

# + Going Forward +

Join us on a journey that began in 1802 – find out how we become better every day, creating value for our customers, for our people, for our society.



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# Key figures 2021

Sales  
in CHF million



- GF Piping Systems
- GF Casting Solutions
- GF Machining Solutions

EBIT  
in CHF million



- GF Piping Systems
- GF Casting Solutions
- GF Machining Solutions

EBIT before one-offs  
in CHF million



- GF Piping Systems
- GF Casting Solutions
- GF Machining Solutions

Sales in CHF million

3'722

2021



2020



2019



EBIT in CHF million

278

2021



2020



2019



EBIT margin in %

7.5

2021



2020



2019





**EBIT before one-offs in CHF million**

**278**

**2021**



Year	EBIT before one-offs in CHF million
2021	278
2020	~150
2019	~200

**2020**

**2019**

**EBIT margin before one-offs in %**

**7.5**

**2021**



Year	EBIT margin before one-offs in %
2021	7.5
2020	~5.5
2019	~6.5

**2020**

**2019**

**Net profit shareholders GF in CHF million**

**214**

**2021**



Year	Net profit shareholders GF in CHF million
2021	214
2020	~100
2019	~150

**2020**

**2019**

ROIC in %

16.4

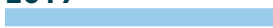
2021



2020



2019



Earnings per share in CHF

52

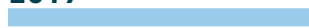
2021



2020



2019



Free cash flow before acquisitions/divestments in CHF million

151

2021



2020



2019



Number of employees

15'111

2021



2020



2019

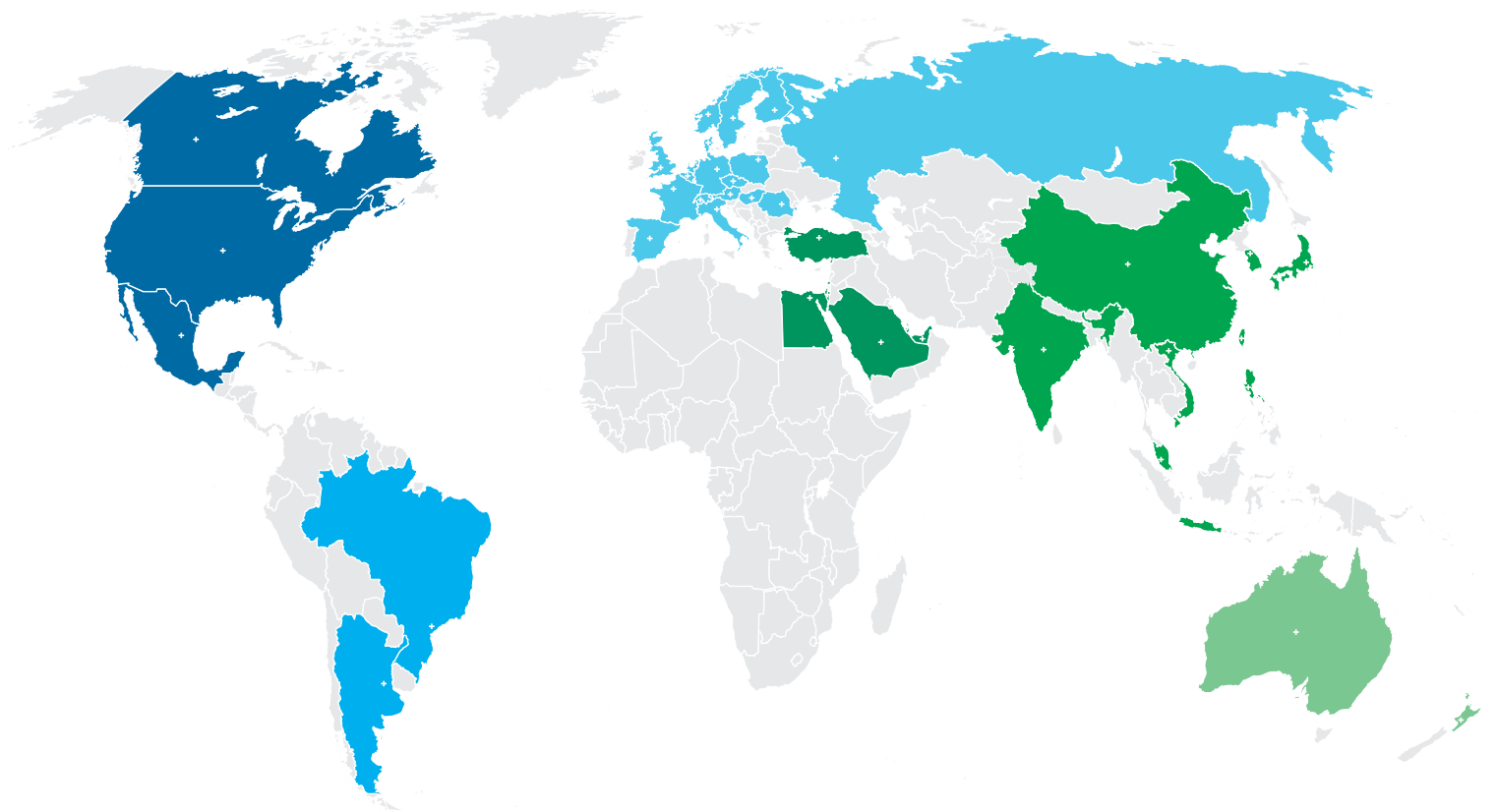


	GF Corporation		GF Piping Systems		GF Casting Solutions		GF Machining Solutions	
CHF million	2021	2020	2021	2020	2021	2020	2021	2020
Order intake	4'058	3'160	2'211	1'716	907	740	941	706
Orders on hand at year-end	814	514	326	116	276	251	213	147
Sales	3'722	3'184	1'971	1'708	880	752	873	725
Sales growth %	16.9	-14.4	15.4	-5.2	17.1	-20.8	20.3	-25.4
Organic growth %	15.9	-8.4	14.3	0.3	15.9	-11.9	19.9	-21.6
EBITDA	412	299	302	245	63	26	61	34
EBIT before one-offs	278	185	247	193	5	-15	47	20
One-offs		19				19		
EBIT	278	166	247	193	5	-34	47	20
Net profit shareholders GF	214	116						
Free cash flow before acquisitions	151	230						
Return on sales before one-offs (EBIT margin before one-offs) %	7.5	5.8	12.5	11.3	0.5	-2.0	5.4	2.8
Return on sales (EBIT margin) %	7.5	5.2	12.5	11.3	0.5	-4.5	5.4	2.8
Invested capital (IC)	1'355	1'313	630	593	504	448	151	197
Return on invested capital (ROIC) %	16.4	9.3	32.1	24.2	0.3	-5.7	21.9	7.8
Number of employees	15'111	14'118	7'686	6'893	4'008	3'919	3'282	3'192



# Our Corporation

GF – with its three divisions GF Piping Systems, GF Casting Solutions, and GF Machining Solutions – offers products and solutions that enable the safe transport of liquids and gases, as well as lightweight casting components and high-precision manufacturing technologies. As a sustainability and innovation leader, GF strives to achieve profitable growth while offering superior value to its customers for more than 200 years. Founded in 1802, the Corporation is headquartered in Switzerland and present in 34 countries with 139 companies, 61 of which are production facilities. GF's 15'111 employees world-wide generated sales of CHF 3'722 million in 2021.



- North America 19 Locations
- South America 6 Locations
- Europe 83 Locations
- Middle East 17 Locations
- Asia 77 Locations
- Oceania 6 Locations

 Find all places of GF at:  
[annual-report.georgfischer.com/21/en/our-corporation-2021/](https://annual-report.georgfischer.com/21/en/our-corporation-2021/)

# GF Piping Systems at a glance

As the leading flow solutions provider for the safe and sustainable transport of fluids, GF Piping Systems creates connections for life. The division focuses on industry-leading leak-free piping solutions for numerous demanding end-market segments. Its strong focus on customer-centricity and innovation is reflected by its global sales, service, and manufacturing footprint and its award-winning portfolio, including fittings, valves, pipes, automation, fabrication, and jointing technologies.

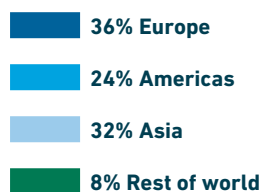
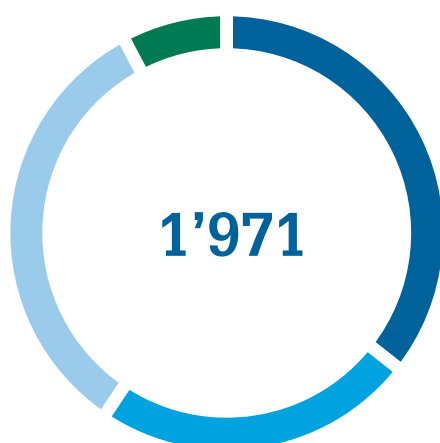
## Key figures

CHF million	2021	2020
Order intake	2'211	1'716
Orders on hand at year-end	326	116
Sales	1'971	1'708
Sales growth %	15.4	-5.2
Organic growth %	14.3	0.3
EBITDA	302	245
EBIT	247	193
Return on sales (EBIT margin) %	12.5	11.3
Invested capital (IC)	630	593
Return on invested capital (ROIC) %	32.1	24.2
Number of employees	7'686	6'893

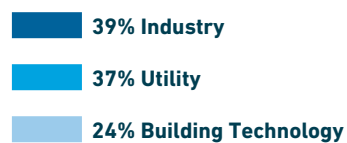
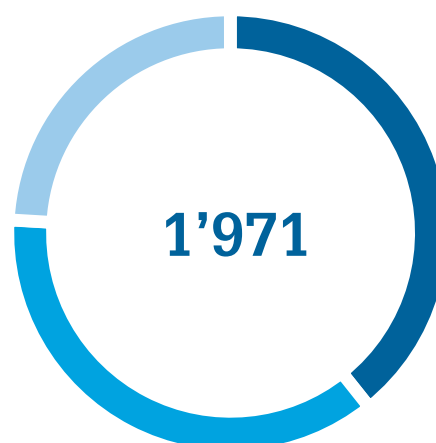
## Number of employees

# 7'686

## Sales per region in CHF million



## Sales per segment in CHF million





# GF Casting Solutions at a glance

GF Casting Solutions is one of the leading solution providers of lightweight components in the mobility and energy industries. As a future-oriented company, GF Casting Solutions acts as a driving force for innovation in the foundry and additive manufacturing world and aims to take the lead in developing and manufacturing innovative and energy-efficient lightweight solutions, empowering sustainable mobility.

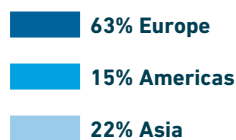
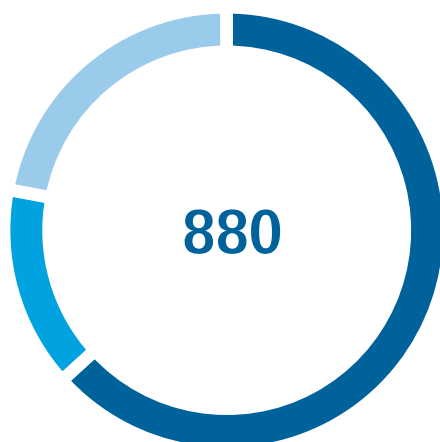
## Key figures

CHF million	2021	2020
Order intake	907	740
Orders on hand at year-end	276	251
Sales	880	752
Sales growth %	17.1	-20.8
Organic growth %	15.9	-11.9
EBITDA	63	26
EBIT before one-offs	5	-15
One-offs		19
EBIT	5	-34
Return on sales before one-offs (EBIT margin before one-offs) %	0.5	-2.0
Return on sales (EBIT margin) %	0.5	-4.5
Invested capital (IC)	504	448
Return on invested capital (ROIC) %	0.3	-5.7
Number of employees	4'008	3'919

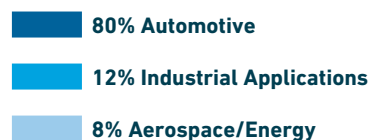
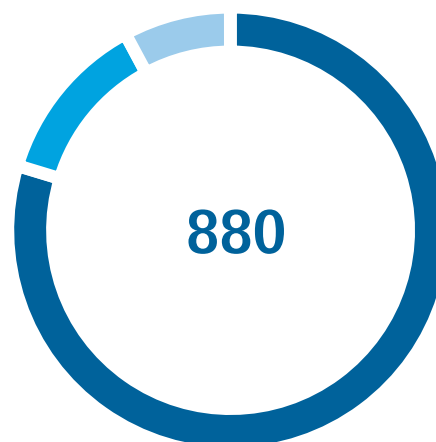
## Number of employees

# 4'008

## Sales per region in CHF million



## Sales per segment in CHF million



# GF Machining Solutions at a glance

GF Machining Solutions is one of the world's leading providers of complete solutions for precision components and tools manufacturers, and the mold-making industry. The portfolio includes milling, EDM, laser texturing, laser micromachining, and additive manufacturing machines. Additionally, the division offers spindles, automation, tooling, and digitalized solutions backed by unrivaled customer services and support. With its solutions, the division advances energy-efficient and clean manufacturing.



