidelines and standards: In the past, the focus was on energy efficiency, as one can see with the LEED green building standard or the European Energy Performance

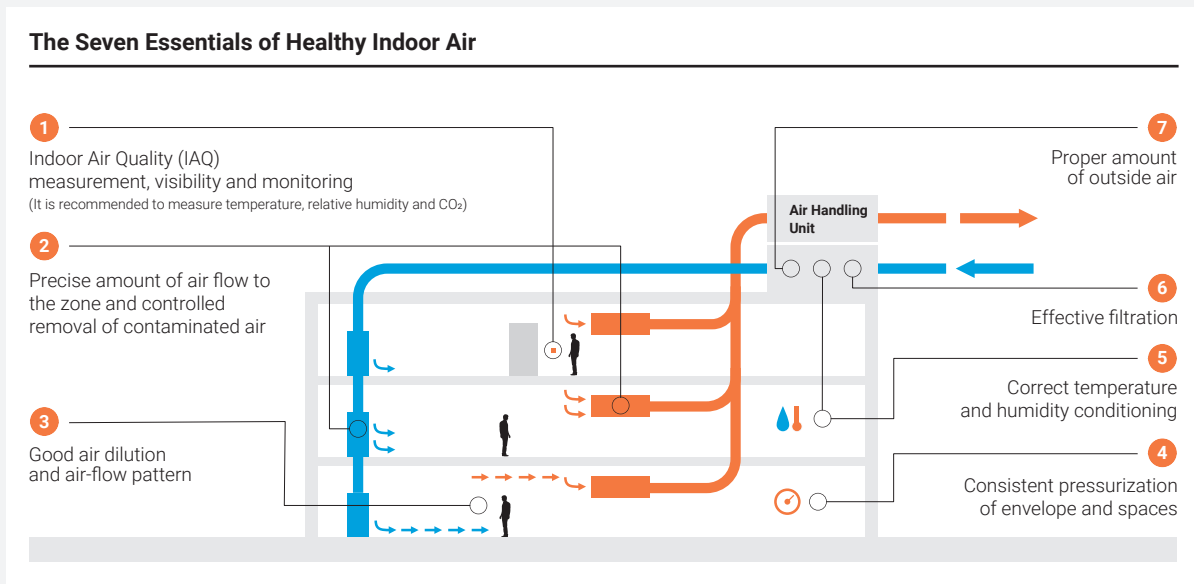
of Buildings Directive (EPBD), to name just two. Since buildings contribute approximately 40 percent of the world's greenhouse gas emissions, energy efficiency remains of primary importance.

In addition to that, guidelines and standards related to IAQ have finally received the attention they deserve, as in the case of standards such as WELL and RESET, which target building and building material certifications for health and well-being. Going a step further, the European program ALDREN combines energy efficiency and indoor environmental quality (IEQ) aspects with the ALDREN-TAIL index, with the ultimate aim of boosting building renovation quality and pace.

To approach the topic of IAQ systematically, practically, and comprehensively, Belimo interviewed consulting engineers and experts worldwide in the ventilation sector

to identify the priorities for creating healthy indoor air environments in buildings. This resulted in the compilation of the "Seven Essentials for Healthy Indoor Air", a list of the most critical factors for ensuring healthy indoor air in non-residential buildings (see graph on page 61).

Essential No. 1 is central for ensuring healthy indoor air within this framework: "Continuous and reliable measurement, display and monitoring of indoor air quality." Sensors are the foundation for comfortable, productive, and healthy indoor air. What cannot be measured cannot be controlled. Accurate and reliable sensors measure the relevant parameters for monitoring and control of the HVAC equipment. The most important parameters are temperature, humidity, and CO<sub>2</sub>. The measurement and display of these values should be considered the minimum requirement for indoor air quality assessment.



## Temperature Is Central

Of the three most important parameters, temperature – the one most easily sensed by humans – has an important impact on all other considerations: comfort, productivity, and health. It is crucial for thermal comfort, which is also influenced by relative humidity, air velocity, and individual metabolic rates, clothing, and activity levels. That is the reason there is no one ideal temperature range for every kind of environment and activity. Studies have however shown that temperatures well outside acceptable ranges for specific circumstances have a negative impact on productivity, decision-making, and sense of well-being. In environments such as offices where occupants remain in place and work for many hours each day, the ideal situation for occupants is when their individual temperature setpoint is determined and maintained.

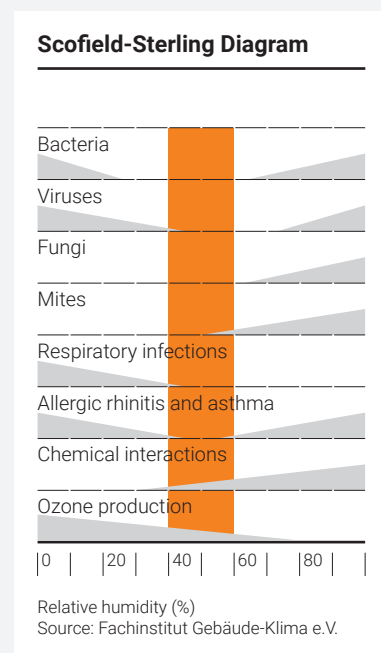
Despite the fact that humans lack a direct sensory organ for relative humidity, this parameter plays an essential role in thermal comfort and health. Whereas low humidity increases perception of Volatile Organic Compounds (VOC) in the

air and irritation of mucous membranes, excessively high relative humidity increases the perception of stuffy air. Low relative humidity also influences various other aspects of human health, including eyes, skin, and respiratory tract, resulting in reduced productivity, lower sleep quality, and increased stress. Maintaining relative humidity levels between 40 and 60 percent eliminates these effects, while also helping to reduce the transmission of diseases and to increase the body's ability to protect itself: Relative humidity influences the suspension time of aerosols and the amount of time before viruses are inactivated (lifetime). Studies have shown that both aerosol suspension time and virus lifetime are longest in cold, dry climates, thus increasing the risk of infection.

## Using CO<sub>2</sub> as a Proxy

CO<sub>2</sub> does not negatively impact human health except in cases of exposure to extremely high concentrations. Nonetheless, productivity and well-being decrease with moderately high CO<sub>2</sub> concentrations, and in most cases, CO<sub>2</sub> is an excellent proxy for overall indoor air quality. It is therefore consid-

ered to be one of the three critical parameters for indoor air quality measurement and serves as a control signal for demand-controlled ventilation. CO<sub>2</sub> concentration of more than 1000 ppm (parts per million) decreases the brain's ability to concentrate; at 2000 ppm and higher, it can lead to fatigue and even headache. In addition, the CO<sub>2</sub> level in indoor air is an excellent indicator of potential bio-contamination, including the COVID-19 virus. As humans exhale CO<sub>2</sub>, levels in-





### Pressure Sensors and Switches for Filter Monitoring



Filters help ensure that the air supplied to the zones is not contaminated by pollutants from the outside or recirculated air such as fine dust, pollen, and pathogens. Filter selection is dependent on the respective application and on occupation-specific requirements. To ensure healthy indoor air and to save energy, filter maintenance replacements should be conducted according to usage and not according to time.

Pollutants accumulate in filters over time, thus increasing airflow resistance and resulting in drops in pressure caused by passage through the filter. In systems

with constant air volume flow, air pressure switches from Belimo are a cost-efficient and reliable way to monitor filters. In systems with variable air volumes for demand-controlled ventilation, however, differential pressures fluctuate in accordance with the airflow. Pressure switches are not suitable for monitoring filter statuses in such situations, which is why differential air pressure sensors are used instead. The single and dual differential air pressure sensors from Belimo are available with a Modbus interface for remote logging and monitoring. The Company's sensors can also be used for maximum accuracy in filter monitoring in systems with varying loads and multiple filters. This is achieved by measuring the pressure drop across the filter in relation to the airflow.

The main advantage of this method is that the filters no longer have to be replaced periodically, but only when they are clogged. Room hygiene is ensured at all times.

crease with high occupancy and limited air exchange, which causes the load of infectious aerosols to increase as well.

### Tiny Dust – Huge Impact

The measurement of other parameters, especially Volatile Organic Compounds (VOC) and fine dust (particulate matter (PM) in tiny sizes such as PM<sub>2.5</sub>) is becoming more popular and ever more essential in specific environments. High VOCs values can be caused by many sources, including furniture, carpets, cleaning agents, pantries,

and by IT equipment such as laser printers. It can lead to eye, nose, and throat irritations, headache, and even cause liver, kidney, and central nervous system damage in extreme cases. VOC can be a complementary parameter to CO<sub>2</sub> (in fitness centers, for example) or on its own (for instance in commercial kitchens). In contrast to CO<sub>2</sub> and VOC, fine dust is typically introduced from outside the building. The smaller the PM sizes, the higher the adverse effects on health. Particles of 10 µm diameter (PM<sub>10</sub>) or smaller have a direct health impact. They can be inhaled

and penetrate deep into the respiratory tract, not only the lungs but also the bloodstream. Associated health problems can include respiratory diseases, heart attacks, and cancer. Proper filtration and air purification can help to restrict fine dust to acceptable levels inside buildings.

### Measure in the Right Location

To measure correctly, room sensors need to be located in close proximity to their occupants. However, even the best and most accurate sensors cannot compensate for wrong measurements as, for example, when they are placed behind furniture, next to open doors, directly in the sun, or close to the ceiling. This is why Belimo IAQ sensors are available in two mechanical formats: one for placement inside the room and another for duct installation. In cases where proper placement in the room is not possible, IAQ sensors can be installed in the return air duct to measure the parameters of the removed air. In contrast to room sensors, occupants cannot directly monitor the sensor readings when this setup is used.

In comparison with total HVAC investment, high-quality and reliable sensors constitute an almost negligible cost factor but contribute significantly to improved comfort, productivity, and healthy indoor air. This makes them a worthwhile, high-return investment. Factors such as accuracy, response time, long-term stability, low drift rates, and robustness must be taken into account when selecting suitable sensors. Belimo offers a wide range of room and duct sensors for the accurate measurement of temperature, relative and absolute humidity, enthalpy, dew point, CO<sub>2</sub>, and VOC. Thanks to their features and benefits, they have been very well received in the market.



### Our Latest Innovation

According to a survey conducted in 2021 during the COVID-19 pandemic, 82 percent of Millennials would feel safer at work with real-time indoor air quality information. The newest Belimo room sensors fulfil this requirement perfectly. They have an electronic paper display that requires no supplemental standby energy. Thanks to its high contrast, the display offers excellent legibility, and the quality touch screen provides a smooth user experience. The room operating unit display is configurable, and specific icons can be enabled or disabled. The green-yellow-red LED traffic light function indicates the air quality level to room occupants.

For environments where recurring or changing occupants are not to have access to sensor readings



and operation (such as in schools and public spaces), analog room units and the Belimo Display App are ideal alternatives. They enable the key user, such as the teacher or store manager, to change the temperature setpoint and display the sensor measurements on a smartphone. The Display App is intuitive, provides access restrictions, and runs on Android and iOS operating systems.

Active room sensors can be commissioned and diagnosed with the Belimo Assistant App via smartphone. Thanks to wireless NFC communication, it is possible to implement configurations even when the sensors are not powered. There is no need to set cumbersome DIP switches or jumpers.

The Belimo product range includes active and passive sensors. Besides being accurate, they have a short response time and a low drift rate, thus providing long-term stability. In addition, they are tailored for fast, error-free installation and commissioning by offering a unique snap-on housing cover, a detachable backplate, spring-loaded removable terminal blocks, and reverse polarity protection. The duct sensors are particularly robust in their design and meet NEMA 4X/IP65 requirements.

### Remote Monitoring

Besides controlling the HVAC equipment, remote monitoring is a critical element for ensuring healthy indoor air while at the same time optimizing energy consumption. Occupants want to monitor the room's air quality for comfort and health. Facility managers want to optimize maintenance efforts. Tenants want to minimize energy consumption and cost while at the same time improving occupant productivity.

To enable seamless integration into all major building management systems, Belimo room and duct sensors support the open communication protocols Modbus and BACnet. In addition, the Belimo Energy Valve™ and other IoT actuators offer inputs to transfer sensor measurement values to digital ecosystems, thus saving extra I/O-points (controller inputs). Thanks to a robust and secure client Application Programming Interface (API), third parties can integrate Belimo IoT devices into OEM ecosystems or into open Building IoT platforms or they can develop their own customized services.

**Find Out More.**  
Go to [belimo.com/sensors](https://belimo.com/sensors) to find out more.



### 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, and indoor air quality (the concentration of CO<sub>2</sub> and Volatile Organic Compounds – 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.

# Solution Leadership

## Solution Leadership

# Delivering the Best Solutions

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 HVAC applications. 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. As part of our customer-centric method CESIM®, an array of customer segments, suppliers, and development partners become involved in the development process at an

early stage. This allows us, together with our stakeholders, to find and verify innovative approaches and ideas.

### Balancing Customer Needs/Standardization

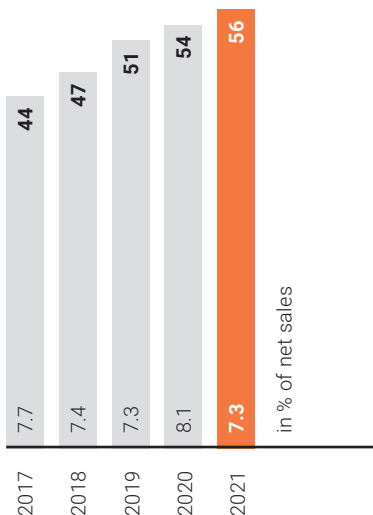
Far-sighted investment into research and development (R&D) to maintain innovation leadership is one of the main success factors of Solution Leadership (see graph at bottom left). While the regional Group divisions spot new trends in the market, maintain close contact with customers, and translate their requirements into new application concepts, the Group division Innovation is subsequently responsible for and ultimately drives the development of a differentiated product offering.

### Gauging Our R&D Success

The main KPI for gauging the success of Solution Leadership is the resources dedicated to R&D as a percentage of net sales. This share has been maintained at a constant rate of more than seven percent over the last five years. Belimo also tracks the success of managing its better solution design by comparing R&D investments in different segments to changes in sales or market share of the corresponding segments. Other measures are the overall strategic development of the product range, the number of quality cases, and the achievement of individual metrics at pre-defined milestones of each individual innovation project.

### Research & Development Costs

in CHF million



### UN Sustainable Development Goals Approach

With respect to SDG 9 "Industry, Innovation and Infrastructure," Belimo sets standards in HVAC actuator, control valve, and sensor technology.

While the majority of Belimo field devices drive energy efficiency of buildings, its fire and smoke actuators contribute to their resilience.

Digitally Enabled Solutions

# In Full Data-Control

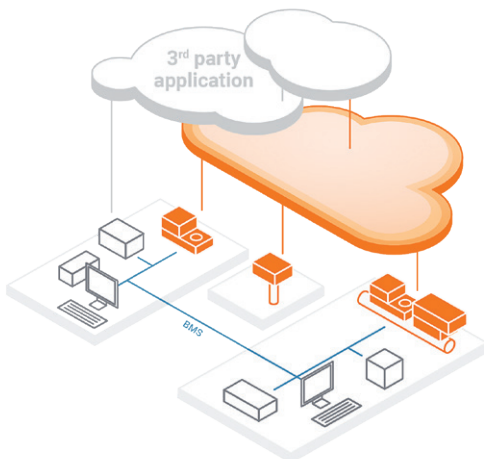
By providing the Belimo Digital Ecosystem, we help our customers digitize their business processes and maximize the value of their installations.

Connectivity has always been a key feature of our products. Belimo devices have always existed on the boundary between the physical and digital worlds. Sensors observe the physical world and make it understandable to the digital world, while actuators act in the physical world based on information originating from the digital world.

For each Belimo IoT device, a digital twin is created, collecting all the digital information the device needs to operate (see graph below). Customers who own a Belimo IoT device thus also own its digital twin and can interact with it through an open and fully documented interface: the Belimo Cloud API. Third-party applications can then elaborate and aggregate the data collected by our devices, which is subsequently transformed into information.

## Seamless Integration – Thanks to Digital Twins

Belimo Digital Twin Technology allows for easy configuration, commissioning, seamless integration, and troubleshooting – by safely storing all the necessary data in the Belimo Cloud.



## Forming the Belimo Digital Ecosystem

This interface is being utilized every day by more and more companies, which we refer to as “Belimo Digital Ecosystem Collaborators,” thus providing our customers with both the data and the total value of the information so that they are in full control of their data.

The mission of the ecosystem is to apply the data provided by the Belimo device in the interest of an entirely holistic building context where all data is aggregated and simulated together for advanced building models that can be driven by machine learning and artificial intelligence.

At Belimo, we believe in the value of digital collaboration: it is the only way to make buildings increasingly intelligent and transparent and allow our customers to implement effective optimization and energy-saving strategies.

## Reducing Installation and Maintenance Cost

Providing our customers with a solid and reliable infrastructure for integrating their digital twin with rich data content is the foundation for enriching all their business processes: planning, installation, commissioning, monitoring, optimization, maintenance – and, most importantly, seamless integration.

The time savings for the system integrator is substantial, and the progress and final configuration of the job are automatically logged and documented. This level of automation represents a significant advantage during the controls project and later in the maintenance phase.