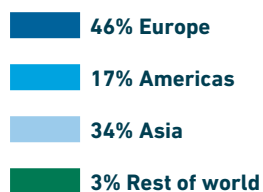
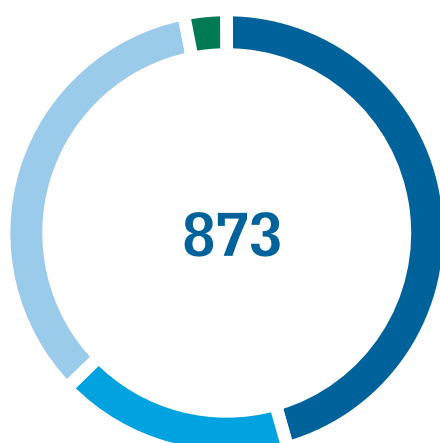
## Key figures

CHF million	2021	2020
Order intake	941	706
Orders on hand at year-end	213	147
Sales	873	725
Sales growth %	20.3	-25.4
Organic growth %	19.9	-21.6
EBITDA	61	34
EBIT	47	20
Return on sales (EBIT margin) %	5.4	2.8
Invested capital (IC)	151	197
Return on invested capital (ROIC) %	21.9	7.8
Number of employees	3'282	3'192

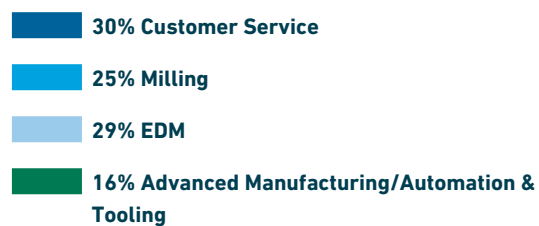
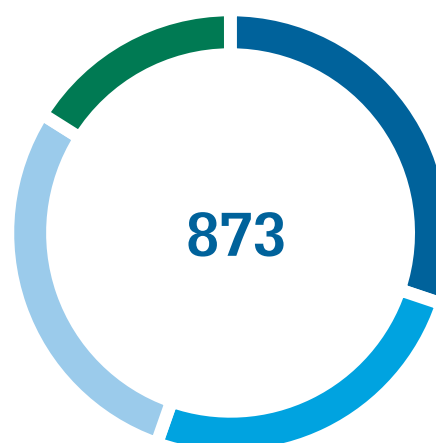
## Number of employees

# 3'282

## Sales per region in CHF million



## Sales per segment in CHF million



Strong growth and increased  
profitability – focus on  
sustainability-driven markets

## Dear shareholders,

In 2021, the first year of the new strategy cycle 2021–2025, GF delivered a strong result in terms of profit and sales growth. The strategic focus on promising resilient end markets, especially those that center on sustainability, has powered the company's performance over the year, supporting GF's business model. In addition, business segments such as the building technology and utility sector, have rebounded, despite ongoing headwinds in the markets. GF weathered the persisting macroeconomic uncertainties well, including the COVID-19 pandemic, the semiconductor shortages, supply chain disruptions, and increasing raw material prices.

During the year, GF employees continued to adapt to digitalized ways of working, including attending major events online, such as customer experience days, global HR meetings, as well as internal and external trainings. This was due to a resurgence of COVID-19 in the second half of the year and tighter pandemic-related restrictions. We wish to thank the GF team worldwide for their dedication, flexibility, and for their enthusiasm in taking new and sometimes unexpected paths, in line with GF's purpose "Becoming better every day – since 1802".

### Corporate results

GF sales in 2021 amounted to CHF 3'722 million (2020: CHF 3'184 million), boosted by the successful development of multiple segments, including data centers, e-mobility, and MedTech. All three divisions recorded a solid development in China, adding to remarkable growth in the Americas and Europe. Organically, sales increased by 15.9%, reflecting the resilient portfolio of all divisions and the rebound of various markets (e.g. ICT, mold and die, water treatment, chemical process industry, ship building), and offsetting the subdued performance in the aerospace and automotive sectors. Price increases contributed positively to sales growth and underlined the strong market position of GF. The operating result (EBIT) reached CHF 278 million, after a solid second half of the year (2020: CHF 185 million EBIT before one-offs). The EBIT margin rose to 7.5% (2020: 5.8% EBIT margin before one-offs).

The return on invested capital (ROIC) reached 16.4% (2020: 9.3%), with GF Piping Systems achieving a remarkable level of 32.1% (2020: 24.2%), surpassing the target range set in the Strategy 2025. At the end of 2021, 15'111 employees worked for GF, compared with 14'118 employees at year-end 2020. GF further reinforced its balance sheet through its successful business activities, which resulted in a high level of liquidity and a low net debt to EBITDA ratio of 0.1 (2020: 0.4) at the end of the year. The equity ratio stood at a solid 39.7% (2020: 40.3%).

Net profit attributable to shareholders of GF amounted to CHF 214 million (2020: CHF 116 million). A strong fourth quarter led to an increase in net working capital that affected the free cash flow before acquisitions, which reached a solid level of CHF 151 million (2020: CHF 230 million).

Earnings per share were up 86% to CHF 52 (2020: CHF 28). At the upcoming annual shareholders' meeting, the Board of Directors will propose a dividend per share of CHF 20 (2020: CHF 15 per share).



Yves Serra, Chairman of the Board of Directors, and Andreas Müller, CEO

## GF Piping Systems

In line with the Strategy 2025, GF Piping Systems focused on growing high-value businesses that address important sustainability needs. This focus paid off and the division reported record results in all major markets. With strong recoveries in Industry, Utility, and Building Technology, business grew organically by 14.3%, leading to total sales of CHF 1'971 million in 2021 (2020: CHF 1'708 million). The strong market position allowed the division to increase its prices by around 6%, offsetting rising costs.

EBIT in 2021 rose to CHF 247 million, compared with CHF 193 million in the previous year. This significant improvement resulted in an EBIT margin of 12.5%, compared with last year's EBIT margin of 11.3%.

During 2021, the division invested significantly in future growth and further strengthened its position in the microelectronics and data center segments, complementing traditional strongholds in water treatment, urban infrastructures, and building technology.

2021 also marked an important cornerstone for GF Piping Systems as a sustainability leader: with the recent launch of the first bio-attributed PVC pipes and fittings products, the division is contributing to the reduction of the carbon footprint of both its operations and those of its customers. With GF supplied fittings, valves, and pipes, the division also contributes to the development and use of green hydrogen as a power source and to the distribution of green hydrogen in gas networks.

## GF Casting Solutions

GF Casting Solutions has taken a predominant role in the area of sustainable mobility. With its focus on lightweight components, the division is set to benefit increasingly from the growing hybrid and e-vehicle demand across all major regions. This is expected to result in a steady increase of sales of electric vehicle components in the years to come. In 2021, orders for e-vehicle components represented CHF 430 million or 43% of lifetime order intake.

GF Casting Solutions recorded promising signs of recovery in the first half of the year, whereas the chip shortage in the second half caused significant reductions of call-offs worldwide. Nevertheless, in 2021, the division reported CHF 880 million in sales, a 17.1% increase compared with 2020. Organically, sales increased 15.9%. EBIT reached CHF 5 million, compared with a negative EBIT the year before, while the EBIT margin came in at 0.5%, above last year's negative EBIT margin of -2.0% before one-offs.

In addition to call-off reductions, the divisional performance was impacted by labor shortages in the US, as well as the steep price increases for raw materials, such as aluminum and magnesium. These can be recouped only with a time lag of approximately three months. However, metal price increases resulted in sales growth of around 6%.

The new light metal foundry in Mills River (US) was clearly contributing to the sales growth in 2021 of the division and continues to enjoy a full order book. However, the aforementioned headwinds heavily hit the facility, which is still ramping up, causing a negative impact on the operating profit of the site and the division.

The new plant in Shenyang (China) is well on track and will start production toward the end of 2022, earlier than initially planned. This will allow the division to better serve its customers in the world's largest car market in line with its strategic target to further globalize the business and focus on lightweight components.

## GF Machining Solutions

At the leading EMO trade fair in Milan (Italy), the division presented its next generation of innovations and new technologies. With its new EDM and laser machines as well as new digital services, GF Machining Solutions continues to be one of the technology leaders in the machine tool business. This is also underscored by the successful opening of a new center of competence in Schorndorf (Germany), exclusively focused on servicing the growing medical segment. The integration of a machine service provider in France and the development of new service offerings are driving the division's ambition to strengthen this business segment.

Order intake for the division grew significantly in 2021 (+33.3%), especially in segments such as MedTech, ICT, and high-precision solutions for e-mobility applications. Despite supply chain disruptions and a still subdued aerospace sector, GF Machining Solutions increased its sales by 20.3% to CHF 873 million (2020: CHF 725 million) with automation, laser, and EDM technologies as strong drivers of the business. The operating result (EBIT) reached CHF 47 million (2020: CHF 20 million), corresponding to a doubled EBIT margin of 5.4% compared with last year. Due to supply contracts with long duration, the increase in raw materials prices had a minor effect on 2021 sales.

## COVID-19 pandemic accelerated transformation

The COVID-19 pandemic continued to have a major impact on GF's 2021 business year. Supply bottlenecks, shortages of raw materials and components, as well as increases in personnel expenses and raw material prices, challenged the company globally. In order to offset the effects of the pandemic, various internal and external processes were established, simplified, and accelerated thanks to digitalization. The safety and health of our employees had always first priority.

2021 marked the launch of GF's new strategy cycle, which emphasizes the central role of innovation.

## Strategy 2025: Roll-out on track, "Culture Movement" kick-off

2021 marked the launch of GF's new strategy cycle, which emphasizes the central role of innovation. The five-year plan addresses the three strategic focus areas profitable growth, portfolio resilience, and a "go for the full potential" spirit to further evolve into a performance and learning culture. Addressing the first strategic focus area, all three divisions shifted their sales efforts and innovation focus toward intelligent and sustainable solutions. In order to increase its robustness through portfolio additions and operational excellence, GF continued to invest and expand into less cyclical businesses, such as the water and gas business in Brazil, but also further strengthened its market segment organizations (e.g. water treatment, e-mobility, MedTech) in all three divisions in 2021. GF also kicked off the "Culture Movement" to unleash the full potential of GF through a series of initiatives such as the implementation of the new corporate values related to Caring, Learning, and Performance.

## Sustainability drives performance, strategic direction pays off

Sustainability plays an integral role in the successful implementation of the Strategy 2025, and offers growth opportunities in all GF divisions and businesses. GF's product range is increasingly geared to providing sustainability benefits and supporting our customers in reaching their own sustainability goals. At the same time, it reinforces GF's long-term growth initiatives and the generation of sustainable performance. In 2021, GF was included in the newly launched SPI ESG Index and defended its position in the annual review of the SXI Swiss Sustainability 25 Index. GF also achieved the best possible rating (score of 1) in the environmental category of the ISS Quality Score Rating, and retained its strong position in the CDP ranking for its efforts to tackle climate change and improve water security. In addition, GF raised its overall score in the S&P Corporate Sustainability Assessment (CSA) to 60/100 in 2021, up from 33/100 in 2020 and above the industry average of 28/100.



## Share split and proposed changes to the Board of Directors

At the upcoming annual shareholder's meeting on 20 April 2022, the Board of Directors will propose a stock split in the ratio of 1:20, resulting in 82'017'960 registered shares at a nominal value of CHF 0.05 each. This split is designed to facilitate the trading activity of GF shares also for retail investors. The first day of trading for the split shares is planned for the end of April 2022 after the payment of the proposed dividend.

As previously announced, the Board of Directors will also propose Ms. Ayano Senaha for election as a new member of the Board. The 39-year-old Japanese national is currently serving as COO and Board Member of Recruit Holdings in Tokyo, a pioneer in the digitalized job search business and the world leader in web matching services through its Indeed brand. With this nomination, the Board of Directors is further expanding increasingly important competencies in digitalization, sustainability, and governance in a targeted manner.

GF's product range is increasingly geared to providing sustainability benefits.

## Outlook for the full year 2022

The new Strategy 2025 inspired and motivated GF's employees worldwide to continue to expand business activities and to proactively contribute to the implementation of the new vision. GF started 2022 with a promising order book and favorable momentum in all divisions. GF Piping Systems can rely on its strong position in several end markets, as well as the ongoing shift to higher value businesses and the growing sustainability needs of its customers. For GF Casting Solutions, the global chip shortage should gradually abate somewhat in the course of the year and enable the division to further benefit from the shift in the automotive industry toward e-mobility. The aerospace segment is still subdued, but shows signs of a mild recovery, supporting the development of two divisions. The positive momentum at GF Machining Solutions in the fourth quarter of 2021 is expected to continue in the coming months.