At the same time, our digital twins provide data that helps Belimo understand the application of our devices in the field even better and aids in the improvement of software in future versions. Our goal is to gain an ever-deeper understanding of selected applications of our devices in order to push innovation beyond specific products and enhance HVAC systems’ overall efficiency. Providing even better products with the right digital connection is our focus now and in the future.

Strategic IP Management

# Patented Success

Belimo handles its growing number of patents and trademarks via strategic management of its IP.

First and foremost, the primary reason for pursuing strategic intellectual property (IP) management is to ensure Freedom to Operate (FTO) – which means that Belimo and its customers are free to manufacture and operate Belimo products without any IP right restrictions. Protecting technological advantage and subsequent innovation leadership is a second reason. In addition, cost-effective management is achieved by continuously assessing the value of IP rights and the optimal use of service providers.

### Continuous Monitoring to Ensure FTO

The strategic IP management team is part of the Group division Innovation. In the search for new patents, the strategic IP management team continuously monitors ongoing development projects, mapping out and analyzing their status. In addition, new third-party product,

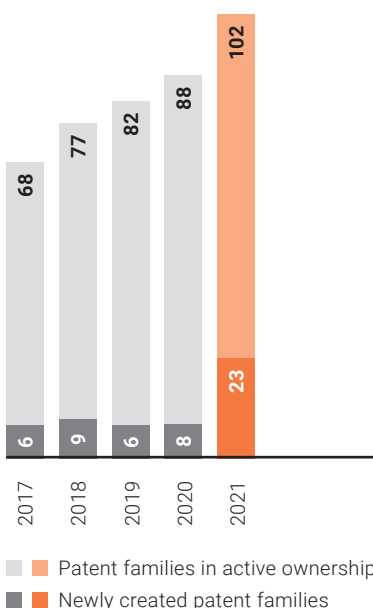
application, or technology patents in the HVAC industry are regularly monitored to ensure FTO and to be kept up to date with respect to the market. This approach allows developers to focus primarily on their own roles. IP management also entails the definition of rules and duties between development partners before a project is started. These aspects are well documented in development agreements and nondisclosure agreements (NDAs). If required, Belimo evaluates the licensing of advanced technologies for its products. The effectiveness of IP management is reviewed in regular meetings with the Group division Innovation, the IP management team, and the Executive Committee. IP management also maintains a patent database for the tracking and sharing of relevant information.

To further strengthen its IP portfolio, Belimo filed a significantly higher number of new patent applications in the period under review. The subsequent increase in patent families in active ownership and the accelerated creation of new patent families (see graph on the left) is one of the outcomes of the Group’s continuous improvements in IP processes and capabilities.

### IP Management Going Forward

Strategic IP management is especially relevant in the age of digitization – a field Belimo focuses on and for which it has filed a number of patent applications. Belimo is increasingly competing with IT companies that file for vast number of patents. Belimo puts significant effort into monitoring activities in this field and in prioritizing patenting efforts. Last but not least, FTO in the IoT range is also a vital IP area.

A Growing Number of Patents



# Operational Excellence

## Partnerships with Suppliers

# Growing Together

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

At Belimo, 86 percent of product manufacturing costs are incurred within a network of almost 400 suppliers. These partnerships are critical to Belimo for delivering with outstanding quality, a high grade of availability, and customer-oriented flexibility – and to uphold its asset-light model that is characterized by high net sales per employee (see graph below). Belimo sees its suppliers not simply as providers of parts and assemblies: they have a seat at the table when specifications for products or services are being developed. This means they contribute significantly to innovative capacity, as they help fulfill the end-users' needs while meeting and exceeding mandates cost-effectively.

### Keeping the Pace

Belimo suppliers are mission-critical for upholding the sustainability and Quality First standards of Belimo. When it comes to ecological, social, and governmental standards, Belimo makes the same

demands of its suppliers as it does of its internal service providers. These requirements are set out in the Code of Conduct (CoC) for Suppliers (go to [bit.ly/3AHyn5W](https://bit.ly/3AHyn5W) to view it) and reflect internal guidelines. All suppliers are expected to pass these requirements down along their own supply chains.

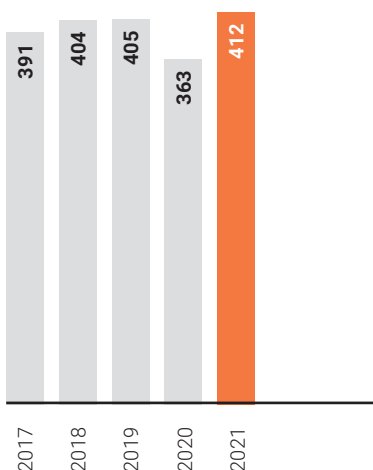
The main instruments for establishing new supplier relationships and for evaluating existing ones are audits, risk management, and category management. Belimo requires suppliers to grant full transparency to enable the Company to estimate risks reasonably, no matter whether these be of a financial nature, or whether they refer to adherence to occupational safety standards, ability (know-how), or availability (capacities) for working on projects. For Belimo, being an active partner in the skill development of its suppliers' workforce regarding manufacturing processes is crucial for long-term partnerships, as it has proven to be a recipe for competitiveness and quality. The ultimate ambition of the sourcing strategy of Belimo is to engage suppliers that match its company culture, keep pace with our growth, and establish relationships characterized by trust and honesty.

### Long-Term Partnerships

Next to ensuring a cultural fit with its suppliers, Belimo evaluates the effectiveness of its approach based on the number of suppliers audited each year, years of co-operation, and turnover. Belimo audits about 10 percent of its supplier base every year, focusing on A, B, and special part suppliers. Belimo requires A-suppliers to establish a certified environmental management system that complies with ISO or has at least implemented the following elements from the standard: environmental goals, program, legal compliance, and waste management (see Environmental Footprint of the Supply Chain, page 69). Belimo takes on one to five new suppliers each year – while non-compliant suppliers are gradually weeded out. On average, the Company has maintained a relationship of more than 15 years with approximately one-third of its suppliers. Especially in challenging times such as the COVID-19 pandemic, Belimo views such long-term partnerships as absolutely critical for maintaining high product availability.

### Net Sales per Employee

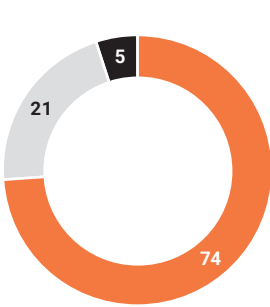
in CHF million



# Information on Suppliers

## Procurement Volume by Region

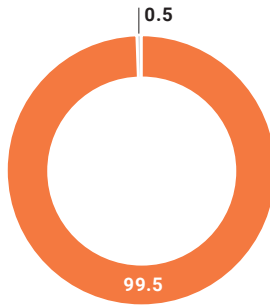
in % of procurement volume, 2021



- Europe: 74%
- Asia Pacific: 21%
- Americas: 5%

## Procurement Volume from Code of Conduct Signatories

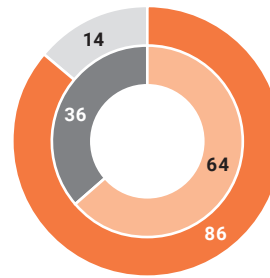
in % of procurement volume, 2021



- Signatories of the Code of Conduct: 99.5%
- Non-signatories of the Code of Conduct: 0.5%

## Procurement Volume from ISO 9001/14001 Certified Suppliers

in % of procurement volume, 2021



- ISO 9001 certified: 86%
- Not ISO 9001 certified: 14%
- ISO 14001 certified: 64%
- Not ISO 14001 certified: 36%

## Focus on Final Assembly, Testing, and Customizing

in % of production costs in 2021





## Environmental Footprint of the Supply Chain

# Mindful of Our Footprint

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

Being attentive helps mitigate risks from flawed supplier-practices such as pollution that might have a negative effect on the environment and violate our ethical standards. At the same time, resource efficiency and waste reduction lower costs. Belimo therefore demands that its suppliers commit to sustainability and social responsibility principles.

A critical instrument to ensure that suppliers adhere to these requirements is the Code of Conduct (CoC), including supplier declaration (go to [bit.ly/3uH74a0](https://bit.ly/3uH74a0) to view it). 99.5 percent of our procurement volume is from signatories to the CoC, which prohibits gross violations of environmental laws. The majority of the non-signatories are suppliers from which Belimo procures small to medium-sized volumes, and no A-supplier is among those who have not signed the CoC. However, we carry out a top-down assessment for every supplier to ensure that serious violations of the CoC are avoided. Contract management is another instrument for holding third parties accountable. Both new and existing suppliers undergo regular process audits, during which, among other things, Belimo verifies their adherence to the CoC. Due to COVID-19-related travel restrictions, however, the Company was once again forced to conduct fewer onsite audits than had been planned for 2021. In response, a remote audit concept was introduced in the reporting period, enabling remote audits of well-known or already audited suppliers. Once a collaboration has been established, Belimo looks in particular for healthy profits at its suppliers as these ensure their capability to innovate and invest in state-of-the-art, environmental-friendly technology. Furthermore, the majority of suppliers is certified according to ISO 14001 (64 percent of purchasing volume), in addition to ISO 9001 (86 percent of purchasing volume).

## Structured Product Design Process

The “Quality First” initiative at Belimo is an essential pillar for managing sustainable product development, the continuous improvement process, and the complaint handling process. All product developments at Belimo follow a structured design process (certified according to ISO 9001:2015 and ISO 14001:2015), for which the “Voice of the Customer” serves as a vital input source. This input is generated through onsite interviews (different customers within different regions) conducted in line with CESIM®. Within CESIM®, the percentage of significant products and services with health and safety impacts is assessed before they are sold. In 2021, 100 percent of the products were evaluated. The quality organization is responsible for supplier compliance with guidelines and regulations that govern the use of critical materials, such as Restriction of Hazardous Substances Directive (RoHS), REACH, Conflict Minerals, Prop 65, ECHA SCIP reporting, etc. These ever-increasing requirements are continuously analyzed, and the findings flow into the processes and products. Compliance is implemented based on a list of banned substances, and suppliers are obliged to comply with these requirements. The careful selection of materials used is aimed at minimizing their environmental impact. Auxiliary materials such as solvents, resins, paints, lead, and chromium are not used at all or only in minimal quantities. Belimo also relies on tools with industry-wide acceptance, such as FMEA (Failure Mode and Effect Analysis) and in-depth risk analysis during the design process. Environmental directives (WEEE, RoHS, REACH) are also taken into account. Furthermore, all Belimo products undergo first-article inspection and series testing prior to distribution. The successful inspection and series testing ensured that no incidents of non-compliance with regulations and/or voluntary codes were reported in 2021. 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.

Energy Efficiency in Operations

# Minimizing Our Energy and Waste

Belimo stands for energy-efficient HVAC field devices. So do its operations.

As a leader in energy-efficient field devices for the HVAC industry, the stakeholders of Belimo expect the Company to run its operations efficiently with respect to energy, 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 where it considers itself most qualified and where it achieves the most significant impact: in those very buildings. A global project team has been set up in accordance with our goal of reducing CO<sub>2</sub> emissions in our buildings in Hinwil and Danbury by 25 percent by 2025. Regional teams at both locations ensure that energy consumption and waste are analyzed. Project participants from all corporate divisions evaluate consumption, generate ideas to save resources, weigh them and initiate the appropriate follow-up measures. Sub-projects are generated when individual ideas have exceptionally high weighting.

One primary focus is on the replacement of the existing lighting, some of which is 20 years old, with modern LED lights. In Hinwil, approximately 95 percent of the existing lighting will be replaced by 2025. Employing daylight-dependent control is another measure for saving lighting energy. Supplementing the proportion of natural light entering the windows with LED light results in constant illumination. The color of the LED corresponds to daylight, creating enjoyable working conditions.

## Saving Energy Requires Transparency

The entire lighting system is visualized on the global building management system (BMS) so that setpoints can be easily adjusted and consumer data can be evaluated or optimized. Other building areas will gradually be equipped with modern LED lighting over the next few years.

To manage its buildings in the best manner and achieve transparency as to where all of the different forms of energy are being used (energy demand, recycling, and waste), we count on our BMS that allows us to display, supervise, and collect data on all premises. The Hinwil, Danbury, and Großröhrsdorf sites are currently online. More locations are added continuously. It specifically provides for the collection of data, paving the way for the introduction of tailor-made local saving measures.

## Energy Efficiency in Production

Next to managing its premises in the most energy-efficient way, Belimo also strives to continuously improve energy consumption and waste in production according to lean management principles. All production processes are therefore continuously analyzed concerning energy source use and cost and carried down to energy source and site. To name one example, Belimo Americas successfully replaced white foam with more environmentally friendly solutions such as cardboard package material for small and medium-sized items, biological shrink wrap, and paper cushioning systems during the period under review. The modular design of Belimo products offers energy efficiency advantages as it minimizes variances of parts and therefore wastes and the number of suppliers and transports. Furthermore, automated assembly of modular products leads to higher energy and material efficiency and further waste reduction.

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	<b>UN Sustainable Development Goals Approach</b>
	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.

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## Energy Consumption within the Organization

Scope: Danbury and Hinwil; encompassing approximately 90 percent of total energy consumption within Belimo

	Unit	Danbury (Connecticut, USA)	Hinwil (Switzerland)	Total 2021	Total 2020	Total 2019
<b>Electricity</b>						
Total electricity consumption (purchased)	MWh	3 290	3 225	<b>6 515</b>	7 020	7 472
Total cost of electricity consumption	CHF	443 450	356 994	<b>800 444</b>	929 702	1 029 647
		40 % renewable content				
Total electricity consumption (own production)	MWh	995	80	<b>1 075</b>	373	61
<b>On-site fuel consumption</b>						
Natural gas	MWh	1 731	–	<b>1 731</b>	1 552	1 244
Total cost of natural gas	CHF	55 103	0	<b>55 103</b>	42 593	45 699
<b>District heating</b>						
Total district heating consumption	MWh	–	1 250	<b>1 250</b>	1 096	1 281
Total cost of district heating	CHF	–	106 346	<b>106 346</b>	83 040	104 771
<b>Fuel consumption of backup generators</b>						
Diesel fuel	liter	12 893	–	<b>12 893</b>	12 644	13 361
Total cost of diesel fuel	CHF	8 614	–	<b>8 614</b>	6 438	10 220
<b>Floor area</b>						
Total floor area of all buildings on site	m <sup>2</sup>	18 263	35 360	<b>53 623</b>	53 623	53 623

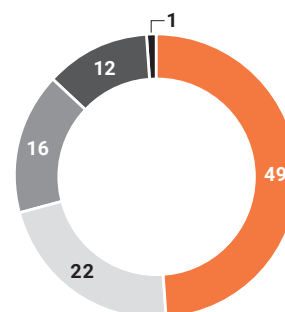
All major Belimo sites are certified according to the international environmental management standard ISO 14001 and quality management standard ISO 9001. These sites also undergo regular audits by the Swiss Association for Quality and Management Systems (SQS) and the China Quality Certification Center (CQC) in China.

### Worldwide ISO Certifications

Belimo Site	ISO 9001:2015	ISO 14001:2015
Hinwil	●	●
Danbury	●	●
Sparks	●	●
Shanghai	●	●
Großröhrsdorf	●	planned for 2023

### Energy Consumption by Source (Danbury/Hinwil)

in % of total energy consumption, 2021



- Electricity, location-based mixed: 49%
- Electricity, renewable: 22%
- Natural gas: 16%
- District heating: 12%
- Diesel: 1%

**Energy Consumption and CO<sub>2</sub> Emissions by Source** (Scope 1 and 2, Danbury/Hinwil)

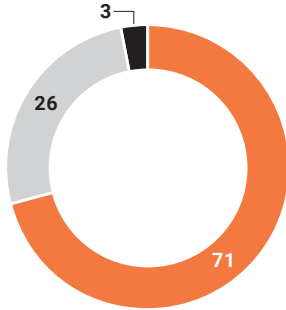
	Danbury (Connecticut, USA)		Hinwil (Switzerland)		Total 2021		Total 2020	Total 2019 restated <sup>1)</sup>
	MWh	tCO <sub>2</sub> e	MWh	tCO <sub>2</sub> e	MWh	tCO <sub>2</sub> e	tCO <sub>2</sub> e	tCO <sub>2</sub> e
<b>Energy</b>								
Electricity, location-based mixed	1 974	523	3 225	413	<b>5 199</b>	<b>936</b>	1 188	1 257
Electricity, renewable (purchased and own production)	2 311	–	80	–	<b>2 391</b>	–	–	–
Natural gas	1 731	350	–	–	<b>1 731</b>	<b>350</b>	313	251
District heating	–	–	1 250	–	<b>1 250</b>	–	–	–
Diesel	129	34	–	–	<b>129</b>	<b>34</b>	34	36
<b>Total</b>	<b>6 145</b>	<b>907</b>	<b>4 555</b>	<b>413</b>	<b>10 700</b>	<b>1 320</b>	1 535	1 544

<sup>1)</sup> 2019 figures have been restated due to new, more detailed emission factors (district heating) as well as to the omission of Scope 3 (electricity, renewable).

Calculation of CO<sub>2</sub>e emissions: Danbury figures according to US EPA and Ecoinvent version 2.2, Hinwil 2021 figures according to BAFU "Umweltbilanz Strommixe Schweiz 2018", 2020 and 2019 figures according to BAFU "Umweltbilanz Strommixe Schweiz 2014".

**CO<sub>2</sub>e Emissions by Source**  
(Scope 1 and 2, Danbury/Hinwil)

in % of total CO<sub>2</sub>e emissions, 2021



- Electricity, location-based mixed: 71 %
- Natural gas: 26 %
- Diesel: 3 %

**Development of Total CO<sub>2</sub> Emissions**  
(Scope 1 and 2, Danbury/Hinwil)

Total tCO<sub>2</sub>e emissions



**Development of Energy Intensity**  
(Scope 1 and 2, Danbury/Hinwil)

tCO<sub>2</sub> emissions per 100 million net sales



**Classification of Operational Boundaries Where CO<sub>2</sub> Emissions Occur** (Danbury/Hinwil)

in tCO <sub>2</sub> e	2021	2020	2019 restated <sup>1)</sup>
<b>Total</b>	<b>1 320</b>	1 535	1 544
Scope 1 (direct emissions from owned or controlled sources)	384	347	287
Scope 2 (indirect emissions from the generation of purchased energy)	936	1 188	1 257

<sup>1)</sup> 2019 figures have been restated due to new, more detailed emission factors (district heating) as well as to the omission of Scope 3 (electricity, renewable).

**Energy and CO<sub>2</sub> Intensity** (Scope 1 and 2, Danbury/Hinwil)

As outlined on page 53, Belimo products reduce energy consumption and CO<sub>2</sub> emissions by a factor of 24 in relation to their resource input. While our model covers the entirety of resource consumption, including with respect to the supply chain, the figures below reflect only measured resources.

	Unit	2021	2020	2019 restated <sup>1)</sup>
Net sales	kWh per CHF 1 000 of net sales	<b>13.98</b>	15.38	14.71
Net sales	kgCO <sub>2</sub> e per CHF 1 000 of net sales	<b>1.72</b>	2.32	2.23
Per capita	kWh per employee	<b>5 763.27</b>	5 574.99	5 954.27
Per capita	kgCO <sub>2</sub> e per employee	<b>710.97</b>	841.83	902.28
Number of actuators sold	kWh per actuator sold	<b>1.37</b>	1.47	1.42
Number of actuators sold	kgCO <sub>2</sub> e per actuator sold	<b>0.17</b>	0.22	0.22

<sup>1)</sup> 2019 figures have been restated due to new, more detailed emission factors (district heating) as well as to the omission of Scope 3 (electricity, renewable). Net sales, total employees, total number of actuators sold represent Group-wide figures, while the underlying energy consumption and greenhouse gas emissions comprise only data from the two locations Hinwil and Danbury.

**Recycling and Disposal** (Danbury/Hinwil)

	Unit	Danbury	Hinwil	Total 2021	Total 2020	Total 2019
For recycling	metric tons	329	407	<b>736</b>	648	756
For incineration	metric tons	63	248	<b>311</b>	321	350
Hazardous waste (electronics, separated materials)	metric tons	–	1	<b>1</b>	3	3
Wastewater <sup>1)</sup>	m <sup>3</sup>	5 443	6 541	<b>11 984</b>	6 728	6 240

<sup>1)</sup> In 2021, the Group discovered that the wastewater consumption in prior years had been erroneously recorded. The errors have been corrected in the reporting period without restating comparison periods due to lack of available information.

**Business Travel** (Danbury/Hinwil)

	2021	2020	2019
Emissions caused by air travel of employees in tCO <sub>2</sub> e	<b>492.4</b>	523.9	2 243.6

Business travel activity was again reduced in 2021 due to COVID-19. Emission factors and emissions are based on the myclimate Flight Emission Calculator.

## Where Human Flexibility Meets Machine Precision



### People and Machines Working Side by Side

At Belimo, we continuously improve our operational processes and utilize economies of scale. Efficiency in everything we do is our guiding principle. This includes reducing processes that do not generate value, including such things as unnecessary handling.

Through state-of-the-art automation and lean manufacturing, people and machines form a dream team perfectly geared to tackling the challenges at hand. We rely on their highly efficient cooperation to deliver in accordance with our priorities: quality first, timeliness second, and cost third.



Discover more  
[belimo.com/values](https://belimo.com/values)



Process Efficiency and Short Lead Times

# One Step Ahead in a Challenging Year

Short lead times are a primary competitive advantage that Belimo offers its customers.

Frequent last-minute changes in planning, construction, installation, and commissioning are significant challenges in the HVAC sector. Belimo provides its customers with additional flexibility through short lead times and on-time delivery performance. Delivering on time and directly to customers and construction sites also reduces handling and partially eliminates the need for stocking supplies, thus freeing our customers' capital and time. In addition, short lead times reduce risks such as exposure to order changes and updates by customers waiting for shipments. They also minimize both on-site losses and returns. Short lead times result in lower carbon emissions and costs as urgent international overseas deliveries are usually shipped by air freight. Furthermore, process efficiency in logistics reduces internal lead times between order intake

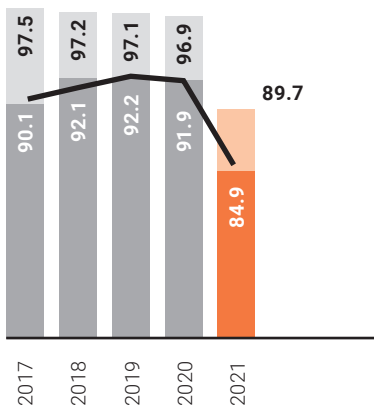
and shipping, production, and customization. The departments responsible for process efficiency and short lead times are procurement, planning, production, customization, and logistics. Continuous process improvements within the supply chain, ranging from supplier management and internal processes to management of our freight forwarding partners, are crucial factors for short lead times.

### Very Strong Delivery Performance

If the first promised customer delivery date, the "first confirmed (date)," of a sales order cannot be fulfilled, the corresponding order will be adjusted to reflect a new confirmed date. This is typically the "last confirmed (date)" for the customers since they have initially received an earlier delivery date on their order confirmation. In 2021, the issues on the global logistics market with continuous port congestions, container and truck driver shortages had a negative effect on the Group's overall on-time delivery performance with a global "first confirmed"-performance at 85 percent (see graph on the left). Nevertheless, Belimo could once more prove its operational excellence by fulfilling delivery commitments to its customers and limiting the impact of delays to a minimum.

### Belimo Global On-time Delivery Performance

in %<sup>1)</sup>



Legend: Last confirmed (orange), First confirmed (grey), Trend line (black)

<sup>1)</sup> Weighted data of all Belimo sites, covering 100 percent of global deliveries.

### Preparing for Future Growth

This success was only possible thanks to the Group's flexible employees in product engineering, purchasing, and operations. Another crucial factor was the Company's long-term investment in its own logistics infrastructure over the last decade. Following the strong growth of 2021, Belimo will accelerate capacity expansion in logistics and customization in coming years with higher investments in all market regions. Corresponding projects were already initiated in 2021 (find out more in the Management Report on page 10 to 16).



Quality First

# Keeping a Promise

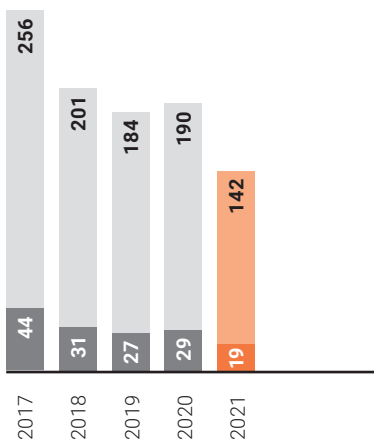
In line with our Quality First Standards, all employees are encouraged to assume their share of responsibility for ensuring quality.

The order of our priorities is quality first, timeliness second, and cost third. To achieve our goals in terms of quality, these Quality First Standards also state that quality is everyone’s responsibility. The standards are thus cascaded to each employee through individual workshops within all divisions. Doing so ensures that everyone within the Company becomes part of the development, and by raising awareness among our employees, we emphasize our commitment to live up to the strict quality standards to which we have committed ourselves. Belimo employees are empowered to implement continuous improvements to Operational Excellence at every step of the value chain in order to contribute to the Organization’s overall quality thinking. In addition, all employees are encouraged to use an online form to open an internal quality, environmental, or safety case if they believe something is not in conformance. These inputs are then analyzed, and suitable action is taken.

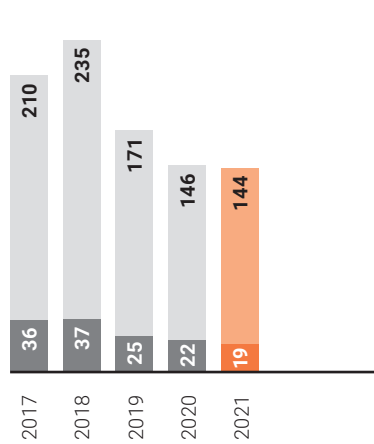
## How Do We Manage and Measure Quality?

Experienced experts report their findings to the project steering committee to further strengthen its sustained quality validation process and to increase the effectiveness and efficiency of its gate reviews. Another quality initiative pursued in the reporting period was the establishment of a product and operational compliance organization with corresponding processes and a material database. Its purpose is to manage continuously increasing compliance obligations effectively. Meanwhile, the inception of a global technical product return and analysis process is being pursued. Finally, Belimo further strengthened employee ownership of continuous process improvement and training by implementing a process management software platform which helps to identify and implement business process best practices more effectively. Belimo measures customer satisfaction after each quality case is closed. The numbers of supplier and internal complaints are regularly reviewed to verify the success of our approach. Customer complaints have continuously decreased since 2018, which we regard as confirmation of a successful quality strategy. The number of supplier complaints has also decreased in spite of COVID-19. Meanwhile, internal complaints were +/- flat with a peak in 2019 due to a strengthened Quality First approach.

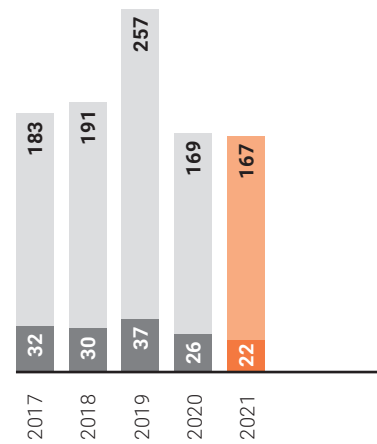
Supplier Complaints



Customer Complaints



Internal Complaints



Legend: Total number of cases (grey), Number of cases per CHF 100 million of net sales (dark grey)

# About this Report

This report has been prepared in accordance with the GRI Standards: Core option. The current report refers to the year 2021 and is the third report that BELIMO Holding AG has published pursuant to GRI-standards. There has been no re-statement of information and no change of the material topics considered (GRI 102-48; GRI 102-49) during the reporting period January 1, 2021 – December 31, 2021. BELIMO Holding AG has not sought external assurance of the GRI information provided but has applied its standards for internal auditing wherever

practical. The content of this report focuses on the topics determined to be relevant or material to Belimo, its stakeholders and its impacts on sustainable development. See pages 7 to 9 for a description of the materiality assessment and see the table below for the alignment between Belimo material topics and GRI topic-specific standards. The discussion of these topics has been developed in order to meet the information requirements of the key stakeholder groups of Belimo (see page 78).

## Mapping Our Topics with GRI

Page	Belimo Material Topics	GRI Topic
	<b>Performance</b>	
11	Economic Performance	201 Economic Performance
21	Balanced Investment Portfolio	–
	<b>Credibility Culture</b>	
31	Company Values and Cultures	102-16 Values, principles, standards and norms of behavior
33	Employee Empowerment and Engagement	–
34	Skill Development and Knowledge Management	404 Training and Education
36/37	Equal Opportunity Employment	401 Employment 405 Diversity and equal opportunity 406 Non-discrimination
	<b>Customer Value</b>	
52	Customer Engagement and Support	–
53	High-Performance Solutions for Energy Efficiency and Indoor Air Quality	305 Emissions [305-3 Other indirect (Scope 3, downstream) GHG emissions]
	<b>Solution Leadership</b>	
64	Solution Leadership	–
65	Digitally Enabled Solutions	–
66	Strategic IP Management	–
	<b>Operational Excellence</b>	
67	Partnerships with Suppliers	102-9 Supply chain
69	Environmental Footprint of the Supply Chain	305 Emissions [305-1 Direct (Scope 1) GHG emissions; 305-2 Energy indirect (Scope 2) GHG emissions] 416 Customer health and safety
70	Energy Efficiency in Operations	302 Energy
75	Process Efficiency and Short Lead Times	–
76	Quality First	–

# Stakeholder Engagement

(GRI 102-40; 102-42)

The stakeholders listed in the table 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 towards 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 the reliable and innovative application solutions and the high product quality. Further strengths include consulting and service expertise throughout all customer relationship phases and partnership interactions with suppliers and consultants.

Stakeholder Type	Engagement Approach (GRI 102-43)	Key Topics of Interest to the Stakeholder Group (GRI 102-44)
<b>Capital Market</b>	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.	Information about financial figures such as shareholder return, management structure, economic development in key markets, strategy, transparency of the remuneration system, new products, and economic outlook.
<b>Customers</b>	Technical support, online training events, customer hotline, mailings, interviews, and, most importantly: personal consultations through Belimo sales managers. All customer interactions are managed through a Customer Relationship Management tool.	For real estate investors/architects: assurance regarding the Company's high-quality product offering and efficient delivery. For planners and project managers: certainty about our solutions. For buyers: seamless integration into their systems. For installers: solution simplicity.
<b>Employees</b>	New employee orientations, leadership training events, worldwide surveys every three years, annual and semiannual performance reviews.	Workplace safety, remuneration, company strategy, education, and further training events, occupational health and safety.
<b>Suppliers</b>	Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, close collaboration in joint development projects. Approximately 10 percent of the supplier base is audited each year.	Order volume, risk assessment, price negotiations, overall strategy at Belimo.
<b>Municipalities and Authorities</b>	Regular exchanges on topics such as taxes, working permits and developments of production sites.	Consultation on expansion plans, tax strategy, etc.

# GRI Content Index

For the Materiality Disclosures Service, GRI Services conducted a review to ensure that the GRI content index is clearly presented and that the references for Disclosures GRI 102-40 to 102-49 align with appropriate sections in the body of the report.

Disclosure	Description	Reference
<b>GRI 101: 2016</b>	<b>Foundation</b>	
<b>GRI 102: 2016</b>	<b>General Disclosures</b>	
	<b>Organizational Profile</b>	
102-1	Name of the Organization	BELIMO Holding AG
102-2	Activities, brands, products, and services	Customer Value; p. 54
102-3	Location of headquarters	Hinwil (Switzerland); Corporate Governance, p. 38
102-4	Location of operations	30 subsidiaries in 23 countries; Subsidiaries, p. 124
102-5	Ownership and legal form	Corporate Governance, pp. 38 – 39
102-6	Markets served	HVAC contractors and OEMs in Europe, Americas, and Asia Pacific; Management Report, pp. 10 – 16; Segment Reporting, pp. 92 – 94
102-7	Scale of the organization	Subsidiaries, p. 124
102-8	Information on employees and other workers	Company Values and Culture, p. 32
102-9	Supply chain	Operational Excellence, pp. 67 – 69
102-10	Significant changes to the organization and its supply chain	Changes to the Scope of Consolidation, p. 91
102-11	Precautionary Principle or approach	Environmental Footprint of the Supply Chain, p. 69
102-12	External initiatives	Introduction, p. 9 and <a href="https://www.belimo.us/en_US/about/belimo/affiliated-organizations">www.belimo.us/en_US/about/belimo/affiliated-organizations</a>
102-13	Membership of associations	Introduction, p. 9
	<b>Strategy</b>	
102-14	Statement from senior decision-maker	Letter to the Shareholders, pp. 2 – 3
	<b>Ethics and Integrity</b>	
102-16	Values, principles, standards, and norms of behavior	Company Values and Culture, p. 31
	<b>Governance</b>	
102-18	Governance structure	Corporate Governance, pp. 38 – 50
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance, p. 49
	<b>Stakeholder Engagement</b>	
102-40	List of stakeholder groups	Appendix, p. 78
102-41	Collective bargaining agreements	Information Regarding Employees, p. 32
102-42	Identifying and selecting stakeholders	Appendix, p. 78
102-43	Approach to stakeholder engagement	Appendix, p. 78
102-44	Key topics and concerns raised	Appendix, p. 78
	<b>Reporting Practice</b>	
102-45	Entities included in the consolidated financial statements	Includes all subsidiaries held by BELIMO Holding AG, unless explicitly noted
102-46	Defining report content and topic boundaries	Introduction, p. 7
102-47	List of material topics	Introduction, p. 8
102-48	Restatements of information	None, appendix, p. 77
102-49	Changes in reporting	None, appendix, p. 77

102-50	Reporting period	Appendix, p. 77
102-51	Date of most recent report	March 8, 2021
102-52	Reporting cycle	Corporate Governance, p. 50
102-53	Contact point for questions regarding the report	Corporate Governance, p. 50
102-54	Claims of reporting in accordance with the GRI Standards	Appendix, p. 77
102-55	GRI content index	Appendix, pp. 79–81
102-56	External assurance	Appendix, p. 77