Geopolitical tensions and supply chain constraints make forecasting difficult. Assuming the issues abate and barring unforeseen circumstances, GF expects in 2022 for both sales and profit a further step towards the achievement of its Strategy 2025 targets.

We thank you, our shareholders, for the continued trust you place in us. Our heartfelt thanks also go to our employees, business partners, and customers.



**Yves Serra**  
Chairman of the Board of Directors



**Andreas Müller**  
CEO

# Strategy 2025: Roll-out activities in the first year of the cycle

GF's Strategy 2025 builds on the promising path pursued over the last five years and addresses profitable growth, portfolio resilience, and a "go for the full potential" spirit within the organization. This is in line with GF's overall strategic objective to grow through superior customer value and its vision to be a sustainability and innovation leader. In November, the GF Culture Movement was launched to support the Strategy 2025. Here is a summary of the roll-out activities of the three GF divisions in 2021.

## GF Culture Movement: How to create a winning culture

With the biggest event of its history, GF kicked off its Culture Movement on 29 November. More than 3'000 employees joined the hybrid session to find out how to bring the GF values to life. The three new GF values were unveiled earlier in the year, together with the new Strategy 2025. With the official launch of the GF Culture Movement, GF has started to delve deeper into how to embed these values in day-to-day life and how to take concrete steps to shape a new culture.

## GF Piping Systems: Creating connections for life

GF Piping Systems introduced its strategy via a series of digital events and town halls with a clear message centered around high-value solutions, increased customer proximity in key global industries, and a strengthened global footprint. These elements have already contributed to the division's success in many market segments and territories. Microelectronics, data center, and water treatment customers worldwide can now access GF Piping System's newly expanded global fabrication network and overcome challenges such as a shortage of skilled labor and demanding project timelines. The Flow to the Future digital event introduced attendees to the latest process automation technology, and regional markets identified as having potential for acceleration are on track for expanded market presence.



## GF Casting Solutions: Local strategies to strengthen global objectives

GF Casting Solutions launched a series of initiatives around the world, including digital trainings on strategy roll-out and implementation, as well as on the importance of sustainability in all of the division's strategic focus areas. All local management teams have translated the division's strategic approach into regional roadmaps, defining the contribution of each team to the overall objectives of the division. In addition, the division launched a global initiative on operational excellence in 2021, with an analysis phase and workshops to pave the way for global implementation.



## GF Machining Solutions: Increased footprint in the MedTech market

GF Machining Solutions has considerably increased its efforts in the MedTech market, with promising results. The division signed a cooperation agreement with KSF (Institute of Precision Machining KSF) (Germany) in order to work on the development of new manufacturing processes for the medical device industry. GF Machining Solutions displayed several manufacturing innovations at the EMO Milano trade fair, underscoring how the division continues to collaborate with its customers to create new solutions. These innovations combine the experience and application expertise of both parties to provide effective solutions for manufacturing success. The first Energy Efficiency Certificates were introduced for various machines to document energy savings. To reduce the organization's carbon footprint, GF Machining Solutions is using mainly energy from natural resources. The company's material sustainability impacts are constantly assessed based on documented evidence to improve the supply chain.





# Highlights 2021

In 2021, the first year of the new strategy cycle, the company continued to successfully blend innovation and sustainability thanks to the contribution of its employees and strong collaboration with suppliers, customers, and business partners.





## Strategy 2025 launch – March

In 2021, GF launched its new [Strategy 2025](#), which is built on profitable growth, increased resilience, and a culture evolving towards more performance and learning culture. GF also unveiled its new vision: to become a sustainability and innovation leader while providing superior customer value.



## Innovations for the food and beverage industry – April

GF Piping Systems was able to equip numerous internationally renowned wineries, including the refrigeration center of the Zimmermann-Graeff & Müller winery in Zell an der Mosel (Germany), with its COOL-FIT 4.0 system, which optimizes commercial and industrial refrigeration set-ups, allowing for increased energy efficiency.



## German award for innovation – May

Symmedia, a subsidiary of GF Machining Solutions, was recognized by TOP 100 in Germany, which honors Germany's most innovative small and medium-sized enterprises, for its agile and open organization as well as its handling of the pandemic.





## Twenty years of transparent ESG reporting – June

The Sustainability Report issued in June marked GF's 20th year of transparent reporting on ESG (Environmental, Social, and Governance) matters. Sustainability plays a key role in the company's Strategy 2025 and is an integral part of GF's corporate culture and business.



## A leader in sustainability – May and December

GF was recognized as [one of Europe's climate leaders of Europe's leading companies](#) in the field of climate protection, according to the Financial Times. For the first time, GF was also awarded the top Environmental Quality Score in the Industrial Machinery category in the ratings of Institutional Shareholder Services (ISS). In addition, the London-based independent rating agency CDP gave GF an A– rating (leadership level) for the second consecutive year for its efforts in tackling climate change and improving water security. GF also scored higher than the European and the powered machinery sector averages.





## Designing the innovations of tomorrow – July

The “Kickbox” innovation process, which is part of Design Thinking initiative at GF Machining Solutions, produced its first winner. The topic “Ergonomic Revolution” went through a rigorous validation process to verify its business potential and technical feasibility. The team is pioneering changes that will allow operators of milling machines to reduce their movements when retracting new parts by centralizing and showing relevant data on a transparent smart glass monitor, improving the workplace and machine ergonomics. The project is now being brought to scale and commercialized.



## Innovative solutions from new Medical Solutions Center in Germany – July

The center in Schorndorf specializes in innovative solutions for the fast-growing and important MedTech segment. All key offerings, such as laser machines, additive manufacturing machines, high-speed milling, wire- and die-sinking EDM machines, as well as the appropriate software and a team of specialists are now all located under one roof. With this center, GF aims to learn with and from its customers to develop and test tailor-made services and solutions.



## Big steps in e-mobility in China, new orders secured – September

GF services established and new companies, including start-ups, in China's auto sector, one of the fastest-growing markets for electric cars. In 2021, GF secured new orders in the range of more than CHF 170 million in China. Among the new customers are the young Chinese manufacturers for electric vehicles Xpeng, Lixiang, Enovate Motors and Seres Huawei. In addition, GF for the first time became the No. 1 supplier of another well-known customer as a result of its new order volume. GF will manufacture about 7 million lightweight parts over lifetime to the new start-ups in China.





## Progress at new innovation-led sites in China – September

Construction at the GF Casting Solutions Shenyang plant, equipped to meet the latest sustainability standards, is progressing quickly. The die-casting plant has already completed its first successful die-cast shot test, paving the way for the new facility to provide innovative components to customers. Major construction work at Yangzhou for GF Piping Systems' new plant was also completed.



## New member of the Board of Directors proposed – October

GF will propose Ayano Senaha for election to its Board of Directors at the next Annual Shareholder's Meeting in April 2022. The 39-year-old Japanese national is the COO and a board member of Recruit Holdings in Tokyo (Japan). She brings international leadership experience and extensive expertise in digitalization, sustainability, and governance.





## Showcasing the latest machine tool innovations – October

In its first major exhibition since the start of the COVID-19 pandemic, GF presented its latest innovations in the machining tool sector at EMO Milano 2021, including an expanded range of laser texturing solutions. The innovations help to increase the productivity and accuracy of GF's customers.



## Recognition as top supplier and employer – October, November

GF Piping Systems was one of only 26 Preferred Quality Supplier (PQS) Award recipients from among Intel's entire global supply chain for 2021. It received this award for its continuous quality improvement and exceptional performance. In addition, GF Casting Solutions classified as one of the top 30 Best Employers in Suzhou (China), from among more than 200 companies.





## Broad engagement to secure water treatment – November

In November, together with other sponsors, GF helped raise USD 150'000 for Water Mission, a US-based non-profit organization that builds safe water, sanitation, and hygiene solutions for people in developing nations and disaster areas. This contribution will provide more than 6'000 people with clean water. Other contributions of the Clean Water Foundation were approved for water projects in Africa, Asia, and Latin America. GF Piping Systems also launched a webcast series to highlight the challenges posed by global water loss and water scarcity, and the solutions available to help overcome them.



## Virtual kick-off for cultural change – November

The Executive Committee kicked off the largest ever hybrid town hall meeting, the Culture Movement, to introduce and disseminate the new GF corporate values. Around 3'000 employees joined remotely from all over the world. Several initiatives with a clear bottom-up approach will help to anchor the values in daily life.





#### GF PIPING SYSTEMS – SUCCESS STORY

## Reliable piping systems for clean electricity

GF Piping Systems is contributing to the energy transition with fire and heat-resistant, long-lasting PVDF structures.

With the Dogger Bank Wind Farm project in Britain, GF Piping Systems is once again demonstrating its innovative strength and contributing to the success of the largest offshore wind farm in the world.



## About Hitachi Energy and Georg Fischer AB

Hitachi Energy, which is based in Ludvika (Sweden), pioneered commercial HVDC technology more than 65 years ago. The company is supplying high-voltage systems to connect the offshore wind farm at Dogger Bank. Hitachi Energy has realized more than half of the world's HVDC projects. Hitachi Energy describes this technology as a key for enabling the clean energy transition. GF Piping Systems serves about 500 customers in all business areas in Sweden and Finland through its company Georg Fischer AB. The GF pre-fabrication site in Avesta (Sweden) primarily serves customers in the energy, pharmaceutical, chemical, and marine industries. In 2021, Georg Fischer AB celebrated its 50th anniversary in the Nordics.



By moving away from coal, natural gas, and CO2 emissions, Britain's energy generation is becoming more renewable. Against this backdrop, the country is forging ahead with expanding its environmentally friendly wind energy generation. The North Sea offers ideal conditions to this end.

GF has been committed to developing solutions for efficient energy production for many years, and in doing so, has been supporting the global trend towards the more intelligent and sustainable use of resources. Technological innovations play a key role in this shift, for example, GF Casting Solutions manufactures heat-resistant investment castings and GF Machining Solutions offers airfoil machining solutions to meet the requirements of the next generation of gas/hydrogen turbines. GF Piping Systems has for many decades supported customers in numerous industries improve their environmental impact, including in the energy sector, and is now also supporting the renewable energy challenge.



**Martin Sylven** is based in Stockholm (Sweden). He joined GF Piping Systems in 2017 as Managing Director for Sweden and Finland. He took over the position of Head of Region North Europe in 2021.

**Johan Martinsson** is Site Manager of the GF Prefabrication Service Center in Avesta, the competence center for plastic welding solutions in Sweden. Johan also works as Key Account Manager for Hitachi Energy. He joined GF Piping Systems in mid-2021.



### GF solutions for the energy transition

On the Dogger Bank sandbank, around 130 kilometers off the North Sea coast of Britain, construction is underway on what will eventually be the largest offshore wind farm in the world. Once up and running, several hundred wind energy systems will convert the strong North Sea winds into environmentally friendly electricity. Several hundred kilometers of submarine cables will enable distribution to land without any significant losses. Three Hitachi Energy conversion stations on the high seas and three on land will convert the energy from alternating (AC) to direct current (DC).

Because this conversion process generates heat, GF Piping Systems in Sweden has developed a solution to cool the valves: fire and heat-resistant, long-lasting PVDF structures. Since 2020, the GF team in Avesta (Sweden) has planned and produced 48 prefabricated PVDF structures, including thousands of quality-assured welds using IR technology on behalf of Hitachi Energy. Two of the three wind farm sectors will use these deionized water-based systems.

“Trust is key in a project like this. We share information with Hitachi Energy and openly discuss what is possible and what’s not.”

Johan Martinsson, Site Manager of the GF Prefabrication Service Center in Avesta

GF's PVDF solutions are in demand not only among companies in the energy sector but also in the microelectronics sector for semiconductor, photovoltaics, and TFT/LED production as well as in industries that require piping systems for the transportation of acids and water.

## Local presence and global network

For the Dogger Bank project, the GF team in Avesta has put its many years of experience in the energy sector to good use: "Over the past 20 years, we have successfully completed several projects together with Hitachi Energy. For example, the grid connection of a wind farm in Germany," says Johan Martinsson, Site Manager Prefabrication at GF Piping Systems and Key Account Manager for Hitachi Energy, a long-standing and important customer for GF in northern Europe. "Our recipe for success is a good combination of local presence and global network," he says. The city of Ludvika (Sweden), where Hitachi Energy is based, is a little under an hour's drive from GF Piping Systems in Avesta, meaning shorter delivery routes for the modules. Within GF, the team in Avesta was able to count on the full support and expertise of other sites: the individual PVDF pipes were manufactured at GF in Ettenheim (Germany) and assembled into modules at GF in Avesta, after which they were transported to Ludvika. The Advanced Engineering team from Schaffhausen (Switzerland) contributed the necessary load and fatigue assessments. These computer simulations ensure that the PVDF modules can withstand the movements that take place during sea transportation. The unique combination of static load calculation and fatigue assessment is also greatly valued by other companies in the energy sector.