## Topic-Specific Disclosures

GRI Code	Topic	Page	Reason(s) for Omission(s)
<b>GRI 200</b>	<b>Economic topics</b>		
<b>GRI 201: 2016</b>	<b>Economic Performance</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Economic Performance, p. 11	
201-1	Direct economic value generated and distributed	Financial Report, p. 84	
	<b>Customer Engagement and Support</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Customer Engagement and Support, p. 52	
	<b>Partnership with Suppliers</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Partnerships with Suppliers, pp. 67–68	
	<b>Process Efficiency and Short Lead Times</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Process Efficiency and Short Lead Times, p. 75	
	<b>Balanced Investment Portfolio</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Balanced Investment Portfolio, p. 21	
	<b>Strategic IP Management</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Strategic IP Management, p. 66	
	<b>Solution Leadership</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Solution Leadership, p. 64	
	<b>Quality First</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Quality First, p. 76	
<b>GRI 300</b>	<b>Environmental topics</b>		
<b>GRI 302: 2016</b>	<b>Energy</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Energy Efficiency in Operations, pp. 70–73	
302-1	Energy consumption within the organization	Energy Efficiency in Operations, p. 71	
302-3	Energy intensity	Energy Efficiency in Operations, p. 73	
<b>GRI 305: 2016</b>	<b>Emissions</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	High-Performance Solutions for Energy Efficiency and Indoor Air Quality, p. 53 Energy Efficiency in Operations, p. 70	
GRI 305-1	Direct (Scope 1) GHG emissions	Energy Efficiency in Operations, pp. 71–73	

GRI 305-2	Energy indirect (Scope 2) GHG emissions	Energy Efficiency in Operations, pp. 71 – 73
GRI 305-4	GHG emissions intensity	Energy Efficiency in Operations, p. 73
<b>Digitally Enabled Solutions</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Digitally Enabled Solutions, p. 65
<b>High-Performance Solutions for Energy Efficiency and Indoor Air Quality</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	High-Performance Solutions for Energy Efficiency and Indoor Air Quality, p. 53
<b>Environmental Footprint of the Supply Chain</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Environmental Footprint of the Supply Chain, p. 69
<b>GRI 400</b>	<b>Social topics</b>	
<b>GRI 401: 2016</b>	<b>Employment</b>	
401-1	New employee hires and employee turnover	Employee Empowerment and Engagement, p. 33 Diversity of Governance Bodies and Employees, p. 37 (including overview of new employee hires)
<b>GRI 404: 2016</b>	<b>Training and Education</b>	
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Skill Development and Knowledge Management, p. 34
404-1	Average hours of training per year and employee	Skill Development and Knowledge Management, p. 35
404-2	Programs for upgrading employee skills and transition assistance programs	Skill Development and Knowledge Management, p. 35
404-3	Percentage of employees receiving regular performance and career development reviews	Skill Development and Knowledge Management, p. 35
<b>GRI 405: 2016</b>	<b>Diversity and Equal Opportunity</b>	
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Equal Opportunity Employment, p. 36
405-1	Diversity of governance bodies and employees	Equal Opportunity Employment, p. 37
<b>GRI 406: 2016</b>	<b>Non-discrimination</b>	
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Equal Opportunity Employment, p. 36
406-1	Incidents of discrimination and corrective actions taken	Equal Opportunity Employment, p. 36
<b>GRI 416: 2016</b>	<b>Customer Health and Safety</b>	
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Environmental Footprint of the Supply Chain, p. 69
416-1	Assessments of the health and safety impacts of product and service categories	Environmental Footprint of the Supply Chain, p. 69
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Environmental Footprint of the Supply Chain, p. 69
<b>Company Values and Culture</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Company Values and Culture, p. 31
<b>Employee Empowerment and Engagement</b>		
GRI 103: 2016 103-1/103-2/103-3	Management Approach	Employee Empowerment and Engagement, p. 33





# Financial Report

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# Consolidated Financial Statements

## Consolidated Income Statement

	Note	2021	% <sup>1)</sup>	2020	% <sup>1)</sup>
in CHF 1 000					
Net sales	3	765 343	100.0	661 226	100.0
Material expenses		- 311 504	- 40.7	- 267 872	- 40.5
Changes in inventories		4 695	0.6	1 278	0.2
Personnel expenses	4	- 207 087	- 27.1	- 192 020	- 29.0
Other operating income/expenses	5	- 73 051	- 9.5	- 63 276	- 9.6
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)<sup>2)</sup></b>		<b>178 395</b>	<b>23.3</b>	<b>139 337</b>	<b>21.1</b>
Depreciation, amortization and impairment	13, 14	- 33 032	- 4.3	- 31 272	- 4.7
<b>Earnings before interest, taxes (EBIT)</b>		<b>145 363</b>	<b>19.0</b>	<b>108 065</b>	<b>16.3</b>
Financial income	6	405	0.1	251	-
Financial expenses	6	- 1 638	- 0.2	- 1 921	- 0.3
Foreign exchange loss	6	- 750	- 0.1	- 5 606	- 0.8
<b>Financial result</b>		<b>- 1 983</b>	<b>- 0.3</b>	<b>- 7 277</b>	<b>- 1.1</b>
<b>Earnings before taxes (EBT)</b>		<b>143 380</b>	<b>18.7</b>	<b>100 788</b>	<b>15.2</b>
Income taxes	7	- 27 876	- 3.6	- 14 148	- 2.1
<b>Net income</b>		<b>115 504</b>	<b>15.1</b>	<b>86 641</b>	<b>13.1</b>
Attributable to shareholders of BELIMO Holding AG		115 671	15.1	86 715	13.1
Attributable to non-controlling interests		- 167	-	- 74	-
<b>Earnings per share (EPS) in CHF<sup>3)</sup></b>	8	<b>9.41</b>		<b>7.05</b>	

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

<sup>1)</sup> In % of net sales

<sup>2)</sup> Alternative performance measures are described under the following link: [www.belimo.com/financial-summary](http://www.belimo.com/financial-summary).

<sup>3)</sup> A twenty-for-one share split was conducted in April 2021. The EPS-values for prior periods have been adjusted in the interests of comparability.

## Consolidated Statement of Comprehensive Income

	Note	2021	2020
in CHF 1 000			
<b>Net income</b>		<b>115 504</b>	<b>86 641</b>
Currency translation adjustment		1 167	-9 881
Tax effect	7	-78	307
<b>Items that are or may be reclassified subsequently to the income statement</b>		<b>1 090</b>	<b>-9 574</b>
Remeasurement of post-employment benefits	19	-3 566	-3 711
Fair value changes of equity instruments at FVOCI	15	934	-
Tax effect	7	514	667
<b>Items that will not be reclassified subsequently to the income statement</b>		<b>-2 118</b>	<b>-3 044</b>
<b>Other comprehensive income, net of tax</b>		<b>-1 028</b>	<b>-12 619</b>
<b>Total comprehensive income</b>		<b>114 475</b>	<b>74 022</b>
Attributable to shareholders of BELIMO Holding AG		114 638	74 097
Attributable to non-controlling interests		-162	-75

## Consolidated Balance Sheet

	Note	December 31, 2021	December 31, 2020
in CHF 1 000			
Cash and cash equivalents	9	109 408	164 942
Trade receivables	10	98 199	81 269
Inventories	11	126 382	105 461
Other assets	12	73 623	9 361
Current tax assets		654	283
<b>Current assets</b>		<b>408 265</b>	<b>361 316</b>
Property, plant and equipment	13	200 747	186 671
Intangible assets	14	18 495	17 571
Non-current financial assets	15	4 796	2 861
Non-current employee benefit assets	19	–	2 550
Deferred tax assets	7	10 368	12 490
<b>Non-current assets</b>		<b>234 407</b>	<b>222 142</b>
<b>Assets</b>		<b>642 671</b>	<b>583 458</b>
Trade payables		25 571	18 831
Other liabilities	16	67 546	45 228
Current financial liabilities	17	3 545	4 565
Current provisions	18	8 308	4 297
Current tax liabilities		9 486	5 444
<b>Current liabilities</b>		<b>114 456</b>	<b>78 364</b>
Non-current financial liabilities	17	7 223	9 375
Non-current provisions	18	2 148	1 098
Non-current employee benefit liabilities	19	5 380	3 874
Deferred tax liabilities	7	2 128	1 485
<b>Non-current liabilities</b>		<b>16 879</b>	<b>15 831</b>
<b>Liabilities</b>		<b>131 335</b>	<b>94 195</b>
Equity attributable to shareholders of BELIMO Holding AG	8	511 299	489 283
Equity attributable to non-controlling interests		37	–20
<b>Total equity</b>		<b>511 336</b>	<b>489 263</b>
<b>Liabilities and equity</b>		<b>642 671</b>	<b>583 458</b>

## Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Capital reserves	Other reserves <sup>1)</sup>	Retained earnings	Attributable to shareholders of BELIMO Holding AG	Attributable to non-controlling interests	Total equity
in CHF 1 000								
<b>As at January 1, 2020</b>	<b>615</b>	<b>-67</b>	<b>23 814</b>	<b>-7 101</b>	<b>490 028</b>	<b>507 289</b>	<b>55</b>	<b>507 344</b>
Restatement <sup>1)</sup>				-1 161	1 161	-		-
<b>As at January 1, 2020, restated<sup>1)</sup></b>	<b>615</b>	<b>-67</b>	<b>23 814</b>	<b>-8 262</b>	<b>491 189</b>	<b>507 289</b>	<b>55</b>	<b>507 344</b>
Net income					86 715	86 715	-74	86 641
Other comprehensive income, net of tax				-9 573	-3 044	-12 618	-1	-12 619
<b>Total comprehensive income</b>				<b>-9 573</b>	<b>83 671</b>	<b>74 097</b>	<b>-75</b>	<b>74 022</b>
Purchase of treasury shares		-3 673				-3 673	-	-3 673
Treasury shares awarded for share-based payments		3 516	295			3 811	-	3 811
Dividends					-92 241	-92 241	-	-92 241
<b>As at December 31, 2020, restated<sup>1)</sup></b>	<b>615</b>	<b>-224</b>	<b>24 110</b>	<b>-17 836</b>	<b>482 618</b>	<b>489 283</b>	<b>-20</b>	<b>489 263</b>
Net income					115 671	115 671	-167	115 504
Other comprehensive income, net of tax				1 836	-2 869	-1 033	5	-1 028
<b>Total comprehensive income</b>				<b>1 836</b>	<b>112 802</b>	<b>114 638</b>	<b>-162</b>	<b>114 475</b>
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
<b>As at December 31, 2021</b>	<b>615</b>	<b>-606</b>	<b>24 113</b>	<b>-15 999</b>	<b>503 176</b>	<b>511 299</b>	<b>37</b>	<b>511 336</b>

<sup>1)</sup> See note 1.3



## Consolidated Statement of Cash Flows

	Note	2021	2020
in CHF 1 000			
Net income		115 504	86 641
Income taxes	7	27 876	14 148
Interest result	6	721	1 071
Depreciation of property, plant and equipment	13	26 490	25 542
Amortization of intangible assets	14	6 542	5 730
Gain on sale of property, plant and equipment	13	-260	-243
Non-cash items non-current employee benefits	19	538	2 723
Other non-cash items		-401	-334
Expenses for share-based payments	4	1 570	1 233
Deferred compensation share-based payments	4	2 324	2 052
Change in net working capital		-31 755	3 030
Change in other current receivables and assets		-3 257	3 284
Change in other current payables and liabilities		23 531	-2 443
Change in provisions	18	5 059	307
Income taxes paid		-21 433	-17 071
<b>Cash flow from operating activities</b>		<b>153 049</b>	<b>125 668</b>
Investments in property, plant and equipment	13	-38 935	-22 790
Investments in intangible assets	14	-7 790	-6 174
Purchase of financial assets <sup>1)</sup>	12	-61 080	-1 076
Sale of financial assets		93	24
Sale of property, plant and equipment		416	267
Interest received	6	256	71
Acquisition of companies minus acquired cash and cash equivalents	2	-465	-2 716
<b>Cash flow used in investing activities</b>		<b>-107 505</b>	<b>-32 394</b>
Purchase of treasury shares	8	-5 178	-3 673
Cash contribution share-based payments	4, 8	1 036	636
Dividends paid	8	-92 243	-92 241
Interest paid	17	-854	-908
Increase of financial borrowings	17	-	1 285
Repayment of lease liabilities	13, 17	-4 218	-3 713
Equity contribution by non-controlling interests		219	-
<b>Cash flow used in financing activities</b>		<b>-101 238</b>	<b>-98 614</b>
Currency translation adjustment		159	-2 281
<b>Change in cash and cash equivalents</b>		<b>-55 535</b>	<b>-7 621</b>
Cash and cash equivalents at beginning of period		164 942	172 563
<b>Cash and cash equivalents at end of period</b>	9	<b>109 408</b>	<b>164 942</b>

<sup>1)</sup> In the reporting period, CHF 60.0 million were invested in term deposits with maturities of more than three months from the date of acquisition (previous year none).

# Notes to the Consolidated Financial Statements

## 1 General

### 1.1 Corporate Information

The Belimo Group (hereinafter referred to as “Belimo” or “the Group”) is a leading global manufacturer of innovative damper actuator, control valve, and sensor/meter solutions for heating, ventilation, and air-conditioning systems (HVAC). The shares of BELIMO Holding AG have been listed on the SIX Swiss Exchange since 1995 (BEAN). The registered office is in Hinwil (Switzerland).

### 1.2 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 of its subsidiaries and for these consolidated financial statements is December 31, 2021. 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.

The presentation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments in applying accounting policies. This may have an effect on the reported income, expenses, assets, liabilities and contingent liabilities. In the event that 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the notes (see notes 7 Income Taxes, 13 Property, Plant and Equipment, 17 Financial Liabilities, 18 Provisions and 19 Non-current Employee Benefits).

The COVID-19 pandemic had no material impact on the significant accounting estimates and assumptions. Consequently, no impairment loss was recognized as a result of the pandemic situation in the reporting period.

### 1.3 Changes in presentation/Restatement

During 2021, the Group discovered that certain transactions have been erroneously recorded within the position currency translation adjustment in certain years. The cumulated errors have been corrected by restating the currency translation adjustment and retained earnings by CHF 1.2 million (i.e. reallocating) within the consolidated statement of changes in equity. Furthermore, the presentation of the consolidated statement of changes in equity has been adapted. Cumulated translation adjustments and changes of financial assets at fair value through other comprehensive income are reported as other reserves, with details disclosed in note 8 Equity and Earnings per Share.

Belimo re-assessed the presentation of the trade receivables in the segment reporting. As of 2021, the Group discloses a split of trade receivables to group companies and to third parties. Comparative figures have been adjusted accordingly.

#### 1.4 Changes in Accounting Policies

The adoption of the amended standards, which became effective in 2021, did not materially affect the consolidated financial statements of the Group.

A number of new and revised standards and interpretations become effective on January 1, 2022 or later and earlier application is permitted. Belimo has not early applied 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
<b>Amendments of Standards</b>		
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) <sup>1)</sup>	01.01.2022	2022
Annual Improvements to IFRS Standards 2018–2020 <sup>1)</sup>	01.01.2022	2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) <sup>1)</sup>	01.01.2022	2022
Reference to the Conceptual Framework (Amendments to IFRS 3) <sup>1)</sup>	01.01.2022	2022
Classification of liabilities as current or non-current (Amendments to IAS 1) <sup>1)</sup>	01.01.2023	2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) <sup>1)</sup>	01.01.2023	2023
Definition of Accounting Estimate (Amendments to IAS 8) <sup>1)</sup>	01.01.2023	2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes <sup>1)</sup>	01.01.2023	2023

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

#### 1.5 Basis of 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 percent 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.

## 1.6 Currency Translation

### 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.

### Group Companies

Financial statements of foreign operations are translated into Swiss francs as follows: for the balance sheet, 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.

	Year-end rates		Average rates	
	2021	2020	2021	2020
in CHF				
CAD	0.72	0.69	0.73	0.70
CNY	0.14	0.13	0.14	0.14
EUR	1.03	1.08	1.09	1.07
PLN	0.22	0.24	0.24	0.24
USD	0.91	0.88	0.91	0.95

## 2 Changes to the Scope of Consolidation

On June 8, 2021, the distribution company BELIMO Belgium BV was founded.

In the financial year 2020, Belimo acquired all shares of Opera Electronics Inc., a specialist in air quality and gas sensors. Subsequent to the acquisition, Opera Electronics Inc. was merged into the newly incorporated subsidiary BELIMO Sensors Inc. Total purchase price amounted to CHF 3.3 million of which CHF 2.8 million was settled in cash in 2020. The remainder, contingent and deferred consideration of CHF 0.5 million, came due and was settled in 2021. The net assets acquired included cash and cash equivalents of CHF 0.1 million, intangible assets of CHF 3.5 million, other assets of CHF 0.8 million and liabilities of CHF 1.1 million. The acquired business contributed immaterial net sales and net income to the Group for the period from December 1, to December 31, 2020. If the acquisition had occurred on January 1, 2020, consolidated pro-forma net sales and net income for the reporting year would have been CHF 663.3 million and CHF 86.8 million respectively. Thus, the impact of Opera Electronics Inc. would have been CHF 2.1 million on net sales and CHF 0.2 million on net income. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary, and for additional amortization on intangible assets.

### 3 Segment Reporting

The reportable operating segments are determined using the management approach: 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.

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.

Belimo develops, produces and distributes innovative damper actuator, control valve, and sensor/meter solutions for heating, ventilation and air conditioning (HVAC) 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 in close proximity to its customers, the three geographical strategic Group divisions "Europe," "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:

**Europe, 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, strategy and 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.

	Europe	Americas	Asia Pacific	Shared Services	Elimination	Total
in CHF 1 000						
<b>2021</b>						
<b>Income statement</b>						
Net sales – Third parties	375 556	291 387	98 400	–	–	765 343
Other operating income	–	–	–	2 252	–	2 252
Operating expenses	–47 944	–39 921	–19 562	–189 013	12 684	–283 757
Depreciation and amortization	–3 424	–4 707	–1 928	–22 972	–	–33 032
<b>Segment profit</b>	<b>324 187</b>	<b>246 758</b>	<b>76 910</b>	<b>–209 734</b>	<b>12 684</b>	<b>450 806</b>
Unallocated material expenses						–311 504
Unallocated changes in inventories						4 695
Unallocated other operating income						1 367
Unallocated financial result						–1 983
<b>Earnings before taxes (EBT)</b>						<b>143 380</b>
Cash effective investments in property, plant and equipment and intangible assets	2 186	1 121	18 174	25 244	–	46 725
<b>Balance sheet as at December 31, 2021</b>						
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
<b>Total assets</b>						<b>642 671</b>
<b>2020</b>						
<b>Income statement</b>						
Net sales – Third parties	322 285	253 875	85 067	–	–	661 226
Other operating income	–	–	–	430	–	430
Operating expenses	–44 629	–35 417	–17 059	–173 263	13 996	–256 372
Depreciation and amortization	–3 426	–4 355	–2 060	–21 431	–	–31 272
<b>Segment profit</b>	<b>274 230</b>	<b>214 103</b>	<b>65 947</b>	<b>–194 263</b>	<b>13 996</b>	<b>374 013</b>
Unallocated material expenses						–267 872
Unallocated changes in inventories						1 278
Unallocated other operating income						646
Unallocated financial result						–7 277
<b>Earnings before taxes (EBT)</b>						<b>100 788</b>
Cash effective investments in property, plant and equipment and intangible assets	1 061	2 223	1 492	24 188	–	28 964
<b>Balance sheet as at December 31, 2020, restated<sup>1)</sup></b>						
Trade receivables – Third parties <sup>1)</sup>	34 311	31 412	15 546	–	–	81 269
Trade receivables – Group companies <sup>1)</sup>	26 017	–	89	–	–26 106	–
Property, plant and equipment and intangible assets	11 241	42 083	8 521	142 397	–	204 241
Unallocated assets						297 948
<b>Total assets</b>						<b>583 458</b>

<sup>1)</sup> See note 1.3



Net sales growth by market regions was as follows:

	2021				2020			
	Net Sales	% <sup>1)</sup>	Growth in CHF	Growth in local currencies	Net Sales	% <sup>1)</sup>	Growth in CHF	Growth in local currencies
in CHF 1 000								
Europe	375 556	49%	16.5%	15.9%	322 285	49%	-2.0%	1.8%
Americas	291 387	38%	14.8%	18.1%	253 875	38%	-7.0%	-1.8%
Asia Pacific	98 400	13%	15.7%	14.4%	85 067	13%	-6.6%	-1.1%
<b>Total</b>	<b>765 343</b>	<b>100%</b>	<b>15.7%</b>	<b>16.6%</b>	<b>661 226</b>	<b>100%</b>	<b>-4.5%</b>	<b>0.0%</b>

<sup>1)</sup> Contribution to total net sales

Overall, movements in exchange rates had an effect of -0.9 percentage points on net sales (previous year -4.5 percentage points). Around 34 percent of net sales were denominated in US dollar, 31 percent in euro, 9 percent in Swiss franc and 26 percent in other currencies (previous year 34 percent in US dollar, 30 percent in euro, 10 percent in Swiss franc and 26 percent in other currencies).

The net sales by applications were as follows:

	2021				2020			
	Net Sales	% <sup>1)</sup>	Growth in CHF	Growth in local currencies	Net Sales	% <sup>1)</sup>	Growth in CHF	Growth in local currencies
in CHF 1 000								
Air	423 381	55%	14.9%	15.5%	368 415	56%	-4.4%	0.0%
Water	341 961	45%	16.8%	17.9%	292 812	44%	-4.7%	-0.1%
<b>Total</b>	<b>765 343</b>	<b>100%</b>	<b>15.7%</b>	<b>16.6%</b>	<b>661 226</b>	<b>100%</b>	<b>-4.5%</b>	<b>0.0%</b>

<sup>1)</sup> Contribution to total net sales

The following table shows information on geographic regions:

	Net sales to third parties		Property, plant and equipment, intangible assets	
	2021	2020	December 31, 2021	December 31, 2020
in CHF 1 000				
Germany	78 400	69 005	15 629	14 259
Central Eastern Europe	57 135	49 333	254	366
Italy	26 259	20 853	1 747	1 513
France	25 167	21 060	671	837
Switzerland	22 130	20 770	116 340	116 184
Others	166 464	141 265	7 887	8 606
<b>Europe</b>	<b>375 556</b>	<b>322 285</b>	<b>142 529</b>	<b>141 766</b>
USA	226 203	199 804	47 606	48 552
Canada	56 329	45 785	2 664	3 795
Others	8 855	8 287	90	133
<b>Americas</b>	<b>291 387</b>	<b>253 875</b>	<b>50 361</b>	<b>52 479</b>
China	53 667	44 913	16 217	3 041
Others	44 733	40 154	10 137	6 954
<b>Asia Pacific</b>	<b>98 400</b>	<b>85 067</b>	<b>26 353</b>	<b>9 996</b>
<b>Total</b>	<b>765 343</b>	<b>661 226</b>	<b>219 242</b>	<b>204 241</b>

## 4 Personnel Expenses

In the case of defined contribution plans, the expenses recognized in the income statement correspond to the contributions paid by the employer.

Received grants from governments in relation to the COVID-19 pandemic are recognized in line with the recognition of the expenses that the grant intends to compensate.

### 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.

	2021	2020
in CHF 1 000		
Wages and salaries	- 160 176	- 146 777
Expenses for share-based payments	- 1 570	- 1 233
Social security contributions	- 21 798	- 21 724
Defined benefit expenses	- 9 672	- 11 523
Defined contribution expenses	- 4 768	- 3 629
Other personnel expenses	- 9 103	- 7 134
<b>Total</b>	<b>- 207 087</b>	<b>- 192 020</b>

In 2021, Belimo extended the employee share purchase plan that had been introduced in 2020. It now grants 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 percent 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 amounts to 40 percent of the variable remuneration paid in December, with the option to voluntarily further participate up to 100 percent of the variable remuneration paid in December.

The purchase price per share shall generally be equivalent to 70 percent 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 on 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.

During the reporting period, employees subscribed to 8 972 of restricted shares (previous year 9 960, adjusted for share split 2021 see note 8). The market price of the BELIMO Holding AG share at the purchase date was CHF 535.00 (previous year CHF 385.50, adjusted for share split 2021 see note 8) and the average fair value of the share-based payments granted was CHF 160.50 (previous year CHF 115.65, adjusted for share split 2021 see note 8).

Personnel expenses (including fees) recognized for share-based payments during the year amounted to CHF 1.6 million (previous year CHF 1.2 million) and the employee contribution amounted to CHF 3.4 million (previous year CHF 2.7 million). The employee contribution settled through salary deductions amounted to CHF 2.3 million (previous year CHF 2.1 million) and is treated in the cash flow statement as non-cash transaction (deferred compensation share-based payments).

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

In the reporting period, Belimo received government subsidies in form of wage compensation, reduction of social security contributions and defined contribution expenses in the amount of CHF 0.1 million (previous year CHF 1.2 million) due to the COVID-19 pandemic.

## 5 Other Operating Income/Expenses

	2021	2020
in CHF 1 000		
Own work capitalized	2 252	430
Other income	1 367	646
<b>Total other operating income</b>	<b>3 619</b>	<b>1 076</b>
Travel and representation	- 4 173	- 4 212
Rental and maintenance	- 6 142	- 6 016
Consulting	- 14 705	- 10 196
Marketing	- 6 158	- 6 054
IT	- 8 538	- 8 493
External research and development	- 14 656	- 14 301
Freight and packaging material	- 10 527	- 8 718
Warranty	- 5 343	- 2 310
Miscellaneous expenses	- 6 427	- 4 053
<b>Total other operating expenses</b>	<b>-76 670</b>	<b>-64 352</b>
<b>Total</b>	<b>-73 051</b>	<b>-63 276</b>

Research and development costs of CHF 56.0 million (previous year CHF 53.8 million) are included mainly in personnel and in external research and development expenses, of which CHF 2.3 million (previous year CHF 0.4 million) were capitalized. Miscellaneous expenses include expenses for insurance, office supplies as well as changes in allowances for doubtful trade receivables.

## 6 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.

	2021	2020
in CHF 1 000		
Interest income	259	103
Net gain from derivative financial instruments	144	–
Other financial income	2	148
<b>Financial income</b>	<b>405</b>	<b>251</b>
Interest expenses	– 979	– 1 174
Net loss from derivative financial instruments	–	– 236
Other financial expenses	– 659	– 511
<b>Financial expenses</b>	<b>– 1 638</b>	<b>– 1 921</b>
<b>Foreign exchange loss</b>	<b>– 750</b>	<b>– 5 606</b>
<b>Total</b>	<b>– 1 983</b>	<b>– 7 277</b>

## 7 Income Taxes

Income taxes include current and deferred income taxes. Income taxes are recognized in the income statement unless they relate to an item which 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 of the reporting date, including tax expenses for previous periods.

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 losses carried forward, are recognized only if it is probable that the temporary differences or losses carried forward can be offset against future taxable profits.

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.

Income tax expenses consist of the following:

	2021	2020
in CHF 1 000		
Current income taxes	- 24 673	- 15 568
Deferred taxes	- 3 203	1 421
<b>Income tax recognized</b>	<b>- 27 876</b>	<b>- 14 148</b>
	2021	2020
in CHF 1 000		
<b>Income before taxes</b>	<b>143 380</b>	<b>100 788</b>
Expected tax expenses	- 28 043	- 20 076
applicable tax rate	19.6%	19.9%
Non-deductible expenses	- 571	- 952
Tax-exempt income	4 280	7 416
Adjustments from previous years	- 2 570	- 503
Non-reclaimable withholding taxes	- 308	- 376
Effect of companies with mixed tax rates	- 851	- 699
Change in tax rate	55	1 159
Other	- 128	- 116
<b>Income tax recognized</b>	<b>- 27 876</b>	<b>- 14 148</b>
effective tax rate	19.4%	14.0%

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 0.3 percentage points in the financial year 2021. There were no major changes in the structure of Belimo Group which would have impacted the applicable tax rate in 2021.

On January 1, 2020, the Swiss federal law on the tax reform and AHV financing (TRAF) entered into force. The Canton of Zurich, where Belimo is headquartered, introduced certain provisions in the cantonal tax laws (e.g., patent box, additional R&D deductions) including transitional measures. Based on these transitional measures, in the balance sheet deferred taxes on intangible assets of CHF 22.9 million were recognized at the end of year 2021 (previous year CHF 26.6 million). The decrease of the deferred taxes on intangible assets resulted from amortization as well as from an update of the valuation of the step-up by CHF - 1.3 million presented in adjustments from previous years.

Tax-exempt income includes additional R&D deductions of CHF 3.6 million (previous year additional R&D deductions of CHF 3.7 million and updated valuation of the step-up by CHF 2.8 million) because of Belimo's strong R&D 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.

The deferred tax assets and liabilities were attributable to the following balance sheet items:

	December 31, 2021			December 31, 2020		
	Deferred tax			Deferred tax		
	assets	liabilities	net	assets	liabilities	net
in CHF 1 000						
Receivables	197	-2 788	-2 591	215	-2 172	-1 957
Inventories	3 015	-6 332	-3 317	379	-4 363	-3 984
Property, plant and equipment	234	-9 089	-8 855	262	-9 032	-8 770
Intangible assets	22 976	-1 833	21 143	26 805	-2 034	24 771
Other assets	19	-253	-233	-	-	-
Non-current employee benefits	-	-	-	-	-500	-500
Current liabilities	899	-24	876	650	-	650
Non-current financial liabilities	611	-	611	319	-	319
Tax losses carried forward and tax credits	608	-	608	477	-	477
<b>Total (gross)</b>	<b>28 558</b>	<b>-20 318</b>	<b>8 240</b>	<b>29 106</b>	<b>-18 101</b>	<b>11 005</b>
Set-off of tax	-18 190	18 190	-	-16 616	16 616	-
<b>Total (net)</b>	<b>10 368</b>	<b>-2 128</b>	<b>8 240</b>	<b>12 490</b>	<b>-1 485</b>	<b>11 005</b>

In the reporting period and in the previous year, the Group did not recognize any deferred taxes on investments in subsidiaries because it controls the dividend policy of its subsidiaries. The following table summarizes the movements in the net deferred tax position:

	2021	2020
in CHF 1 000		
<b>As at January 1</b>	<b>11 005</b>	<b>9 945</b>
Change in scope of consolidation	-	-914
Recognized in the income statement	-3 203	1 421
Recognized in other comprehensive income	469	667
Translation differences	-31	-115
<b>As at December 31</b>	<b>8 240</b>	<b>11 005</b>

Deferred tax assets on tax losses carried forward and tax credits as well as losses carry-forwards without capitalized tax effect expire as follows:

	Expiry in 1-5 years	Expiry after 5 years	No expiry	December 31, 2021	December 31, 2020
in CHF 1 000					
Deferred tax assets on tax losses carried forward and tax credits	44	243	321	<b>608</b>	<b>477</b>
Loss carry-forwards without capitalized tax effect	628	1 031	262	<b>1 921</b>	<b>1 380</b>

In addition, no deferred income tax assets have been recognized from deductible temporary differences in the amount of CHF 0.2 million (previous year CHF 0.5 million).



## 8 Equity and Earnings per Share

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 which 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 of share-based payment transactions and accumulated retained earnings of prior periods.

As per the resolution of the Annual General Meeting of BELIMO Holding AG held on March 29, 2021, a dividend of CHF 150.00 per registered share was paid out on April 6, 2021 and a twenty-for-one share split was conducted a day later, on April 7, 2021. Following the share split, the number of registered shares amounts to 12.3 million. In the interest of comparability, earnings per share and dividend per registered share for the previous year have been adjusted accordingly.

		2021	2020
Net income attributable to shareholders of BELIMO Holding AG	in CHF 1 000	115 671	86 715
Average outstanding shares <sup>1)</sup>	Number	12 298 556	12 298 480
Dividend per registered share <sup>1), 2)</sup>	in CHF	8.50	7.50
Total dividend <sup>2)</sup>	in CHF 1 000	104 550	92 250
Earnings per share (EPS) <sup>1)</sup>	in CHF	9.41	7.05

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

<sup>2)</sup> 2021: Proposed by the Board of Directors

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, 2021	December 31, 2020 <sup>1)</sup>
Par value per share	in CHF	0.05	0.05
Outstanding shares	Number	12 298 872	12 299 420
Treasury shares	Number	1 128	580
<b>Total registered shares</b>	<b>Number</b>	<b>12 300 000</b>	<b>12 300 000</b>

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

The share capital of BELIMO Holding AG consists of one class of voting rights.

**Treasury Shares**

	2021	2020 <sup>1)</sup>
Number of shares		
<b>As at January 1</b>	<b>580</b>	<b>1 140</b>
Purchases of treasury shares	9 520	9 400
Treasury shares awarded for share-based payments	- 8 972	- 9 960
<b>As at December 31</b>	<b>1 128</b>	<b>580</b>

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

**Reserves and Retained Earnings**

	December 31, 2021	December 31, 2020
in CHF 1 000		
Currency translation adjustment	- 16 751	- 17 836
Financial assets at FVOCI	751	-
<b>Total other reserves</b>	<b>- 15 999</b>	<b>- 17 836</b>
Capital reserves	24 113	24 110
Retained earnings	503 176	482 618
<b>Total</b>	<b>511 290</b>	<b>488 892</b>

**9 Cash and Cash Equivalents**

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

	December 31, 2021	December 31, 2020
in CHF 1 000		
Cash	109 408	104 942
Cash equivalents	-	60 000
<b>Total</b>	<b>109 408</b>	<b>164 942</b>

Cash consists of bank and postal accounts and cash on hand. Cash equivalents include term deposits with a maturity of three months or less from the date of acquisition. The impairment assessment in the reporting period and previous year showed no need for an adjustment.

## 10 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 an allowance 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.

	December 31, 2021	December 31, 2020
in CHF 1 000		
Trade receivables	100 011	83 031
Allowance	- 1 812	- 1 763
<b>Total</b>	<b>98 199</b>	<b>81 269</b>

Trade receivables by market region were as follows:

	December 31, 2021	December 31, 2020
in CHF 1 000		
Europe	39 155	34 311
Americas	41 565	31 412
Asia Pacific	17 479	15 546
<b>Total</b>	<b>98 199</b>	<b>81 269</b>

There were no cluster risks. The receivables in the Americas related mainly to the United States.