Dogger Bank Wind Farm will power six million British households with environmentally friendly electricity. GF Piping Systems will continue to contribute to the broader success story of the wind farm.



## Facts and Figures

# Largest wind farm in the world

Covering an area of 1'674 square kilometers, the Dogger Bank Wind Farm is larger than the Greater London (Britain) area. With 277 wind turbines with a total capacity of more than three nuclear power plants, the wind farm is expected to produce electricity for six million British households each year after their gradual commissioning. Each wind turbine measures 260 meters from top to bottom – almost three times the height of London's landmark Big Ben.

Sustainability is the foundation of GF's business and at the core of innovative customer solutions. Wind energy, which is environmentally friendly, is key to reaching the UN's Sustainable Development Goals: ensuring access to affordable, reliable, sustainable and modern energy for all (Goal 7).

## 1'674 square kilometers

+ Dogger Bank Wind Farm

## 277 wind turbines

+ with a total capacity of more than three nuclear power plants

## 260 meters

+ the wind turbine measures





GF's solutions are in demand not only among companies in the energy sector but also in many other industries.

## Two Points of View

In your opinion, what is essential for a good customer relationship?

**Martin Sylven:** It's all about a long-term commitment built on trust and openness. We want to be a reliable and supportive partner during all phases of a project, adding value with our expertise in plastic piping systems and our superior GF solutions for customers.

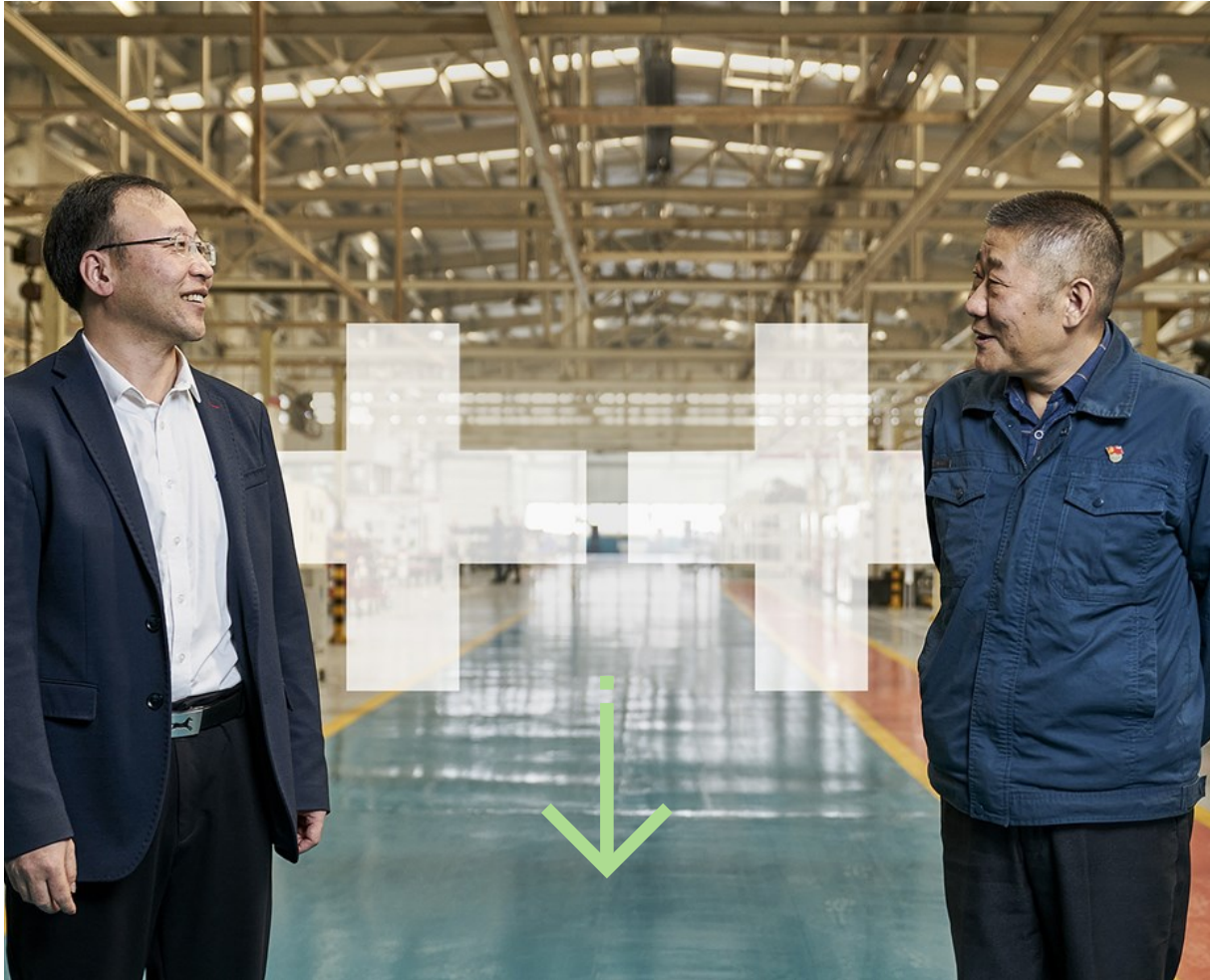
How is this reflected in the collaboration with Hitachi Energy?

**Johan Martinsson:** Trust, openness, and caring are key in a project like this. In this case, it means that we can openly discuss what is possible and what's not. That helps us find positive and competitive solutions together.

What inspires you?

**Martin Sylven:** Johan and I are both part of a highly professional and dedicated team. The GF culture encourages involvement and business development. We act locally, but we always feel the great support of all of GF's central functions. That is very motivating.





#### GF CASTING SOLUTIONS – SUCCESS STORY

## Heavy duty made lighter

Lightweight solutions for a better climate: how GF Casting Solutions is helping to empower next-generation mobility.

Going net zero will be the world's biggest task in the coming decades. Today, commercial vehicles like medium and heavy duty trucks accounting for roughly a quarter of carbon emissions in the transportation sector. Manufacturers are turning to lightweight solutions to lower emissions and increase efficiency. GF is a pioneer in this area thanks to its strong expertise and the ideal combination of design, materials and manufacturing processes.

# About Sinotruk

Founded in 1930 in Jinan (China), Sinotruk is one of China’s oldest truck makers. In 1960, it manufactured the country’s first heavy-duty truck – the Yellow River JN150; in 1983, it became the first company to import overseas technologies from Austrian manufacturer STR. For decades, despite fierce competition, Sinotruk remained one of the top truck brands in China; today, the company is trying to claim the crown by rolling out better designs faster than its competitors.



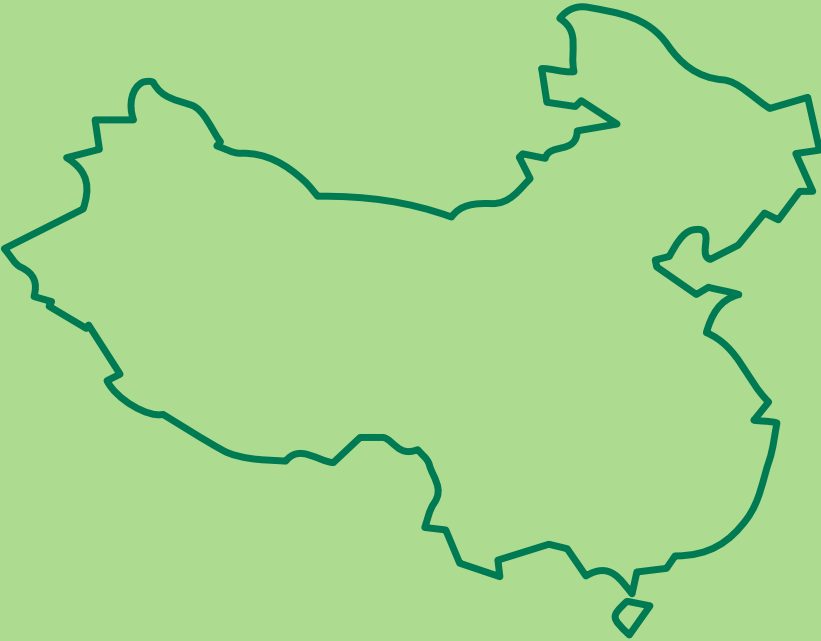
GF Casting Solutions is helping customers worldwide with its innovative, lightweight automotive parts. These include assembly brackets, for example, made of new high-tech alloys adapted for special use cases and properties, such as strength or heat resistance, instead of ordinary iron. In China, where ambitious emission targets have been officially set, GF is working with leading truck maker Sinotruk on the construction of next-generation vehicles that meet some of the world’s strictest emission standards.

Since 2015, GF Casting Solutions’ Kunshan plant, some 60 kilometers west of Shanghai (both China), has been supplying Sinotruk with a series of lightweight parts that have brought weight reductions of around 15–20 percent compared with the previous components, including bogie anchorages, cross beams and various types of brackets. The weight reductions have helped Sinotruk become more competitive in its domestic market with new trucks that both reduce harmful emissions and are cheaper to operate.



**Richard Zhang, GF Casting Solutions**

“China has committed to reaching its carbon emission peak by 2030, which means cutting emissions is a must for industries across the board.”



**2030**

peak of CO2 emissions in China

## Trusting relationship despite tight deadlines

“The Chinese market evolves very quickly, and new trucks need to be developed and built in about six months,” says Richard Zhang, Deputy Head of R&D of Product Development at GF Casting Solutions China. “We need to deliver in only half of the time we would normally have.” That means many busy weeks – but Zhang says GF’s strong R&D capabilities and production capacity have enabled the company to meet even the tightest schedules, giving the company a clear advantage in China’s commercial vehicle market.

“I’ve worked on multiple projects with GF, and it is definitely one of the most reliable suppliers I’ve seen,” says Feng Shi, a 30-year veteran at Sinotruk and currently the lead buyer of casting parts. “GF provides us with strong R&D support and machining expertise. We have built a very trusting relationship.”

According to Richard Zhang, that trust is hard-earned. The initial contact with Sinotruk was made in 2012, and the cooperation started gradually, initially with smaller projects. “They wondered if we could deliver new, original designs, not just improvements on the old ones – and we did,” Zhang says.

## The breakthrough in innovations

The partnership reached new heights when Sinotruk asked GF to design the new assembly bracket for its flagship truck Howo-T7H in 2017. “Through structural optimization, mold flow and casting technology analysis, we provided Sinotruk with a new part that weights 25 percent less,” says Ethan Tian, Account Manager at GF Casting Solutions. The success helped lay a solid foundation for future cooperation. More than a dozen new products are currently in the development pipeline, Tian adds.

Looking ahead, both Tian and Zhang see tremendous opportunities to increase GF’s collaboration with other commercial vehicle manufacturers: “We have the technological foundation, and we are moving very quickly to enable our customers to shape future industry trends,” Tian says. Lightweight components from GF Casting Solutions will continue to contribute to the reduction of CO2 emissions worldwide, helping transform the mobility sector for many years to come.



“At Sinotruk, they wondered if we could impress them with original designs – and we did.”

**Richard Zhang, Deputy Head of R&D Asia at GF Casting Solutions in Kunshan, Jiangsu (China), joined GF in 2005**



## Facts and Figures

Since 2015, GF Casting Solutions' Kunshan plant, has been supplying Sinotruk with a series of lightweight parts that have brought weight reductions of around 15–20%.

### 1.78 million

✦ In China, annual medium- and heavy-duty truck sales grew to 1.78 million vehicles in 2020 from 0.25 million in 2005. The market accounts for about 21 percent of the global market in terms of annual sales.

### 92%

✦ In 2020, trucks accounted for about 92 percent of commercial vehicle sales in China. Top 10 truck brands accounted for 70 percent of all sales. This number was 67 percent in 2019.

## 2.7%

✦ Between 2009 and 2018, fuel costs rose 2.7 percent annually on average. In 2019, trucks accounted for 89 percent of emissions of particles by automobiles in China.

## 20%

✦ Lightweight parts save CO<sub>2</sub>e: The kerb weight of the truck accounts for about 20 percent of the total mass of the vehicle. Test data show that for every 100 kg reduction in a vehicle's kerb weight, up to 3 tons CO<sub>2</sub>e emissions can be saved over lifetime.





Since 2017, Richard Zhang (left) and Ethan Tian (right) from GF are working closely together with Sinotruk's Feng Shi (middle of the picture).

## Two Points of View

Why does China's commercial vehicle market hold great potential for GF Casting Solutions?

**Richard Zhang:** China has committed to reaching its carbon emission peak by 2030, which means cutting emissions is a must for industries across the board. Demand for cleaner and more economical trucks will spike in the coming years and GF is in a great position to capture that growth. Some years ago, Chinese truck makers were asked by the government to make their products lighter. Not only to reduce emissions, but also because of highway fees. For instance, due to strict limits for overloading, GF's innovative and lightweight design for casting solutions additionally helps the truck owners to avoid possible fees related to weight.