Movements in allowance for doubtful trade receivables were as follows:

	2021	2020
in CHF 1 000		
<b>As at January 1</b>	<b>- 1 763</b>	<b>- 2 175</b>
Increase	- 271	- 182
Utilization	166	227
Reversals	60	219
Translation differences	- 4	148
<b>As at December 31</b>	<b>- 1 812</b>	<b>- 1 763</b>

The aging and allowance of trade receivables were as follows:

	Default rate	December 31, 2021		December 31, 2020	
		Gross	Allowance	Gross	Allowance
in CHF 1 000					
Not due	0.5%	77 995	- 396	65 252	- 335
Overdue 1 to 30 days	3.0%	15 552	- 467	11 794	- 350
Overdue 31 to 60 days	5.0%	3 785	- 189	3 366	- 166
Overdue 61 to 180 days	10.0%	2 132	- 213	1 898	- 190
<b>Total trade receivables measured using the provision matrix</b>		<b>99 464</b>	<b>- 1 266</b>	<b>82 310</b>	<b>- 1 041</b>
Individual allowances	100.0%	547	- 547	722	- 722
<b>Total</b>		<b>100 011</b>	<b>- 1 812</b>	<b>83 031</b>	<b>- 1 763</b>

## 11 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 percent.

	December 31, 2021	December 31, 2020
in CHF 1 000		
Raw materials and consumables	68 406	52 179
Work in progress	625	430
Finished goods	57 351	52 851
<b>Total inventories (net)</b>	<b>126 382</b>	<b>105 461</b>
Allowance on raw materials and consumables	- 3 156	- 2 582
Allowance on finished goods	- 6 823	- 5 918
<b>Total allowance</b>	<b>- 9 979</b>	<b>- 8 501</b>

The allowance amounted to 7.3 percent (previous year 7.5 percent) of the gross value of inventories.

Movements in allowance were as follows:

	2021	2020
in CHF 1 000		
<b>As at January 1</b>	<b>- 8 501</b>	<b>- 7 450</b>
Increase	- 3 283	- 3 301
Utilization	1 730	2 002
Reversals	82	153
Translation differences	- 8	95
<b>As at December 31</b>	<b>- 9 979</b>	<b>- 8 501</b>

## 12 Other Assets

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

	December 31, 2021	December 31, 2020
in CHF 1 000		
Non-income tax receivables	6 326	4 618
Advance payments and deferred expenses	6 635	4 330
Term deposits	60 000	-
Derivative financial instruments	169	78
Other receivables	493	335
<b>Total</b>	<b>73 623</b>	<b>9 361</b>

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.

## 13 Property, Plant and Equipment

### Owned Property, Plant and Equipment

Items of property, plant and equipment are 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:

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.

### 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, less any incentives received, any initial direct costs, and restoration costs. 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.



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 1–5 years and may include extension options. Management judgment is required to define if an extension option is reasonably certain to be exercised.

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.

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, buildings	Tools, machinery	Furniture, fixtures, movable equipment	Advance payments, assets under construction	Total
in CHF 1 000					
<b>Costs</b>					
<b>As at January 1, 2020</b>	<b>223 367</b>	<b>114 409</b>	<b>27 920</b>	<b>2 574</b>	<b>368 270</b>
Additions	5 950	11 492	3 686	6 528	<b>27 656</b>
Disposals	-374	-1 299	-1 608	-	<b>-3 282</b>
Reclassifications	297	1 977	65	-2 339	-
Change in scope of consolidation	16	12	-	-	<b>28</b>
Translation differences	-7 138	-1 887	-1 224	-200	<b>-10 448</b>
<b>As at December 31, 2020</b>	<b>222 118</b>	<b>124 703</b>	<b>28 839</b>	<b>6 564</b>	<b>382 225</b>
Additions	5 130	9 570	3 619	22 148	<b>40 466</b>
Disposals	-2 795	-825	-3 305	-	<b>-6 926</b>
Reclassifications	1 427	1 176	12	-2 614	-
Translation differences	1 416	597	62	290	<b>2 365</b>
<b>As at December 31, 2021</b>	<b>227 295</b>	<b>135 221</b>	<b>29 226</b>	<b>26 388</b>	<b>418 130</b>
<b>Accumulated depreciation</b>					
<b>As at January 1, 2020</b>	<b>-69 502</b>	<b>-90 383</b>	<b>-17 469</b>		<b>-177 354</b>
Depreciation	-11 318	-10 081	-4 143		<b>-25 542</b>
Disposals	318	1 299	1 584		<b>3 202</b>
Translation differences	2 111	1 257	772		<b>4 140</b>
<b>As at December 31, 2020</b>	<b>-78 391</b>	<b>-97 908</b>	<b>-19 255</b>		<b>-195 554</b>
Depreciation	-11 471	-10 790	-4 229		<b>-26 490</b>
Disposals	1 780	724	3 249		<b>5 753</b>
Translation differences	-594	-442	-55		<b>-1 092</b>
<b>As at December 31, 2021</b>	<b>-88 677</b>	<b>-108 417</b>	<b>-20 290</b>		<b>-217 383</b>
<b>Carrying amounts</b>					
<b>As at January 1, 2020</b>	<b>153 865</b>	<b>24 026</b>	<b>10 451</b>	<b>2 574</b>	<b>190 916</b>
<b>As at December 31, 2020</b>	<b>143 727</b>	<b>26 795</b>	<b>9 585</b>	<b>6 564</b>	<b>186 671</b>
<b>As at December 31, 2021</b>	<b>138 619</b>	<b>26 804</b>	<b>8 936</b>	<b>26 388</b>	<b>200 747</b>

The additions consisted of:

	2021	2020
in CHF 1 000		
Cash effective investments in property, plant and equipment	38 935	22 790
Non-cash effective additions to the right-of-use-assets	2 621	3 157
Net change in deferred consideration for investments	- 1 090	1 709
<b>Total Additions</b>	<b>40 466</b>	<b>27 656</b>

The impairment assessment in the reporting period and previous year showed no need for adjustment. The sale of property, plant and equipment resulted in a gain of CHF 0.3 million (previous year gain of CHF 0.2 million).

Commitments for investments in property, plant and equipment amounted to CHF 32.6 million (previous year CHF 11.9 million), of which CHF 28.9 million in relation to building extension projects in all market regions.

#### Additional Disclosures Leased Property, Plant and Equipment

	2021				2020		
	Land, buildings	Furniture, fixtures, movable equipment	Advances for assets leased	Total	Land, buildings	Furniture, fixtures, movable equipment	Total
in CHF 1 000							
Additions to the right-of-use assets	1 940	682	7 203	<b>9 825</b>	2 396	761	<b>3 157</b>
Depreciation	- 3 481	- 721	-	<b>- 4 202</b>	- 3 345	- 702	<b>- 4 048</b>
Change in scope of consolidation	-	-	-	-	16	-	<b>16</b>
Net carrying amount as at December 31	10 310	972	7 341	<b>18 623</b>	12 841	983	<b>13 825</b>

The total cash outflow for lease payments was as follows:

	2021	2020
in CHF 1 000		
Repayment of lease liabilities	- 4 218	- 3 713
Interest paid for lease liabilities	- 466	- 540
Payments for short-term leases and for leases of low-value assets	- 480	- 577
<b>Total</b>	<b>- 5 164</b>	<b>- 4 830</b>

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 20.3.

## 14 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:

Software	2 – 5 years
Customer relationships	3 – 10 years
Internally generated intangible assets	2 – 5 years
Patents, trademarks, technology and other rights	3 – 10 years

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.

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. The impairment process is similar to the one described in note 13 Property, Plant and Equipment.

	Software	Customer relationships	Internally generated intangible assets	Patents, trademarks, technology and other rights	Advance payments	Total
in CHF 1 000						
<b>Costs</b>						
<b>As at January 1, 2020</b>	<b>28 287</b>	<b>12 517</b>	<b>5 460</b>	<b>-</b>	<b>1 625</b>	<b>47 889</b>
Additions	3 651	-	430	-	2 569	<b>6 649</b>
Disposals	-314	-6 619	-1 067	-	-	<b>-8 000</b>
Reclassifications	1 642	-	-	-	-1 642	<b>-</b>
Change in scope of consolidation	-	2 459	-	991	-	<b>3 450</b>
Translation differences	-301	91	-	-10	-3	<b>-223</b>
<b>As at December 31, 2020</b>	<b>32 964</b>	<b>8 448</b>	<b>4 824</b>	<b>981</b>	<b>2 549</b>	<b>49 766</b>
Additions	4 048	-	2 252	-	1 162	<b>7 462</b>
Disposals	-190	-	-1 309	-	-	<b>-1 499</b>
Reclassifications	2 549	-	-	-	-2 549	<b>-</b>
Translation differences	94	-289	-	71	-	<b>-123</b>
<b>As at December 31, 2021</b>	<b>39 466</b>	<b>8 159</b>	<b>5 766</b>	<b>1 052</b>	<b>1 162</b>	<b>55 606</b>
<b>Accumulated amortization</b>						
<b>As at January 1, 2020</b>	<b>-23 855</b>	<b>-8 108</b>	<b>-2 748</b>	<b>-</b>	<b>-</b>	<b>-34 711</b>
Amortization	-3 676	-1 146	-900	-8	-	<b>-5 730</b>
Disposals	314	6 619	1 067	-	-	<b>8 000</b>
Translation differences	263	-16	-	-	-	<b>246</b>
<b>As at December 31, 2020</b>	<b>-26 954</b>	<b>-2 651</b>	<b>-2 582</b>	<b>-8</b>	<b>-</b>	<b>-32 195</b>
Amortization	-4 665	-1 004	-769	-105	-	<b>-6 542</b>
Disposals	190	-	1 309	-	-	<b>1 499</b>
Translation differences	-84	214	-	-2	-	<b>128</b>
<b>As at December 31, 2021</b>	<b>-31 513</b>	<b>-3 441</b>	<b>-2 041</b>	<b>-115</b>	<b>-</b>	<b>-37 111</b>
<b>Carrying amounts</b>						
<b>As at January 1, 2020</b>	<b>4 432</b>	<b>4 409</b>	<b>2 712</b>	<b>-</b>	<b>1 625</b>	<b>13 178</b>
<b>As at December 31, 2020</b>	<b>6 010</b>	<b>5 796</b>	<b>2 242</b>	<b>973</b>	<b>2 549</b>	<b>17 571</b>
<b>As at December 31, 2021</b>	<b>7 953</b>	<b>4 718</b>	<b>3 725</b>	<b>937</b>	<b>1 162</b>	<b>18 495</b>

CHF 2.2 million (previous year CHF 0.3 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:

	2021	2020
in CHF 1 000		
Cash effective investments in intangible assets	7 790	6 174
Net change in deferred consideration for investments	– 328	475
<b>Total Additions</b>	<b>7 462</b>	<b>6 649</b>

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 0.1 million (previous year CHF 2.3 million).

## 15 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. Financial assets measured at amortized costs are subject to the impairment requirements of IFRS 9.

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. The identified impairment loss was immaterial and therefore no valuation allowance has been recognized.

## 16 Other Liabilities

Financial instruments other than derivatives included in other liabilities are recognized at amortized costs. Derivative financial instruments are measured at fair value through profit and loss, with any changes therein recognized in the financial result.

	December 31, 2021	December 31, 2020
in CHF 1 000		
Liabilities to employees	23 636	16 185
Accrued volume rebates to customers	14 861	10 163
Non-income tax payables	6 254	5 311
Social security liabilities	5 700	3 412
Derivative financial instruments	22	75
Other liabilities and accrued expenses	17 073	10 082
<b>Total</b>	<b>67 546</b>	<b>45 228</b>

## 17 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 or loss. Lease liabilities are initially measured at the present value of the lease payments. Management judgment is required to determine the lease liabilities. Further details regarding lease accounting are described in note 13 Property, Plant and Equipment.

The changes in liabilities arising from financing activities are as follows:

	2021			2020		
	Lease liabilities	Other financial liabilities	Total	Lease liabilities	Other financial liabilities	Total
in CHF 1 000						
<b>As at January 1</b>	<b>12 284</b>	<b>1 656</b>	<b>13 939</b>	<b>13 442</b>	<b>272</b>	<b>13 713</b>
Proceeds from loans	–	–	–	–	1 285	<b>1 285</b>
Interest paid	– 466	– 19	<b>– 485</b>	– 540	–	<b>– 540</b>
Repayments	– 4 218	–	<b>– 4 218</b>	– 3 713	–	<b>– 3 713</b>
<b>Cash flow used in financing activities</b>	<b>– 4 684</b>	<b>– 19</b>	<b>– 4 703</b>	<b>– 4 253</b>	<b>1 285</b>	<b>– 2 968</b>
Payments for investments in property, plant and equipment from previous years	–	– 6	<b>– 6</b>	–	– 203	<b>– 203</b>
Payments of consideration for acquisitions	–	– 465	<b>– 465</b>	–	– 105	<b>– 105</b>
<b>Cash flow used in investing activities</b>	<b>–</b>	<b>– 471</b>	<b>– 471</b>	<b>–</b>	<b>– 308</b>	<b>– 308</b>
Change in scope of consolidation	–	–	–	16	–	<b>16</b>
Contingent and deferred consideration for acquisitions	–	–	–	–	552	<b>552</b>
Non-cash effective movements	1 464	– 61	<b>1 403</b>	3 100	– 148	<b>2 952</b>
Deferred payments for investments in property, plant and equipment	–	98	<b>98</b>	–	–	–
Interest expenses	466	53	<b>520</b>	540	–	<b>540</b>
Translation differences	11	– 29	<b>– 18</b>	– 562	2	<b>– 560</b>
<b>Non-cash effective movements</b>	<b>1 942</b>	<b>61</b>	<b>2 003</b>	<b>3 096</b>	<b>406</b>	<b>3 502</b>
<b>As at December 31</b>	<b>9 541</b>	<b>1 227</b>	<b>10 768</b>	<b>12 284</b>	<b>1 656</b>	<b>13 939</b>
of which current financial liabilities	3 545	–	<b>3 545</b>	4 122	443	<b>4 565</b>
of which non-current financial liabilities	5 996	1 227	<b>7 223</b>	8 162	1 213	<b>9 375</b>

Interest paid not related to financial liabilities and therefore not included in the table above amounted to CHF 0.4 million (previous year CHF 0.4 million).

## 18 Provisions

Provisions are recognized when the Group has a present obligation as a result 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 which are lower or higher than the recognized provision, or which are not or only partially covered by a corresponding insurance benefit. The actual payments may therefore differ from the provisions.

	Warranties	Others	Total 2021	Total 2020
in CHF 1 000				
<b>As at January 1</b>	<b>4 561</b>	<b>833</b>	<b>5 395</b>	<b>5 071</b>
Increase	6 206	6 112	12 318	3 324
Utilization	-4 256	-2 125	-6 381	-2 605
Reversals	-859	-19	-878	-412
Changes in scope of consolidation	-	-	-	18
Translation differences	-	3	3	-1
<b>As at December 31</b>	<b>5 652</b>	<b>4 804</b>	<b>10 457</b>	<b>5 395</b>
of which current provisions	4 778	3 531	8 308	4 297
of which non-current provisions	875	1 274	2 148	1 098

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 include expected costs for legal litigations and for non-income tax risks.

## 19 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 liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income and are not reclassified subsequently to the income statement. Asset surpluses are consid-



ered only to the extent of possible future reimbursement or reduction of contributions in accordance with IFRIC 14.

The calculation of the net defined benefit asset/liability is based on actuarial assumptions. These can differ from actual future results. The discount rate and the life expectancy are material assumptions for the actuarial calculation.

	December 31, 2021	December 31, 2020
in CHF 1 000		
Post-employment benefits	–	2 550
<b>Non-current employee benefit assets</b>	<b>–</b>	<b>2 550</b>
Other long-term employee benefits	5 380	3 874
<b>Non-current employee benefit liabilities</b>	<b>5 380</b>	<b>3 874</b>

Other long-term employee benefits mainly include jubilee provisions.

### 19.1 Post-Employment Benefits

In addition to state social security schemes, some Group companies offer additional post-employment benefit plans, covering approximately half of all employees. Under some of these post-employment benefit plans, employees are required to make contributions, which are supplemented by corresponding employer contributions. The funding is made in accordance with local legal and fiscal requirements. Employees receive benefits in the event of death, disability or retirement. The only significant post-employment defined benefit plan exists in Switzerland.

#### Post-Employment Benefit Plan of BELIMO Automation AG

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. On the basis of 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 life-long 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 the Executive Committee.

### Post-Employment Benefits Development

In the reporting year, it was decided to transfer all risks to the beneficiaries and collective fund of the additional post-employment benefit plan of the Executive Committee at Sammelstiftung Vita Select (1e plan). The pension plan is therefore now 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 the reporting year. The plan modification was applicable as of February 1, 2022.

In the financial year 2020, the Board of Trustees of the Swiss pension fund decided to reduce the conversion rate due to continuous low interest rates and pension losses. In order to mitigate the negative effect on the post-employment benefits, several compensating measures have been applied by the Board of Trustees. The plan amendment resulted in a net increase of the defined benefit obligations of CHF 0.9 million and has been recognized as past service costs in 2020. The plan amendment was applicable as of January 1, 2021.

The net defined benefit assets/liabilities are as follows:

	December 31, 2021	December 31, 2020
in CHF 1 000		
Defined benefit obligation	- 327 061	- 325 220
Fair value of plan assets	362 998	327 770
<b>Surplus/(deficit) before asset ceiling</b>	<b>35 936</b>	<b>2 550</b>
Adjustment to asset ceiling	- 35 936	-
<b>Net defined benefit asset/(liability)</b>	<b>-</b>	<b>2 550</b>

In 2021, the return on plan assets (including interest income) of CHF 23.9 million (previous year CHF 16.5 million), an actuarial gain on the defined benefit obligation of CHF 8.9 million (previous year loss of CHF 19.3 million), as well as other movements of CHF 0.7 million (previous year CHF - 3.0 million) led to a surplus of CHF 35.9 million (previous year surplus of CHF 2.6 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. Therefore, the surplus was not recognized as a non-current asset as at December 31, 2021. In the previous year, the asset ceiling exceeded the surplus and consequently, a non-current asset of CHF 2.6 million was recognized as at December 31, 2020.

There are no significant unfunded plans in the reporting year (previous year none).

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

	2021				2020		
	Defined benefit obligations	Fair value of plan assets	Asset ceiling	Net defined benefit asset/(liability)	Defined benefit obligations	Fair value of plan assets	Net defined benefit asset/(liability)
in CHF 1 000							
<b>As at January 1</b>	<b>- 325 220</b>	<b>327 770</b>	<b>-</b>	<b>2 550</b>	<b>- 286 436</b>	<b>294 859</b>	<b>8 422</b>
<b>Movements included in the income statement</b>							
Current service costs	- 10 380			- 10 380	- 10 622		- 10 622
Past service costs	-			-	- 900		- 900
Gains and losses on settlement (net)	5 499	- 4 791		708	-	-	-
Interest result (net)	- 333	336		3	- 857	888	30
<b>Total movements included in the income statement</b>	<b>- 5 214</b>	<b>- 4 455</b>	<b>-</b>	<b>- 9 669</b>	<b>- 12 380</b>	<b>888</b>	<b>- 11 492</b>
<b>Movements included in other comprehensive income</b>							
Change in demographic assumptions	14 392			14 392	- 2 901		- 2 901
Change in financial assumptions	8 698			8 698	- 8 444		- 8 444
Experience adjustments	- 14 236			- 14 236	- 8 000		- 8 000
Return on plan assets (excluding interest income)		23 515		23 515		15 634	15 634
Change in asset ceiling (excluding interest expense)			- 35 936	- 35 936			-
<b>Total movements included in other comprehensive income</b>	<b>8 855</b>	<b>23 515</b>	<b>- 35 936</b>	<b>- 3 566</b>	<b>- 19 345</b>	<b>15 634</b>	<b>- 3 711</b>
<b>Other movements</b>							
Employer contributions		10 685		10 685		9 307	9 307
Employee contributions	- 7 797	7 797		-	- 6 970	6 970	-
Benefits paid from plan assets	2 315	- 2 315		-	- 114	114	-
Benefits paid by the employer	-			-	25		25
<b>Total other movements</b>	<b>- 5 482</b>	<b>16 167</b>	<b>-</b>	<b>10 685</b>	<b>- 7 059</b>	<b>16 391</b>	<b>9 332</b>
<b>As at December 31</b>	<b>- 327 061</b>	<b>362 997</b>	<b>- 35 936</b>	<b>-</b>	<b>- 325 220</b>	<b>327 770</b>	<b>2 550</b>

The weighted average duration of the defined benefit obligations is 14.7 years (previous year 17.6 years). The expected employer contributions for 2022 amount to CHF 10.4 million.

**Investment Portfolio**

The major categories of plan assets were as follows:

	December 31, 2021	December 31, 2020
Bonds	38.2%	45.1%
Shares	37.2%	34.9%
Real estate	23.9%	17.9%
Assets held by insurance company	0.0%	1.3%
Cash and cash equivalents	0.7%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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**

With the publication of the new generation table, Belimo changed the basic probabilities used within the demographic assumptions to BVG 2020 for the Swiss pension plan (previous year BVG 2015). Life-expectancy assumptions are arrived at through a projection of future mortality improvements in accordance with the Continuous Mortality Investigation Model CMI (previous year Menthonnex Model). The computations are made with a future long-term mortality improvement rate of 1.25 percent. The following principal actuarial assumptions were applied:

	December 31, 2021	December 31, 2020
Discount rate	0.35%	0.10%
Interest rate used in projecting retirement benefits	1.00%	1.00%
Expected salary increases	1.50%	2.00%
Mortality tables	BVG 2020 GT-CMI	BVG 2015 GT
Long-term rate of mortality improvement	1.25%	–
Life expectancy as at age of 65 in years:		
Active employees (female/male)	25.04/23.41	26.58/24.55
Pensioners (female/male)	23.47/21.80	24.86/22.83

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 taken into account.

	December 31, 2021	December 31, 2020
<b>Increase (+)/decrease (-) of the present value of defined benefit obligations</b>		
<b>Discount rate</b>		
Increase by 25 basis points	-3.5%	-3.2%
Decrease by 25 basis points	3.8%	3.5%
<b>Interest rate used in projecting retirement benefits</b>		
Increase by 25 basis points	1.4%	0.4%
Decrease by 25 basis points	-1.3%	-0.4%
<b>Expected salary increases</b>		
Increase by 50 basis points	0.7%	0.9%
Decrease by 50 basis points	-0.7%	-0.9%
<b>Life expectancy</b>		
Increase by 1 year	2.3%	2.1%
Decrease by 1 year	-2.3%	-2.1%

## 20 Financial Risk Management

### 20.1 General

Due to the nature of its activities, Belimo is exposed to a number of financial risks: credit risk, market risk (foreign currency and interest rate risk) and liquidity risk.

Financial risk management is based on guidelines issued by the Board of Directors concerning the objectives, principles, tasks and responsibilities of financial management. The Board of Directors has assigned the Group Treasury to monitor financial risks. Group Treasury regularly reports to the Executive Committee and the Board of Directors on existing risks.

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.

### 20.2 Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk of Belimo mainly arises from trade receivables, term deposits and cash and cash equivalents.

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 which have a maturity of more than three months from the date of acquisition are only held with major, creditworthy financial institu-

tions 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 of the reporting date (see table in note 20.5 Categories of Financial Instruments). There are no guarantees or similar obligations that could lead to an increase in risk beyond the carrying amounts.

### 20.3 Liquidity Risk

Liquidity risk is the risk that Belimo will not be able to meet its financial obligations as they fall due. It is the aim of Belimo to have sufficient liquidity and unused credit lines available at all times so that it can meet its financial obligations when due, under both normal and stressed conditions. 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.

Belimo has CHF 80.0 million of committed credit lines and CHF 20.0 million of uncommitted credit lines (not used as of December 31, 2021). In the previous year the total amount of available credit lines amounted to CHF 100.0 million (not used as of December 31, 2020).

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

	Less than 1 year	1–5 years	More than 5 years	Total
in CHF 1 000				
<b>As at December 31, 2021</b>				
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
<b>Total</b>	<b>61 130</b>	<b>6 698</b>	<b>1 211</b>	<b>69 039</b>
<b>As at December 31, 2020</b>				
Trade payables	18 831	–	–	18 831
Lease liabilities	4 210	7 692	1 548	13 450
Other financial liabilities	443	823	389	1 656
Other liabilities qualifying as financial instruments	20 245	–	–	20 245
Derivative financial instruments	75	–	–	75
<b>Total</b>	<b>43 804</b>	<b>8 515</b>	<b>1 937</b>	<b>54 257</b>

## 20.4 Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will have an impact on the Group's income or the value of the financial instruments held by the Group. Monitoring and controlling these risks ensures that the exposure does not exceed a certain level.

### Foreign Currency Risk

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. Invoices between Group companies are mainly denominated in the currency of the company receiving the invoice. Foreign Group companies procure almost all their goods from the Swiss central production and distribution company BELIMO Automation AG and invoice their sales to third parties mainly in local currency. Foreign currency risks thus almost exclusively affect the Swiss company, which facilitates the management of these risks by using forward contracts.

The following table shows the main foreign exchange risk exposure for financial instruments whose currency differ from the functional currency of the Group company holding them.

	December 31, 2021			December 31, 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
in CHF 1 000						
CAD	4 956	-1	4 955	5 125	-	5 125
CHF	776	-8 775	-7 998	2 386	-13 737	-11 351
EUR	26 002	-16 552	9 450	22 182	-8 090	14 092
GBP	1 790	-18	1 772	4 093	-11	4 081
PLN	3 597	-	3 597	3 927	-	3 927
USD	16 014	-9 302	6 712	11 868	-6 340	5 528
Other	12 540	-867	11 673	11 223	-923	10 300
<b>Total</b>	<b>65 676</b>	<b>-35 515</b>	<b>30 160</b>	<b>60 803</b>	<b>-29 101</b>	<b>31 702</b>

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

		December 31, 2021		December 31, 2020	
		Exchange		Exchange	
		gain	loss	gain	loss
in CHF 1 000					
CAD	+/- 5%	129	-129	36	-36
CHF	-/+ 5%	400	-400	568	-568
EUR	+/- 5%	473	-473	515	-515
GBP	+/- 5%	58	-58	144	-144
PLN	+/- 5%	68	-68	66	-66
USD	+/- 5%	-29	29	763	-763
Other	+/- 5%	476	-476	439	-439
<b>Total</b>		<b>1 574</b>	<b>-1 574</b>	<b>2 530</b>	<b>-2 530</b>



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 foreign currency hedging instruments were held, whereas foreign currency forward contracts selling foreign currencies are disclosed as positive figures and contracts buying foreign currencies as negative figures:

	December 31, 2021	December 31, 2020
in CHF 1 000		
<b>Face values</b>		
in CAD	2 363	4 419
in EUR	–	3 790
in GBP	621	1 189
in PLN	2 257	2 643
in USD	7 414	–9 714
Other	2 163	1 476
<b>Total</b>	<b>14 819</b>	<b>3 802</b>
<b>Fair values</b>		
positive	169	78
negative	–22	–75
<b>Total</b>	<b>147</b>	<b>3</b>

### Interest Rate Risk

The interest rate risk includes the risk that changes in interest rates have an impact on future cash flows (cash flow interest rate risk) and the risk that changes in interest rates affect the fair value of financial instruments (fair value 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.

## 20.5 Categories of Financial Instruments

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

	Carrying amounts	
	December 31, 2021	December 31, 2020
in CHF 1 000		
<b>Financial assets held to collect measured at amortized cost</b>		
Cash and cash equivalents	109 408	164 942
Term deposits	60 000	–
Trade receivables	98 199	81 269
Other receivables	493	335
Financial assets	2 022	1 942
<b>Total</b>	<b>270 121</b>	<b>248 489</b>
<b>Financial assets measured at fair value through OCI</b>		
Investments <sup>1)</sup>	2 774	919
<b>Total</b>	<b>2 774</b>	<b>919</b>
<b>Financial assets measured at fair value through profit or loss</b>		
Derivative financial instruments <sup>2)</sup>	169	78
<b>Total</b>	<b>169</b>	<b>78</b>
<b>Financial liabilities measured at amortized cost</b>		
Trade payables	25 571	18 831
Current financial liabilities	3 545	4 565
Non-current financial liabilities	7 223	9 375
Other liabilities and accrued expenses qualifying as financial instruments	31 934	20 245
<b>Total</b>	<b>68 274</b>	<b>53 015</b>
<b>Financial liabilities measured at fair value through profit or loss</b>		
Derivative financial instruments <sup>2)</sup>	22	75
<b>Total</b>	<b>22</b>	<b>75</b>

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

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

For financial assets and financial liabilities not measured at fair value in the table above, the carrying amount is a reasonable approximation of fair value.

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 on the basis of 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 (see note 6 Financial Result). The derivatives financial instruments as at December 31, 2021, mature in 89 days or less (previous year 56 days).

The unquoted equity instrument is allocated to level 3 and relates to an immaterial investment in an innovative start-up in the HVAC sector. The Group designated the investment as investment at fair value through OCI because this equity instrument represents an investment that the Group intends to hold over a long term for strategic purposes. In the reporting period, Belimo participated in an additional financing round of the start-up resulting in a fair value change of CHF 0.9 million, which was recognized in other comprehensive income.

In 2021 and 2020, there were no transfers between the fair value hierarchical levels.

The Group did not perform any quantitative sensitivity analysis at December 31, 2021 for the financial instruments measured at fair value, as they are considered to be immaterial.

## **20.6 Capital Management**

Belimo aims to maintain an equity ratio that is in line with its strategy and that will remain stable over time, in order 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 23.1 percent as at December 31, 2021 (previous year 17.4 percent). The Board of Directors strives to achieve a continuous payout ratio, but it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In order to further reduce its substantial cash reserves, the Board of Directors of BELIMO Holding AG will propose a dividend of CHF 8.50 at the Annual General Meeting 2022, which results in a payout ratio of 90.4 percent (previous year 106.4 percent). The definition of return on equity and payout ratio are described under the following link: [www.belimo.com/financial-summary](http://www.belimo.com/financial-summary).

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.

## 21 Contingent Liabilities

As at December 31, 2021 and 2020, there were no contingent liabilities.

## 22 Related Parties

In 2021 and 2020, total booked compensation for the Board of Directors and Executive Committee was as follows:

	2021	2020
in CHF 1 000		
Salaries and other short-term employee benefits	4 874	3 989
Post-employment benefits	884	676
Expenses for share-based payments	341	217
<b>Total</b>	<b>6 100</b>	<b>4 882</b>

Further information regarding compensation and investments of the Board of Directors and Executive Committee is disclosed in the Remuneration Report.

Transactions between Belimo and the pension funds are detailed in Note 19.

In 2021 and 2020, there were no further material related party transactions.

## 23 Subsidiaries

BELIMO Holding AG held the following subsidiaries:

Company, place of incorporation	Country	Currency	Share Capital in 1 000		Activities	Group interest	
			December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
<b>Europe</b>							
BELIMO Automation AG, Hinwil	CH	CHF	500	500	P, D, R&D	100%	100%
BELIMO InnoVision AG, Hinwil <sup>1)</sup>	CH	CHF	3 500	1 000	H	100%	100%
BELIMO Stellantriebe Vertriebs GmbH, Stuttgart	DE	EUR	205	205	D	100%	100%
BELIMO Automation Deutschland GmbH, Großröhrsdorf <sup>1)</sup>	DE	EUR	50	4 050	P, R&D	100%	100%
BELIMO Automation Handelsgesellschaft m.b.H., Vienna	AT	EUR	36	36	D	100%	100%
BELIMO Silowniki S.A., Warsaw	PL	PLN	500	500	D	100%	100%
BELIMO Servomotoren B.V., Vaassen	NL	EUR	18	18	D	100%	100%
BELIMO Belgium BV, Grimbergen <sup>2)</sup>	BE	EUR	500	–	D	100%	–
BELIMO Automation UK Ltd., Shepperton	GB	GBP	0.1	0.1	D	100%	100%
BELIMO Automation Norge A/S, Oslo	NO	NOK	501	501	D	100%	100%
BELIMO Finland Oy, Helsinki	FI	EUR	100	100	D	100%	100%
BELIMO AB, Nacka	SE	SEK	1 000	1 000	D	100%	100%
BELIMO SARL, Courtry	FR	EUR	80	80	D	100%	100%
BELIMO Ibérica de Servomotores S.A., Madrid	ES	EUR	301	301	D	100%	100%
BELIMO Italia S.r.l., Grassobbio	IT	EUR	47	47	D	100%	100%
BEREVA S.r.l., Ora <sup>1), 3)</sup>	IT	EUR	1 330	500	D, R&D	89%	83%
BELIMO Automation FZE, Dubai <sup>1)</sup>	AE	USD	1 905	273	D	100%	100%
BELIMO Turkey Otomasyon A.Ş., Istanbul	TR	TRY	1 000	1 000	D	100%	100%
<b>Americas</b>							
BELIMO Aircontrols (USA), Inc., Danbury	US	USD	200	200	D, H	100%	100%
BELIMO Customization (USA), Inc., Danbury <sup>4)</sup>	US	USD	45	45	P	100%	100%
BELIMO Technology (USA), Inc., Danbury <sup>4)</sup>	US	USD	30	30	R&D	100%	100%
BELIMO Aircontrols (CAN), Inc., Mississauga	CA	CAD	95	95	D	100%	100%
BELIMO Sensors Inc., Dorval	CA	CAD	2 025	2 025	P, D, R&D	100%	100%
BELIMO Brasil – Comércio de Automação Ltda., São Paulo	BR	BRL	10 372	10 372	D	100%	100%
<b>Asia Pacific</b>							
BELIMO Actuators Ltd., Hong Kong	HK	HKD	10	10	D	100%	100%
BELIMO Actuators Pty. Ltd., Mulgrave, Melbourne <sup>1)</sup>	AU	AUD	1 210	10	D	100%	100%
BELIMO Automation (Shanghai) Co., Ltd., Shanghai	CN	CNY	20 320	20 320	P, D, R&D	100%	100%
BELIMO Actuators (India) Pvt Ltd., Mumbai	IN	INR	1 574	1 574	D	100%	100%
BELIMO Automation Malaysia SDN. BHD., Kuala Lumpur	MY	MYR	5 300	5 300	D	100%	100%

<sup>1)</sup> Change in share capital 2021

<sup>2)</sup> Incorporated in 2021

<sup>3)</sup> Investment held by BELIMO InnoVision AG

<sup>4)</sup> Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

## **24 Events after the Reporting Date**

On March 4, 2022, the Board of Directors of BELIMO Holding AG approved the present consolidated 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 in its Annual General Meeting, to be held on March 28, 2022.

# 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 balance sheet as at 31 December 2021 and the consolidated 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 (pages 84 to 125) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 Auditing Standards. 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 and 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 2021 by comparing invoices to delivery papers and evaluating incoterms.
- Assessing completeness and accuracy of recognition of revenue deductions by evaluating credit notes issued in 2022 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 3 to the consolidated financial statements

### **Other Information in the Annual Report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all 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 in the annual report 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 in the annual report 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.