Which challenges do you see in this market and how are you tackling them?

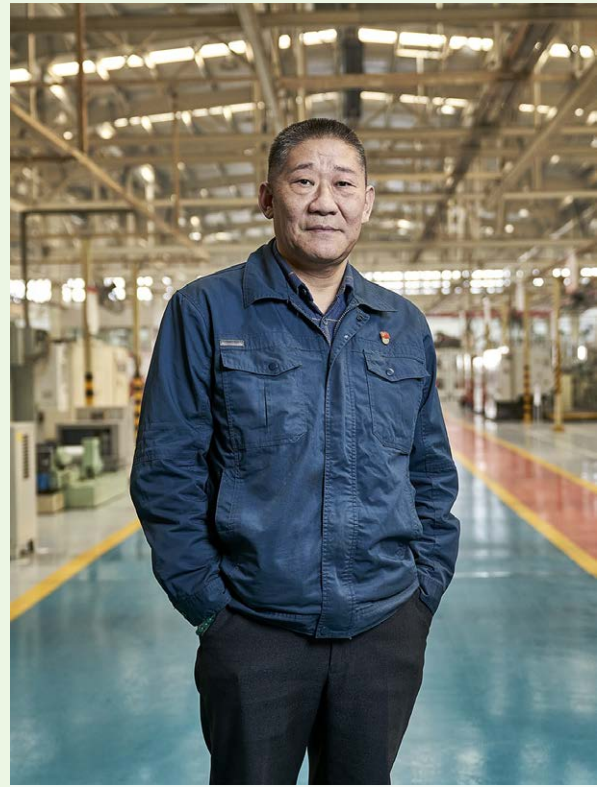
**Richard Zhang:** First, you need to earn customers trust, then you need to be flexible and react quickly to customers' needs. China is a fast-moving market, meaning that our internal system has to get the job done quicker, without compromising on process and quality.

Why did Sinotruk choose GF Casting Solutions as its supplier?

**Feng Shi:** GF has a global reputation. Its state-of-the-art R&D capabilities can greatly help us with forward-looking lightweight designs. It's also a very dedicated partner that we can rely on in challenging scenarios.

What has impressed you the most about GF during your cooperation?

**Feng Shi:** We know GF is a global brand with a very long history and mature management system. However, what impressed me the most is how agile and flexible the GF team is when it comes to finding innovative solutions within tight deadlines. It highlights how GF always puts the focus on the customer.



"I've been working on multiple projects with GF, and it is definitely one of the most reliable suppliers I've seen."

**Feng Shi, Lead Buyer of Casting Parts at Sinotruk in Jinan, Shandong (China), at Sinotruk since the early 1990s**



#### GF MACHINING SOLUTIONS – SUCCESS STORY

## Electric vehicles call for new technologies

GF is developing and producing innovative and sustainable solutions for mobility that's fit for the future.

GF is developing innovative solutions for customers to help them make more environmentally sound vehicles and components. GF Machining Solutions is building custom machines as well as integrated and automated solutions for a Schaeffler Group factory, marking one of the division's biggest contracts in recent years.



## About Schaeffler

GF and Schaeffler have a rich history and a shared commitment to innovation and sustainability, underscored by GF's Strategy 2025 and Schaeffler's Roadmap 2025. The family company headquartered in Herzogenaurach (Germany), about 200 kilometers north of Munich, employs around 84'000 people worldwide. With its technologies and services for CO<sub>2</sub>-efficient drives, electromobility, Industry 4.0, digitalization, and renewable energies, Schaeffler is working to make mobility more efficient, more intelligent, and more sustainable.



The sci-fi movie "Back to the Future" came out almost 40 years ago, but it has by no means lost its cult status. The very final scene in particular is now legendary: "Roads? Where we're going, we don't need roads," says Doc Brown as he and Marty McFly lift off. A couple of mid-air fiery streaks later and the two time travelers find themselves in the future. It's 2015 and the skyscape is full of flying cars.

### Is this pure fiction? Not quite.

Our reality today has little to do with what we once thought the future would look like. While our cars remain on the ground rather than flying, the world is looking for ways to replace fossil fuels and make mobility more environmentally friendly. However, what the film showed back then and what we now know for sure is that internal combustion engines have had their day. The future is most likely electric, among other alternative forms of propulsion, and low-CO<sub>2</sub>.



**Cyriaque Steffen** is Head of the Tool Technology Center at Schaeffler. He has been with the company since 1999, among others as a production manager for tool making at the site in Kappelrodeck (Germany).





**Stephan Eckert** joined GF Machining Solutions in 2018 as Head of Automation. In September 2020, he also took on the role of Head of Product Support. He works at the Schorndorf site, GF Machining Solutions' Center of Competence in Germany.

GF has been working towards this future for many years. It develops and produces innovative and sustainable solutions such as lightweight cast components to reduce the weight of vehicles or machine tools for making automotive components – for mobility that's fit for the future. All around the world, companies in the automotive and supplier sectors count on GF's expertise.

One of these is Schaeffler, a global supplier to the automotive and industrial sectors, which is pursuing its Roadmap 2025 to bolster the development of future mobility solutions. Last year, GF provided Schaeffler Group with ten milling machines, twelve wire EDM machines and three linear automation cells, as well as System 3R Tooling packages, among others. Schaeffler will use these in the manufacture of tools for automotive components, including electric motors. "At the new location, we are utilizing modern development and production technologies that make optimal use of digital processes and significantly increase our efficiency," says Cyriaque Steffen, who is in charge of construction and management for Schaeffler's Tool Technology Center. "That's where GF Machining Solutions is helping us. We get a package of solutions from a single source."

### GF R&D setting its sights on electromobility

Cars will continue to play a key role in the mobility of the future. But they will most likely be electric, connected, and drive semi-autonomously. GF recognized early on that mobility is one of the most important drivers of social change and that it is in great need of fresh ideas. GF has therefore focused its research and development activities on giving customers the right solutions for their environmentally friendly vehicles and associated components.

## An unprecedented contract

For GF Machining Solutions, this solution package is one of the largest contracts in recent years (see infobox for details). Schaeffler ordered the new milling machines due to their very good experience with similar machines. “We see this as a very strong sign of trust,” says Stephan Eckert, Head of Automation & Product Support at GF Machining Solutions in Schorndorf (Germany) and project manager for Schaeffler. “All of this reflects a strong customer relationship and reliable, partnership-based project work.” Moritz Matthes, Technical Project Manager at GF Machining Solutions, is part of this team and values the solution-oriented interaction. “From the very beginning, I had the feeling that everyone had the same goal and that they were all pulling together,” says Matthes.



## Facts and Figures

# Strong growth expected in e-mobility

According to forecasts, the global market share of battery-electric and plug-in hybrid vehicles will continue to rise sharply in the coming years. They are expected to account for around two-thirds of new vehicle registrations by 2040. Strong growth is expected for passenger vehicles in particular: from 3 million units sold in 2020 to 66 million units in 2040. A comparison with 2010 underscores the momentum of this growing trend: back then, there were an estimated 20'000 battery-electric and plug-in hybrid vehicles (Source: Bloomberg Markets + Green/International Energy Agency).

## 20'000

+ battery-electric and plug-in hybrid vehicles in 2010

## 3 million

+ units in 2020

## 66 million

+ units expected in 2040



The cooperation between Schaeffler and GF stretches back an impressive 40 years. If difficulties ever arose during that time, they were overcome together. For example, in 2018 the team went through an exemplary learning process. In cooperation with Schaeffler, GF planned and implemented measures for improvement. Regular meetings and service calls ensured that machines and automated systems functioned properly again. "In the end, this phase really helped us to move forward together," says Stephan Eckert. "It is also why we have the privilege of continuing to support Schaeffler with our expertise and new machines." For Cyriaque Steffen, this mutual openness is the foundation for success. "During our regular meetings, we experience GF as a reliable partner that looks for and finds solutions."

In the spirit of Going Forward, both partners are now working together with a view to the future. GF Machining Solutions will continue to innovate to support the success of its customers. And GF looks forward to intensifying its partnership with Schaeffler and offering it customized solutions.

## A big order

The latest contract with Schaeffler is one of the largest that GF Machining Solutions has received in recent years and consists of three System 3R FANUC linear cells with a total of ten milling machines and twelve wire EDM machines as well as System 3R Tooling packages. Schaeffler operates more than 80 production machines and twelve automated systems from GF Machining Solutions across nine locations.



Stephan Eckert, Moritz Matthes (left and middle of the picture, both GF) and Cyriaque Steffen (right, Schaeffler) are looking on a strong customer relationship and reliable, partnership-based project work.

## Two Points of View

Against the backdrop of the transformation in the automotive industry, what are the challenges faced by suppliers?

**Cyriaque Steffen:** With the changes in the automotive industry, suppliers have to develop completely new products that are manufacturable. Today, that might be parts for an electric vehicle's drive train. But tomorrow, entirely different innovative products could be in demand. We're also expected to be agile and to respond with new solutions as toolmakers.

Can you give an example?

**Cyriaque Steffen:** The requirements have changed. The primary focus is materials and surfaces, as well as general manufacturability. GF Machining Solutions has a good package of total solutions.

What does that look like?

**Stephan Eckert:** GF Machining Solutions has numerous different high-precision manufacturing technologies in its portfolio, and with System 3R, it also covers Automation/Tooling. The digital solutions are from Symmedia, among others. This combination enables us to cover a broad scope of customer requirements with our own technologies and expertise, even for complex projects. Since we can count on proven partnerships for advanced technologies, as a general contractor, we can offer customer-specific solutions from a single source.



# Our employees

In the reporting year, which was still affected by COVID-19, GF employees demonstrated a renewed spirit of collaboration. "Going Forward" brought together employees from all levels, fostering new approaches for successful cooperation within GF, while supporting individual professional growth.

## A green light for a new culture

2021 marked the start of the new strategy cycle. With the [Strategy 2025](#), GF also unveiled its vision to become a sustainability and innovation leader providing superior customer value. The Strategy 2025 focuses on three strategic areas:

- Driving profitable growth
- Increasing robustness
- Evolving into a performance and learning culture

Employees are set to play a leading role in the realization of this five-year roadmap. To achieve this, GF is establishing a culture of performance and learning by setting up a number of initiatives. One of the highlights during the year was the largest-ever hybrid town hall meeting, which kicked off the Culture Movement at the end of November. Around 3'000 employees from around the globe joined corporate management for the online event and shared their questions and thoughts on GF values.

The new corporate culture is a means to encourage all employees to shape the future together and implement the Strategy 2025 according to our [three new values](#). The GF culture is strongly focused on building highly efficient teams, creating a caring environment, and encouraging learning to unleash the full potential of our employees for speed and excellence. The Culture Movement includes all employees at all seniority levels and strives to anchor these new corporate values in their daily activities. This objective is to be achieved in two ways. The first is through a range of communication initiatives and a multi-day leadership training course for upper management that is geared towards the new culture. The second is from the ground up, as every individual employee takes on an active role in the change process. Selected employees are working as “change agents” to help convey the new values and behaviors to their local teams.



**Our three new values**

- + Performance is about speed and excellence.
- + Learning is about having an open mind.
- + Caring is about being part of a team.



## Standardization of HR processes

In the previous strategy cycle, GF began to put in place digital solutions that are aimed at standardizing and modernizing strategic HR processes. As part of this new platform, HR successfully launched a new process for internal training that combines seminars such as 4DX, 7 Habits, and the GF Academy offering. In the future, company-wide training, including online and offline training, will be held on this learning platform.

### A focus on personal responsibility

Employees' personal responsibility has become more and more important in recent years and this trend will continue in the future. At GF, employees can take their development into their own hands. They are supported by a range of programs and processes such as the Talent Management initiative that kicked off in 2021. The aim of this initiative is to motivate employees to take the next big step in their careers at GF. In this way, the company wants to foster the commitment of employees and hopes to discover those talents who are looking to learn and advance on their own initiative.



## An attractive environment

As a progressive employer with a focus on sustainability and innovation, GF strives to promote a team-oriented corporate culture. This also includes employment conditions that are in line with the market. In the reporting year, the company carried out a large-scale study aimed at helping it to consolidate its position as an attractive employer. This will now serve as the basis for new and modernized employer branding. With measures such as participation in job and student fairs, an open day for schools, and apprentice exchanges between divisions, GF presents itself as an attractive and forward-looking company. Furthermore, the company is cooperating with universities and advanced technical colleges around the world to attract new talent.



## New ways of working, new generations of talent

Younger generations bring with them a new understanding of work in terms of qualifications and work styles, as well as their expectations of their employer. Achieving a basis of trust for fruitful cooperation between different generations of employees requires new ways of thinking and greater flexibility, while at the same time enabling younger employees and more experienced staff to benefit from one another. GF strives to foster this mutual learning, among others in the form of diverse mentoring and coaching processes.

## Promoting employees

GF has been training apprentices in technical and commercial professions for over 100 years. This dual education system approach is pursued at its Swiss, German, and Austrian locations, as well as in the US. Alongside the talent search at universities and colleges, this model is an important instrument for promoting our own young talent over the long term and for familiarizing young people with the corporate culture at an early stage. Dual training is one of the significant strengths of the Swiss economy, which is why GF is expanding the Swiss model of apprenticeship to other global locations.



## Well-trained employees are a competitive advantage

The training and ongoing professional and personal development of employees are of high importance. The GF Academy offers broad internal training and development opportunities that help every employee to grow in their careers. A centralized learning platform enables employees to learn flexibly from and with each other. Moreover, thanks to its many locations around the world, GF can help talented employees gain experience abroad, which is always a formative step in their development.



<https://www.youtube.com/embed/6utCVZAxDsA>



## EMPLOYEE TRAINING

number of participants in 2021

**273**

4 disciplines  
of execution  
(4DX)

87 trainings worldwide

**639**

7 Habits<sup>1</sup>

18 trainings worldwide

**124**

GF Academy

7 trainings worldwide



<sup>1</sup> 7 Habits offline: 12 trainings, 181 employees / 7 Habits online: 6 trainings, 458 employees

## Diversity as a source of inspiration

The diversity of nationalities, cultures, religions, genders, and age groups is a valuable source of creativity and innovation. In the course of the reporting year, a seminar was launched with the aim of raising awareness of the benefits of diversity for the company.

### Safeguarding gender diversity and equal pay

By 2025 (the end of the current strategy cycle) and within the framework of GF's sustainability goals, the proportion of newly appointed female managers is expected to reach 25%. This is one of several measures for promoting diversity. The federally funded wage equality analysis underscores GF's fair and equitable wages across the genders. In addition, special attention is being paid to succession planning for, and the development and promotion of, female employees. The regular exchanges with the two Board members, Eveline Saupper and Jasmin Staiblin, which are open to all interested employees, have been especially well received. A further sign of evolution is the nomination of [39-year-old manager Ayano Senaha](#) from Japan to the Board of Directors. This nomination was made on the basis of her international experience and extensive competence in the fields of digitalization, sustainability, and governance. Furthermore, the expanded regulations for remote working, which were introduced in the summer of 2020 and permitted more flexible forms of work, met with broad approval.

## Successful digitalization

In the course of 2021, the digitalization of many work processes that accelerated as a result of COVID-19 restrictions has continued apace with the aim of giving employees the greatest possible flexibility and facilitating cooperation. It was also possible to deepen expertise in the utilization of digital tools and techniques for training and professional education. In addition, GF has invested in media showrooms that will professionalize webinars. Among other activities, the HR team produced and streamed the annual company-wide summit in a broadcast format from the new auditorium of the Klostersgut Paradies training center in Schlatt (Switzerland).

# Organization of GF

Georg Fischer Ltd, the Holding Company of the GF Corporation, is organized under Swiss law. It is headquartered in Schaffhausen (Switzerland), and listed on the SIX Swiss Exchange.



The members of the Executive Committee from left: Carlos Vasto, President GF Casting Solutions; Mads Joergensen, CFO; Andreas Müller, CEO; Joost Geginat, President GF Piping Systems; Ivan Filisetti, President GF Machining Solutions

## Board of Directors

The members of the Board of Directors are elected individually by the Annual Shareholders' Meeting. The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. It decides on the company strategy and organizational structure, the organization of finance and accounting, the annual budget and the investment budget. Also it appoints the members of the Executive Committee, to which it transfers the operational management of the Corporation. All seven members of the Board of Directors are nonexecutive, six are also considered independent based on the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

## Executive Committee

The Chief Executive Officer (CEO) is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit, and submits proposals to the Board of Directors.

## Corporate structure

GF Corporation is organized in the three divisions GF Piping Systems, GF Casting Solutions, GF Machining Solutions, and the two Corporate Staff Units Finance & Controlling and Corporate Development. The Presidents of the divisions and the Corporate Staff Units are responsible for managing their businesses and for achieving their business objectives.

## Corporate Center

The CEO and the CFO form the management of the Corporate Center, which is closely involved in management, planning, IT, communications, finance, management development and corporate culture. The Corporate Center ensures also that sustainability, governance, risk management and compliance practices meet the requirements of the owners and the public, and it supports the Board of Directors in meeting its responsibilities.

## Finance & Controlling

Finance & Controlling uses state-of-the-art information systems to ensure the time-critical financial management of the Corporation. A standardized system of financial reporting is used throughout the entire Corporation, guaranteeing immediate and complete transparency. Currency, interest rate, and credit risks are monitored and managed at Corporation level.

## Management development

Strategically important competencies and information are shared and made available throughout the Corporation. Considerable importance is attached to internal training, talent management and to putting the best possible people in management positions. Up to 70% of all Senior Management positions are filled with internal candidates.

## Communication

The Corporation has a strong brand with GF, which has been built up and strengthened consistently over many years. The Corporation builds confidence in its products and services with an open and active communication policy to customers, employees, media, analysts, shareholders, and other stakeholders.

## Corporate values

The sustainable development of the Corporation is supported by shared corporate values. They are put down in writing in the Code of Conduct and are becoming increasingly important with the spread of globalization.

## Corporate Governance

For detailed information on Corporate Governance see the same named report.



# GF organization structure

As of 1 January 2022



# Sustainability at the heart of GF's business

Sustainability is an integral part of GF's culture and business. Of GF's products and solutions, 60% deliver a social or environmental benefit, helping customers all over the world to move towards a more sustainable future.

GF Piping Systems creates innovations that reduce water losses as it travels from its source to household taps. GF Casting Solutions develops new lightweight components to make mobility more CO2 efficient. GF Machining Solutions and its smart technologies offer customers a more efficient use of resources by reducing the consumption of materials and energy.

In addition, GF has invested in partnerships with other companies and academic institutions to promote sustainability.

In this sustainability chapter, GF provides an overview of environmental, social, and governance (ESG) topics. GF's comprehensive Sustainability Report 2021 will be published in the first half of April 2022.



## GF's stakeholders

GF maintains a continuous dialogue with its internal and external stakeholders to proactively recognize and resolve key issues. It promotes this ongoing exchange through a range of activities, events, and initiatives.



Much of GF's business success relies on understanding the needs of its stakeholders. The following chapter lists these main stakeholder groups, their significance to GF, and the formats through which it maintains this dialogue.

### Employees

GF's more than 15'000 employees in 34 countries are crucial for the business's success, as GF can only make progress through their work, motivation, and commitment. They are GF's source of success and continually challenge the company to deliver the most sustainable solutions.

GF maintains a continuous dialogue with its employees and believes it is essential to engage with them in implementing the Strategy 2025. GF has therefore developed a framework for an even more positive and inclusive corporate culture. This is designed to support the achievement of the goals outlined in the strategy and unlock each employee's full potential and that of the entire organization. GF communicates the new values of the corporate culture to employees as part of the Culture Movement process. Via this initiative, GF will bring these values to life and integrate them into employees' daily work. Further information on the Culture Movement can be found in the chapter [Employees](#).

In addition, each division conducts employee satisfaction surveys. In 2022, GF is planning a group-wide survey that will cover all three divisions and will include questions regarding the Strategy 2025 and the Culture Movement.



### Customers

GF aims to deliver sustainable and innovative products, solutions, and services that best meet its customers' needs. GF therefore continuously asks its customers for feedback and involves them in product development processes. For example, in key market segments, GF conducts sustainability workshops with its customers, such as on how to design sustainable products that reduce waste for end users. GF recognizes its customers as a clear source for innovations.

GF's product and solution specialists cultivate lasting customer loyalty by maintaining close working relationships. GF participates in trade fairs, organizes in-house and virtual events, and offers customers individually tailored training sessions.





### Investors

Sustainability, which covers areas such as climate change, greenhouse gas (GHG) emissions and their reduction potential, the circular economy, and diversity and inclusion, has become of key importance for GF's investors. It is therefore essential to maintain an active exchange with investors and transparently communicate all relevant financial and non-financial (ESG) information.

GF's CEO and CFO, its Head of Investor Relations and Sustainability, and the Chairman of the Board of Directors are in regular contact with investors – both in person and virtually – at roadshows, events, and meetings, including the GF Annual Shareholders' Meeting. They also maintain an active ESG dialogue with sustainability analysts and stewardship teams. In addition, GF's sustainability team responds to around 15 ESG rating agencies or questionnaires per year, which also helps investors to make informed decisions. In 2021, GF maintained its governance dialogue with its shareholders and proxy advisors. The Corporation had around 100 meetings with investors, representing more than one-third of the share capital. In addition, the Chairman of the Board led about 15 virtual and in-person meetings focusing on ESG matters. The Independent Lead Director and the Head of Investor Relations/Sustainability also attended these meetings.



### Suppliers

GF's successful long-term partnerships with its procurement and logistics partners are essential for business continuity. GF places great emphasis on ensuring they meet its own standards for sustainability and ethics and promote compliance with standards. GF views its suppliers as valuable partners in enhancing the environmental efficiency of its production equipment and minimizing the social and ecological risks along its value chain. In 2021, GF started a project with EcoVadis to extend the scope of supplier assessments and to improve its suppliers' commitment to sustainability. Further information can be found later in this chapter.

GF also maintains regular contact with its suppliers through events such as trade fairs.



### Universities and research institutes

GF has close relationships with many leading universities and research institutes. These partnerships are essential for GF in order to continue attracting well-trained employees and advancing its research and development activities. These collaborations take several different forms. For example, the Corporation offers internships and junior work opportunities to students at universities and technical institutes. It also partners with academic institutions on specific projects.

In 2021, GF collaborated with ETH Zurich to conduct research projects with students. During these projects, each GF division provided students with a real business case focusing on sustainability and operational excellence. The students were given three months to understand the case and develop possible solutions. [The results of the students' work](#) were presented in December 2021.

In the year under review, GF also established partnerships with several vocational colleges in Yangzhou (China). One of these is a cooperation with the Yangzhou Polytechnic Institute, which educates students in the field of mechatronics. GF conducts various activities as part of the collaboration, including webinars, site introductions, and campus job fairs. In addition, GF also plans to implement a development program for technical trainees. These collaborations aim to raise brand awareness and promote GF's company culture to attract skilled new employees.

Furthermore, GF sets up regular workshops to exchange views on innovation trends with other universities, including the Universitatea din Pitești in Romania or the Montanuniversität Leoben, Austria.

### Regulators and industry associations

GF operates in many countries and jurisdictions and complies with all applicable laws and regulations. GF is a member of a number of chambers of commerce and is actively involved in various national and international industry associations and trade organizations.



### Communities and NGOs

GF supports and promotes cultural and social programs in its local communities. More generally, it aspires to enrich lives and create a positive overall impact. Within GF's corporate citizenship programs, which help to improve access to drinking water and education, the company also cooperates with many different NGOs.

GF's Clean Water Foundation supports projects focused on improving water filtration and distribution infrastructure in rural communities and hospitals. One of its main partners is Caritas Switzerland. In 2021, this partnership concluded phase III of a long-term project in Bolivia to improve access to clean and safe drinking water. In phase III, the partners installed 18 drinking water systems in 10 different communities to the direct benefit of over 700 families. GF has supported these projects with some CHF 500'000 in funds.

Another trusted partner of the foundation is Water Mission, a non-profit organization in the US. To support Water Mission's fight against the global water crisis, GF hosts global "Walk for Water" fundraisers. During these events, participants walk approximately 1.5 miles to the midway point holding empty buckets, which they must fill with dirty water and carry another 1.5 miles to the finish line. The walk allows participants to experience the same day-to-day challenge as the 2.2 billion people worldwide that live without access to safe drinking water. In 2021, GF Piping Systems hosted a "Walk for Water" event in Irvine, California. Together with its sponsors, the 220 participants raised USD 150'000 for Water Mission. This effort alone will provide more than 6'000 people with clean water for the rest of their lives.

To learn more about the Clean Water Foundation's work, please see the section [Corporate Citizenship](#) in this chapter.

### Media and the general public

GF is interested in creating transparency for the general public about its business activities. As a responsible corporate citizen, GF aims to provide all relevant stakeholders with equal and current information. Therefore, GF regularly publishes media releases on relevant topics such as full- and mid-year results, the development of new markets, product innovations, and acquisitions. GF also maintains an ongoing exchange of information with journalists. GF supplements its media activities with an active social media presence on channels including [LinkedIn](#), [Twitter](#), [Facebook](#), [YouTube](#), and [Xing](#).



## Sustainability at GF

In an increasingly complex and uncertain world, it is becoming even more critical for companies to focus on broad stakeholder value to achieve business success. GF ensures that its business contributes positively to society's progress toward the UN Sustainable Development Goals.