### **Responsibility of the Board of Directors 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 the Swiss Auditing Standard 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



Reto Benz  
Licensed Audit Expert  
Auditor in Charge



Reto Kaufmann  
Licensed Audit Expert

Zurich, 4 March 2022

# Financial Statements of BELIMO Holding AG

## Income Statement

	Note	2021	2020
in CHF 1 000			
Dividend income – Group companies		66 387	84 373
License fees – Group companies		7 828	9 553
Other financial income	2.1	4 821	3 655
<b>Revenue</b>		<b>79 035</b>	<b>97 582</b>
Personnel expenses		- 1 216	- 1 125
Other operating expenses		- 1 478	- 1 522
Financial expenses	2.1	- 458	- 5 512
Impairment loss		-	- 2 163
Direct taxes		- 1 178	- 1 029
<b>Expenses</b>		<b>- 4 330</b>	<b>- 11 351</b>
<b>Net income</b>		<b>74 705</b>	<b>86 231</b>

## Balance Sheet

	Note	December 31, 2021	December 31, 2020
in CHF 1 000			
Cash and cash equivalents		1 289	72 769
Other current receivables – Group companies	2.2	1 620	16 203
Other current receivables – Third parties		5 029	112
Accrued income and prepaid expenses		41	15
<b>Current assets</b>		<b>7 980</b>	<b>89 099</b>
Financial assets – Group companies		209 413	145 260
Investments	2.3	79 107	69 071
<b>Non-current assets</b>		<b>288 520</b>	<b>214 331</b>
<b>Assets</b>		<b>296 500</b>	<b>303 430</b>
Other current liabilities – Group companies	2.2	10 973	–
Other current liabilities – Third parties		64	98
Deferred income and accrued expenses		456	405
<b>Current liabilities</b>		<b>11 493</b>	<b>503</b>
<b>Liabilities</b>		<b>11 493</b>	<b>503</b>
Share capital		615	615
Legal capital reserves		9 164	9 164
Legal retained earnings		580	580
Voluntary retained earnings		275 253	292 792
Treasury shares	2.4	– 606	– 224
<b>Shareholders' equity</b>		<b>285 007</b>	<b>302 927</b>
<b>Liabilities and shareholders' equity</b>		<b>296 500</b>	<b>303 430</b>

# Notes to the Financial Statements

## 1 Accounting Policies

### 1.1 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.

### 1.2 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.

### 1.3 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.

### 1.4 Foregoing a Statement of Cash Flows 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 in accordance with the law.

## 2 Information on Items in the Income Statement and Balance Sheet

### 2.1 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 2021, net foreign exchange gains of CHF 0.9 million were recognized as other financial income (previous year loss of CHF 4.9 million recognized as financial expenses).

### 2.2 Other current Receivables and Liabilities – Group Companies

As at December 31, 2021, BELIMO Holding AG had a payable towards BELIMO Automation AG of CHF 10.8 million (previous year receivable of CHF 14.7 million).

### 2.3 Investments

Information on the investments directly and indirectly controlled by BELIMO Holding AG, is given in the list of group companies on page 124 of the Annual Report. Ownership interests equal voting rights.

### 2.4 Treasury Shares

	2021		2020 <sup>1)</sup>	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
<b>As at January 1</b>	<b>580</b>	<b>224</b>	<b>1 140</b>	<b>67</b>
Purchase	9 520	5 178	9 400	3 673
Awarded for (group) share-based payments	-8 972	-4 796	-9 960	-3 516
<b>As at December 31</b>	<b>1 128</b>	<b>606</b>	<b>580</b>	<b>224</b>

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

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 543.90, and the average transaction price of the treasury shares awarded for share-based payments CHF 535.00.

## 3 Other Information

### 3.1 Full-Time Equivalentents

BELIMO Holding AG does not have any employees.

### 3.2 Covenants, Contingent Liabilities and Collaterals for Third-Party Liabilities

The available committed (CHF 80.0 million) and uncommitted (CHF 20.0 million) credit lines were not used in 2021. The framework agreements, on which either BELIMO Holding AG or BELIMO Automation AG may draw, are not subject to financial covenants.

There were no contingent liabilities as at December 31, 2021 and 2020.

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.

BELIMO Holding AG has no guarantee obligations in the current year (previous year CHF 0.4 million).



### 3.3 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:

	December 31, 2021	December 31, 2020 <sup>1)</sup>
Number of shares		
<b>Board of Directors</b>		
Prof. Adrian Altenburger	1 000	1 000
Patrick Burkhalter	71 300	71 300
Sandra Emme	400	400
Urban Linsi <sup>2)</sup>	160 200	160 200
Stefan Ranstrand	–	–
Dr. Martin Zwyszig	500	500
<b>Total</b>	<b>233 400</b>	<b>233 400</b>
<b>Executive Committee</b>		
Dr. Elena Cortona <sup>3)</sup>	158	–
Gary Economides	745	340
Lukas Eigenmann	4 119	3 860
James W. Furlong	1 677	1 520
Louis Scheidegger	1 115	960
Dr. Markus Schürch	483	240
Lars van der Haegen	2 429	1 780
<b>Total</b>	<b>10 726</b>	<b>8 700</b>

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

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

<sup>3)</sup> Joined the Executive Committee in 2021.

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 2021, 2 026 shares (CHF 1.1 million) (previous year 1 900 shares, adjusted for share split 2021, CHF 0.7 million) were issued to the members of the Executive Committee based on the long-term incentive share plan (see remuneration report, pages 24 to 29).

### 3.4 Significant Shareholders

The following shareholders and shareholder groups owned more than five percent of the voting rights:

	December 31, 2021	December 31, 2020
Group Linsi <sup>1)</sup>	19.51%	19.51%

<sup>1)</sup> Group Linsi holds 19.53% of the shares of Belimo Holding AG, of which 19.51% are voting shares.

### 3.5 Events after the Reporting Date

On March 4, 2022, 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 annual financial statements are subject to approval by the shareholders of BELIMO Holding AG in its Annual General Meeting to be held on March 28, 2022.

# Appropriation of Available Earnings

	2021
in CHF 1 000	
Balance carried forward from previous year	200 549
Net income	74 705
<b>Available earnings</b>	<b>275 253</b>
<b>Proposed appropriation of available earnings by the Board of Directors</b>	
Dividend of CHF 8.50 per share <sup>1)</sup>	- 104 550
<b>Balance carried forward</b>	<b>170 703</b>

<sup>1)</sup> Shares held by BELIMO Holding AG at the time of dividend distribution are not entitled to dividends.

The Board of Directors proposes to the 2022 Annual General Meeting a dividend of CHF 8.50 per share.

The dividend is expected to be paid on April 1, 2022.



# 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, which comprise the balance sheet as at 31 December 2021, 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 (pages 130 to 135) for the year ended 31 December 2021 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 Auditing Standards. 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 entity 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.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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.

### Responsibility of the Board of Directors 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 entity'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 entity 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 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 entity'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 entity 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 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.

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 the Swiss Auditing Standard 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



Reto Benz  
Licensed Audit Expert



Reto Kaufmann  
Licensed Audit Expert

Zurich, 4 March 2022

KPMG AG, Badenerstrasse 172, CH-8036 Zurich

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# Information for Investors

## Stock Market Information from 2017 to 2021

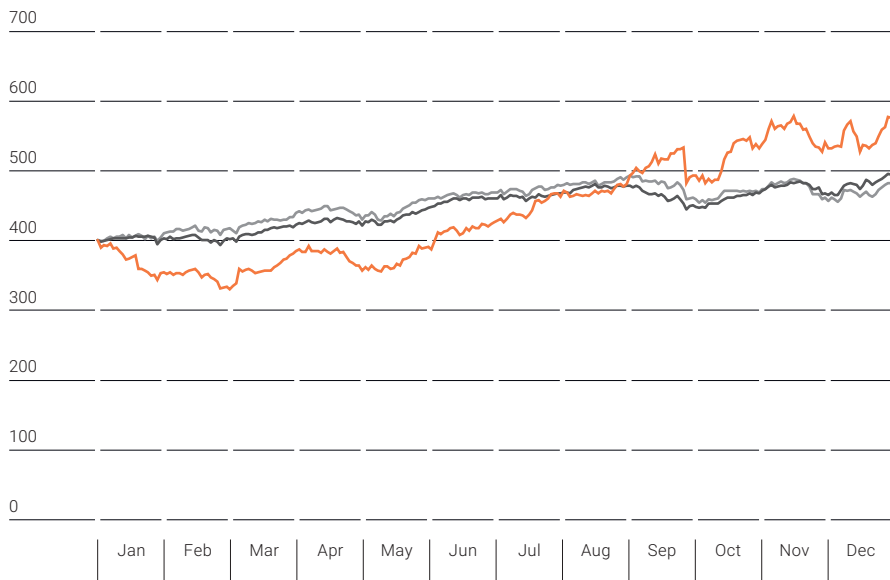
	2021	2020	2019	2018	2017
<b>Share capital</b>					
Number of registered shares as at December 31 <sup>1)</sup>	12 300 000	12 300 000	12 300 000	12 300 000	12 300 000
Average number of outstanding shares <sup>1)</sup>	12 298 556	12 298 480	12 298 860	12 296 680	12 293 820
<b>Information per average outstanding share</b>					
Earnings, in CHF <sup>1)</sup>	9.4	7.1	9.9	7.0	6.3
Cash flow from operating activities, in CHF <sup>1)</sup>	12.4	10.2	10.2	9.3	6.7
Earnings before interest, taxes (EBIT), in CHF <sup>1)</sup>	11.8	8.8	10.1	8.9	7.5
Equity attributable to shareholders of BELIMO Holding AG as at December 31, in CHF <sup>1)</sup>	41.6	39.8	41.3	35.6	33.6
<b>Information per registered share</b>					
Dividend, in CHF <sup>1)</sup> (as proposed by the Board of Directors for next year)	8.50	7.50	7.50	5.00	4.25
Return on dividend as at December 31, in %	1.5%	2.0%	2.1%	2.5%	2.0%
Payout ratio, in % of net income attributable to shareholders of BELIMO Holding AG	90.4%	106.4%	76.1%	71.3%	67.5%
Price-earnings ratio as at December 31	61.6	54.5	37.0	28.1	33.9
<b>Stock market prices in CHF</b>					
High <sup>1)</sup>	580	405	365	250	219
Low <sup>1)</sup>	328	234	197	188	151
Year-end <sup>1)</sup>	580	384	365	197	213
<b>Market capitalization in CHF million</b>					
High	7 134	4 975	4 490	3 072	2 694
Low	4 028	2 875	2 417	2 306	1 858
Year-end	7 134	4 723	4 483	2 423	2 624
In % of equity attributable to shareholders of BELIMO Holding AG as at December 31	1 395%	965%	884%	554%	634%
<b>Average daily trading volume</b>					
In number of shares <sup>1)</sup>	12 728	20 934	18 700	8 480	6 620

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the table above.

Alternative performance measures that are not defined or specified in IFRS, are described under the following link:  
[www.belimo.com/financial-summary](http://www.belimo.com/financial-summary)

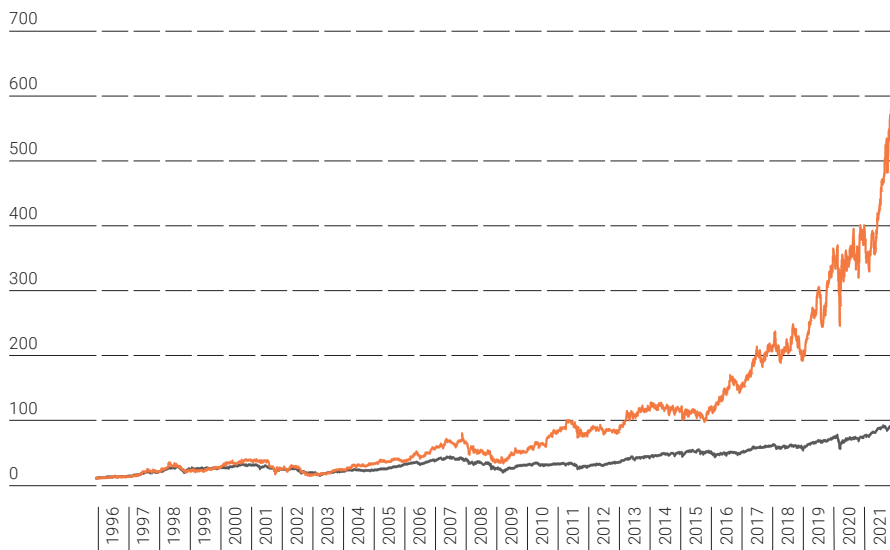
### Performance between January 1 and December 31, 2021<sup>1)</sup>

in CHF



### Performance since IPO<sup>1)</sup>

in CHF



- Belimo Registered Share (ISIN: CH1101098163)
- SMCI (Swiss Middle Cap Index), adjusted
- SPI (Swiss Performance Index), adjusted

<sup>1)</sup> A twenty-for-one share split was conducted in April 2021. In the interest of comparability, previous year figures have been adjusted in the graphs above.

# Five-Year Financial Summary

## Five-Year Summary of the Belimo Group

	2021	2020	2019	2018	2017
in CHF 1 000 (unless indicated otherwise)					
<b>Income statement</b>					
Net sales	765 343	661 226	692 680	642 368	579 853
Material expenses incl. changes in inventories in % of net sales	306 810 40.1%	266 594 40.3%	278 886 40.3%	266 127 41.4%	238 798 41.2%
Earnings before interest, taxes, depreciation, and amortization (EBITDA) in % of net sales	178 395 23.3%	139 337 21.1%	154 224 22.3%	134 999 21.0%	117 388 20.2%
Earnings before interest, taxes (EBIT) in % of net sales	145 363 19.0%	108 065 16.3%	123 869 17.9%	109 839 17.1%	92 621 16.0%
Personnel expenses in % of net sales	207 087 27.1%	192 020 29.0%	188 263 27.2%	171 195 26.7%	157 877 27.2%
Research and development in % of net sales	55 982 7.3%	53 772 8.1%	50 683 7.3%	47 248 7.4%	44 423 7.7%
Operating expenses in % of net sales	283 757 37.1%	256 372 38.8%	260 471 37.6%	242 499 37.8%	224 952 38.8%
Depreciation and amortization in % of net sales	33 032 4.3%	31 272 4.7%	30 355 4.4%	25 160 3.9%	24 767 4.3%
Net income in % of net sales	115 504 15.1%	86 641 13.1%	121 103 17.5%	86 209 13.4%	77 490 13.4%
<b>Cash flow</b>					
Cash flow from operating activities in % of net sales	153 049 20.0%	125 668 19.0%	125 400 18.1%	113 938 17.7%	82 318 14.2%
Free cash flow in % of net sales	45 544 6.0%	93 274 14.1%	83 852 12.1%	94 261 14.7%	54 857 9.5%
Cash effective investments in property, plant and equipment and intangible assets	46 725	28 964	40 652	20 491	24 919
Dividend distribution	92 243	92 241	61 494	52 256	46 092
<b>Balance sheet</b>					
Total assets	642 671	583 458	602 002	531 472	491 886
Cash and cash equivalents in % of total assets	109 408 17.0%	164 942 28.3%	172 563 28.7%	155 138 29.2%	113 178 23.0%
Current assets in % of total assets	408 265 63.5%	361 316 61.9%	374 897 62.3%	348 281 65.5%	302 503 61.5%
Net working capital in % of net sales	199 010 26.0%	167 899 25.4%	176 453 25.5%	166 667 25.9%	161 610 27.9%
Non-current assets in % of total assets	234 407 36.5%	222 142 38.1%	227 105 37.7%	183 191 34.5%	189 383 38.5%
Current liabilities in % of total assets	114 456 17.8%	78 364 13.4%	77 748 12.9%	71 089 13.4%	63 481 12.9%
Non-current liabilities in % of total assets	16 879 2.6%	15 831 2.7%	16 910 2.8%	23 140 4.4%	14 755 3.0%
Total equity in % of total assets	511 336 79.6%	489 263 83.9%	507 344 84.3%	437 243 82.3%	413 650 84.1%
<b>Key figures</b>					
Net sales year-on-year growth, in %	15.7%	-4.5%	7.8%	10.8%	8.7%
Net sales in local currencies year-on-year growth, in %	16.6%	0.0%	9.2%	9.6%	8.2%
Return on equity (ROE), in %	23.1%	17.4%	25.6%	20.3%	19.8%
Return on invested capital (ROIC), in %	26.0%	24.7%	27.8%	27.8%	23.4%
Quick ratio, in %	239.9%	320.6%	344.3%	347.6%	321.2%
Days sales outstanding (DSO)	52.9	53.1	54.9	55.8	56.3
Inventory period (DIO)	148	159	145	144	145
Equity-to-fixed-assets ratio, in %	225.3%	227.4%	230.8%	251.3%	226.2%
Number of employees (FTEs, yearly average)	1 857	1 824	1 712	1 591	1 483
Net sales per employee	412	363	405	404	391
Actuators shipped, in million items	7.8	6.9	7.2	6.7	6.3

Alternative performance measures that are not defined or specified in IFRS, are described under the following link: [www.belimo.com/financial-summary](http://www.belimo.com/financial-summary)



# Publications and Agenda

Annual General Meeting 2022	March 28, 2022
Dividend Payment	April 1, 2022
Publication of Semiannual Report 2022	July 26, 2022
Capital Markets Day 2022	September 7, 2022
Publication of Sales 2022	January 19, 2023
Publication of Annual Report 2022 / Media and Financial Analysts Conference	March 6, 2023
Annual General Meeting 2023	March 27, 2023

## Credits

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