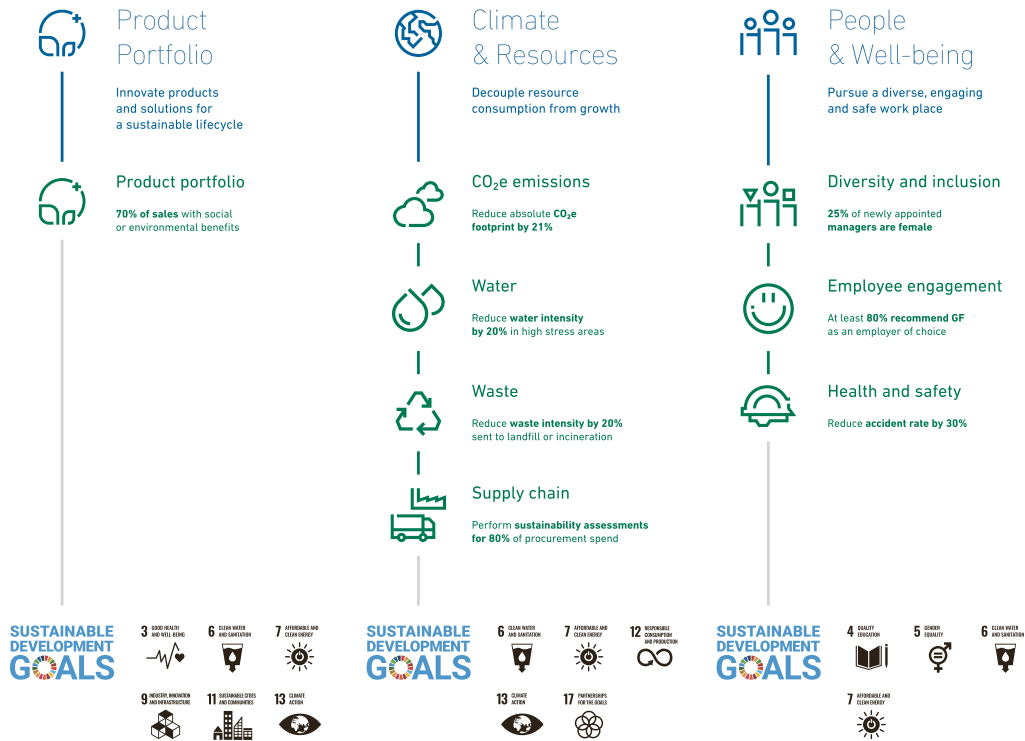
### + Contribution to Sustainable Development Goals

In 2021, the COVID-19 pandemic posed challenges for businesses and society. GF responded with numerous measures to ensure that employees remain safe and healthy. These initiatives included extending the existing home office policy, applying team splits, providing personal protective equipment, testing infrastructure to enforce physical distancing, and frequent communication throughout the pandemic. GF employees worldwide followed the company's safety regulations; thanks to their teamwork and cooperation, 2021 was a successful year.

### GF's sustainability strategy

GF is a sustainability and innovation leader providing superior customer value. GF's sustainability strategy, the Sustainability Framework 2025, came into effect in 2021 and will guide GF's sustainability efforts during the next five-year strategy cycle. The Sustainability Framework 2025 is intertwined with [GF's strategy 2025](#), underlining the clear link between sustainability and business.

Further information regarding the strategic goals and targets of the Sustainability Framework 2025, including how the framework was developed, is provided in the Sustainability Report 2020 in the section [Sustainability Framework 2025](#).

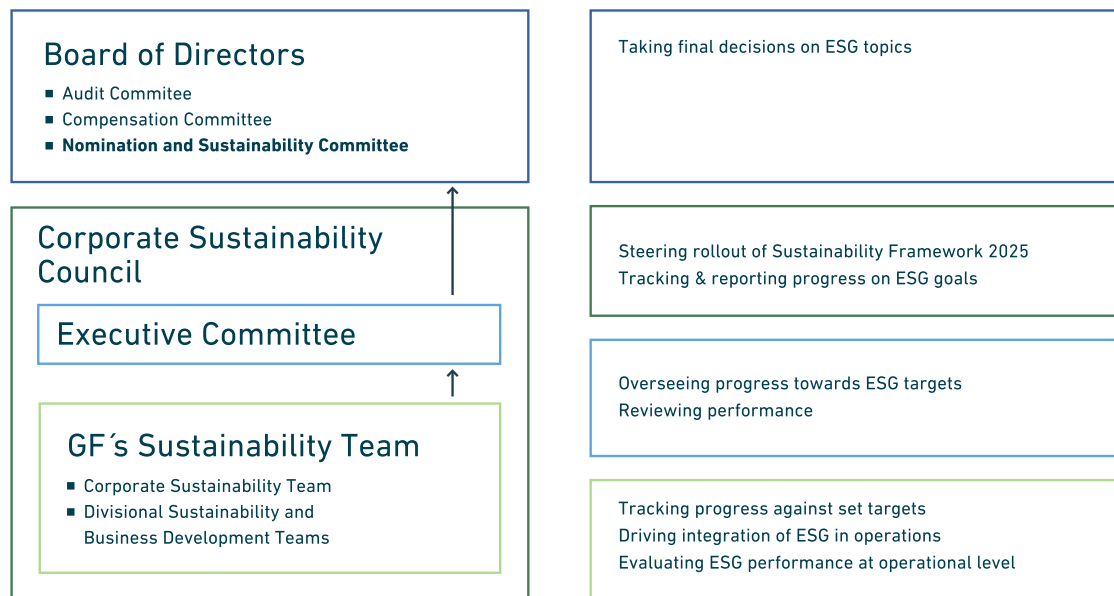




In 2021, the Board of Directors made sustainability a strategic focus. In this context, GF's management developed an implementation roadmap for the strategy period 2025. In addition to strengthening the organizational structure at the corporate and divisional levels, this roadmap entails the launch of several strategic sustainability initiatives.

## Sustainability governance

GF believes that sustainability and business are very closely linked. Therefore, in line with the growing importance of sustainability in its business activities, GF declared 2021 "the year of sustainability". The strategic priority of sustainability in the company is reflected in GF's governance structure and overall approach to sustainability management.



The ultimate responsibility for sustainability at GF lies with the **Board of Directors**. In 2020, GF formed a **Sustainability Committee** to support the Board of Directors in strengthening its focus on environmental, social, and governance (ESG) topics. The Sustainability Committee is embedded in the Nomination Committee. The Charter of the Nomination and Sustainability Committee defines that regular meetings must be held at least twice a year. In 2021, the committee met on three occasions. The committee's agenda mainly focuses on GF's sustainability initiatives (such as the implementation of the EU Taxonomy, the SBTi, or the TCFD disclosures) and GF's eight sustainability goals for 2025. GF's overall progress is measured against a predetermined timeline and the strategy cycle of 2025.

The Sustainability Committee also has the essential role of ensuring that executive remuneration is linked to ESG targets and aligns with the eight goals of GF's Sustainability Framework 2025. As a result, each Executive Committee member has GF's company-wide CO2e target as a remuneration incentive. In addition, they also have individual targets such as the zero-accidents campaign, circular economy benchmarks, or the target to implement the TCFD's recommendations and publish GF's first TCFD report in March 2022 as part of its Annual Report.

The **Executive Committee** has a direct overview of GF's progress on reaching the strategic goals and targets. In addition, the Executive Committee conducts performance reviews between two and four times per year and within each division's management meetings. These reviews enable the Executive Committee to take the required strategic and operational actions to ensure GF's target achievement remains on track.

For the roll-out of the Sustainability Framework 2025, GF established a **Corporate Sustainability Council (CSC)** at the Executive Committee level. The CSC coordinates and steers all sustainability-related activities. It is headed by the

CSC Chairwoman, who advises the Executive Committee. The CSC consists of the CEO, CFO, Divisional Presidents, corporate and divisional sustainability teams, and high-level members of management. The CSC's key responsibilities include the reporting and tracking of progress and measures regarding the Sustainability Framework 2025; supporting the Executive Committee on deciding on cross-divisional strategic sustainability projects and initiatives; coordinating and supervising projects and initiatives, and reporting their progress to the Executive Committee. The CSC meets at least twice every year. The council's first meeting took place on 4 October 2021, where it exchanged ideas regarding:

- How to reduce GF's CO2e emissions by committing to the SBTi (Science Based Targets initiative), implementing energy-saving measures, and purchasing renewable energy.
- How to innovate sustainable products and solutions by following the EU Taxonomy regulations and the principles of a circular economy.
- How to report on climate-related risks and opportunities by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- How to foster greater diversity and inclusion at GF.

In addition, GF's divisions also presented insights into their innovations, progress, and strategies in the area of sustainability. From 2022 onwards, the CSC is expected to meet twice a year with the possibility of additional meetings as required.

Each department and division is responsible for continuously integrating aspects of sustainability into GF's daily operations towards achieving the Sustainability Targets 2025. The topic is coordinated at the corporate level by the **Corporate Sustainability Team (CST)**. The CST is positioned within the Corporate Finance organization and led by the Head of Investor Relations & Sustainability. The Head of Sustainability Transformation leads key strategic, cross-functional sustainability-related projects and initiatives. The Head of Corporate Sustainability participates in the Sustainability Committee meetings and is a member of the Corporate Risk Council. He is responsible for sustainability reporting, including engagement with ESG rating agencies. Both the Head of Sustainability Transformation and the Head of Corporate Sustainability report directly to the Head of Investor Relations and Sustainability.

The CST works in close contact with the three divisions' dedicated sustainability teams to track the progress of individual locations, business units, and divisions towards achieving set targets. The CST is also responsible for raising organizational awareness about sustainability and climate-related risks.

The **divisional sustainability** units evaluate their sustainability performance each quarter and present their respective management teams with the results. The sustainability units review the following aspects: the achievement of sustainability targets and the implementation status of agreed-upon actions, the monitoring of GF's business partners' sustainability performance and the development and marketing of products and solutions that provide GF's customers with sustainability benefits.

Every year, the divisions determine a set of actions needed to implement the Corporation's sustainability targets. Each divisional sustainability manager ensures their locations define and submit initiatives to meet the set goals, aggregates an overview for their division to track progress, and coordinates with the CST on status, cross-divisional experience-sharing, and, where needed, dispute escalation. For example, in 2021, GF Machining Solutions established a divisional sustainability working group that meets every quarter and brings together key functions and the divisional management team to define the next steps towards target achievement.

GF incentivizes corporate target achievement at various levels. For example, individual goals are defined for the Executive Committee members as well as for the corporate and divisional sustainability teams.

## Communication on sustainability

To help embed sustainability aspects into GF's daily business, the CST and the divisional sustainability teams communicate with GF employees through various channels. The next global GF sustainability conference will be held in 2022. To reflect GF's increased focus on sustainability, the scope of the conference will be extended to include a more diverse audience that represents GF's global operations. In 2022, the conference will focus on developing a

concept that unites all relevant functions and departments in contributing to the strategic goals of the Sustainability Framework 2025.

Additionally, the CST worked closely with the divisional teams to organize employee workshops on the Science Based Targets initiative (SBTi) and diversity and inclusion.

## Updates on strategic sustainability initiatives

GF continuously monitors international sustainability developments to ensure it integrates relevant issues into its business decisions and processes. In 2021, GF made significant progress regarding science-based targets, the circular economy, climate-related financial disclosures, and the EU Taxonomy.

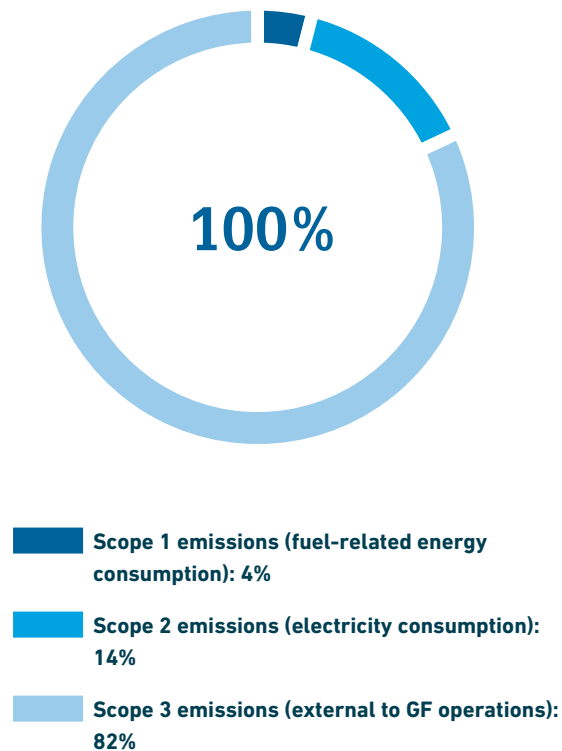
### Science-based targets

In line with the 2015 Paris Agreement, governments and businesses are working to find practical and effective solutions to significantly limit global warming. Recently, the [IPCC's Sixth Assessment Report](#) reinforced the urgent need to reduce global warming to 1.5°C (as opposed to well below 2°C) above preindustrial levels. To reach this goal, the United Nations Environment Programme (UNEP) has calculated that the world must halve annual greenhouse gas emissions by 2030.<sup>1</sup>

<sup>1</sup> [Emissions Gap Report 2021 | UNEP – UN Environment Programme](#)

GF firmly believes it has a responsibility to contribute to meeting these goals. It therefore uses the official protocols of the [Science Based Targets initiative \(SBTi\)](#) and is committed to setting a science-based target aligned with the 1.5°C ambition level across all three scopes. In 2021, GF made significant progress: firstly, it comprehensively recorded all emissions for scopes 1, 2, and 3. Across the 15 categories of Scope 3 emissions, GF identified four specific categories as material: purchased goods and services, upstream energy, upstream transport, and the use of sold products. The emissions from these four categories represent approximately 90% of GF's total Scope 3 emissions.

### GF's GHG emissions per Scope % of total emissions



Secondly, GF identified reduction potentials and targets for its emission scopes across all three divisions. In this context, GF conducted several cross-divisional and cross-functional workshops and interviews with site managers to establish emission-reduction pathways aligned with the SBTi. In this process, GF determined the reduction potential of energy efficiency measures, purchasing renewable electricity, and switching to low-carbon suppliers and materials.

GF found the majority of its GHG emissions are Scope 3 emissions created either by suppliers during their manufacturing processes or by customers when using GF's products or solutions. Only a mere 18% of the total GHG emissions are directly emitted by GF.

GF will submit the targets determined in this process by March to the SBTi. Once it has validated these targets, the SBTi is expected to make an official announcement by May 2022. GF is looking forward to officially joining the [group of companies taking action](#) according to the protocols of the SBTi. GF's commitment to the SBTi is an important step on the company's path towards net zero.

### Circular economy as a path to net zero

GF believes it is vital to ensure responsible resource and waste management. It is therefore working to redesign its production processes, find new materials, and create new business cases to close material loops. In addition, reducing waste during the manufacture of GF's products has always been in focus. GF recognizes the concept of a circular economy is an important driver towards achieving a carbon-free economy.

In 2021, GF initiated a circular economy project featuring a series of workshops where a cross-divisional and cross-functional team, including GF's CFO, developed a common understanding of the approach and concepts to promote its adoption. The team also defined new pilot projects. These projects include new business models, modularity improvements, and product simplification to enable reuse within the material cycle. GF will implement these projects throughout 2022 and beyond.

### EU Taxonomy for sustainable activities

The European Commission has set climate and energy targets for 2030 underpinned by an action plan – [the European Green Deal](#) – to make the EU economy climate-neutral by 2050. The Commission considers direct investments in sustainable projects and activities as essential for reaching these targets. Therefore, in June 2020, the EU issued the [EU Taxonomy Regulation](#), a framework that defines the specific types of economic activities that qualify as environmentally sustainable.

In 2021, GF assessed its business activities against the developed EU Taxonomy criteria. The review of eligible activities has been completed for the environmental objectives regarding climate mitigation and climate adaptation. In 2022, we will extend the assessment to the remaining four environmental objectives.



### Guidance of the Task Force on Climate-related Financial Disclosures

It has become evident that climate change will have both immediate and long-term impacts on businesses around the world. GF firmly believes that companies that fail to recognize climate-related risks and opportunities and adjust their operations accordingly will ultimately become less competitive. In addition, as more investors become sensitive to the financial impact of climate change on businesses, these companies will also find it harder to access capital.

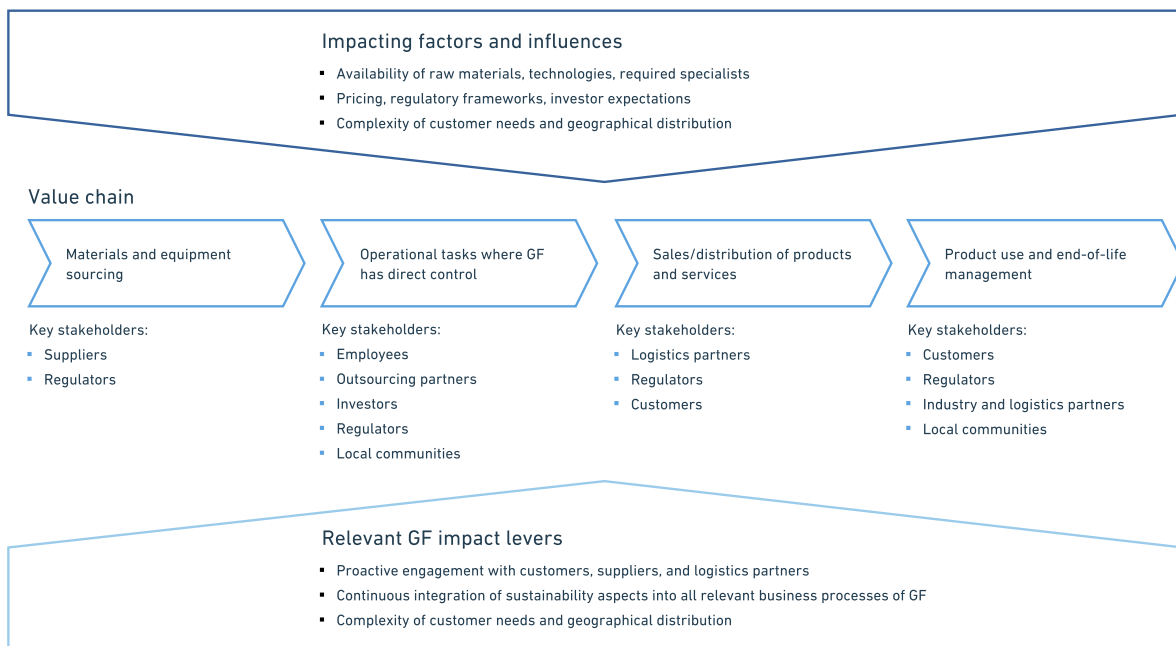
The [Task Force on Climate-related Financial Disclosures](#) (TCFD) issued a set of recommendations in 2017 to increase the transparency of how companies are addressing climate change. The TCFD’s purpose is to help companies provide meaningful climate-related disclosures so that investors can make more informed investment decisions.

In 2021, a key component of GF’s TCFD-aligned risk management strategy was a scenario analysis assessing GF’s possible climate-related impacts between now and 2050. As a result, GF defined material physical and transition risks and opportunities as a foundation for future risk management, as well as various adaptation and mitigation activities.

With its first index published in 2022, GF is reflecting on the TCFD’s growing importance among investors and businesses. GF’s TCFD report emphasizes three critical topics: the climate-related opportunities that can help GF remain competitive, the specific physical risks GF is exposed to, and the transition risks facing GF’s operations. Full information on GF’s climate-related disclosures can be found in GF’s first [TCFD report](#).

GF engages in sustainability efforts throughout the value chain and is committed to extending its sustainability standards to its suppliers. As one of its 2025 sustainability targets, GF aims to assess 80% of its procurement spend, which covers around 1’000 suppliers. GF partnered with the rating agency EcoVadis to conduct these assessments, focusing on the four themes of environment, labor and human rights, ethics, and sustainable procurement. Each assessment is adapted based on company size, industry, and country.

In 2021, GF’s responsible procurement team conducted an initial pilot phase to familiarize itself with the process. In September, it started the internal risk assessment and selected key suppliers and those with high risks to be included in the first assessment phase. In the follow-up, approximately 400 suppliers were invited to take part in the assessment. A kick-off webinar accompanied the broader roll-out to provide further details about the program and general sustainability issues in the supply chain.



## Sustainability in GF's own operations

In GF's core business, sustainability efforts are directly linked to the Corporation's understanding of its purpose – to add value to and improve the quality of lives through all of GF's business endeavors. Thus, GF ensures that the components or complete-system solutions that it designs and produces address the megatrends faced by today's society, contribute to the UN Sustainable Development Goals, and provide best value-added from a quality, safety, and sustainability perspective for the customers.

GF has set a target in its [Sustainability Framework 2025](#) to generate 70% of its sales by 2025 from products, systems, or solutions that have social or environmental benefits. This objective guides the innovation efforts of all three divisions and the strategic alignment of their product portfolios.



**Product portfolio**  
**70% of sales with social or environmental benefits**

For GF Piping Systems, this means ensuring the leak-free and safe transport of water, gas, and chemicals, delivering solutions that contribute to its customers' decarbonization goals, and supporting its customers' environmental efforts by increasing their efficiency during the installation and operation of GF's systems. An example that provides significant savings in CO<sub>2</sub> emissions is the recently developed Butterfly Valve 565. The valve optimizes piping systems built for water applications and can be used in a wide range of applications. The plastic valve is 60% lighter than conventional metal valves, thus reducing the energy and resources needed for transport and installation. The valve's high-quality plastics also protect it from corrosion and abrasion, guaranteeing reduced maintenance and a longer lifespan.

For GF Casting Solutions, sustainability in its product portfolio means developing solutions for the future of mobility. For the division's customers in the automotive segment, the development of alternative drive systems plays a critical role in reducing CO<sub>2</sub> emissions. Using fewer and lighter components lowers a vehicle's weight and is one of the most effective ways to reduce its fuel or energy consumption and emissions during its lifespan. GF Casting Solutions is partnering with Microsoft Switzerland in an innovation project using artificial intelligence to optimize the ramp-up phase of casting production and ultimately maximize the quality of components while minimizing their associated energy consumption. In 2021, the project was successfully tested at one of GF's locations in Europe. In the next step, the project will extend to other plants.

For GF Machining Solutions, sustainability translates into more innovative, integrated, and connected high-precision machines and solutions. It is the division's goal to ensure resource efficiency throughout the machine's life cycle and to significantly reduce the energy consumption of its machines. The division also offers new technologies, such as laser texturing, to replace the harmful etching process. Offering re-use possibilities is equally important when it comes to sustainable manufacturing. In 2021, GF Machining Solutions took a step forward in reducing the environmental footprint of its products. In collaboration with a partner, the division designed a new "Ecospool" that can be produced with significantly less plastic. In addition, this spool is made of fully recyclable white Polystyrene plastic, allowing new spools to be created from used ones. By choosing a mono-material design and simplifying the recycling process, GF Machining Solutions is making circular economy principles a reality.

## Corporate Citizenship

GF supports and promotes cultural and social programs at its various locations as well as activities that contribute to the common good. In 2021, it spent around CHF 2 million at the Corporation level on social engagement activities in addition to the donations (around CHF 900'000) made by the individual locations. The largest contributions in 2021 went to the GF-owned foundations Clean Water, Klostersgut Paradies, and Iron Library. In addition, several GF companies supported local activities by making substantial contributions.

GF is a member of various Swiss and international business associations with annual membership fees amounting to less than CHF 0.1 million. In the year under review, GF made no contributions to any political parties or individual politicians.

### **Improved access to clean drinking water**

GF's Clean Water Foundation has supported a total of 160 drinking water projects worldwide since 2002. To date, GF has invested more than CHF 12 million and improved the lives of more than 330'000 people by providing better access to safe drinking water. In 2021, the Clean Water Foundation granted about CHF 500'000 to projects in Somaliland, Zambia, Cambodia, Nicaragua, and Uganda. Most of the projects focus on improving infrastructure for water filtration and distribution in rural communities and hospitals. In 2022, GF will celebrate the 20th anniversary of the Clean Water Foundation by supporting one project each in the areas of health/hospital infrastructure and education/school buildings. The partners of these projects, working in close cooperation with GF, will clarify in more detail how GF can make a greater contribution in the future via technical expertise and know-how in addition to financial support.

Each year, GF supports the Foundation with a substantial lump sum contribution. The Board of Trustees includes the CEO, who also chairs the Foundation, and two members of the Executive Committee.



In Zambia, future water supply specialists gain expertise and experience at a vocational training program supported by the Clean Water Foundation in collaboration with the NGO Water for Water. (Photo: © 2021 Water for Water)

#### **Klostergut Paradies and Iron Library Foundation**

The Klostergut Paradies in Schlatt (Switzerland) has been owned by GF since 1918. Today, this historic building serves as the Corporation's main seminar and training center. In addition, the Iron Library Foundation has been located at the Klostergut Paradies since its foundation in 1948. Today, GF proudly owns one of the world's largest private collections of books on the subjects of material science and the history of technology.

The Iron Library and GF Corporate Archives, managed by one team, jointly preserve GF's historical and cultural heritage, which dates back to the 18th century. In 2021, the digital offerings included over 1'200 digitized volumes totaling more than 100'000 pages.





With some 47'000 individual titles, the Iron Library is one of the world's largest private specialist libraries for the history of technology, materials and natural sciences.

## Partnerships to drive GF's sustainability engagement

GF not only promotes sustainability within its own company, but also enters into partnerships with other companies to develop or implement sustainable projects together.

### **Collaboration with the Helsinki region**

GF Piping Systems collaborates with the Helsinki Region Environmental Services Authority (HSY). The authority is responsible for wastewater treatment in the Helsinki region and manages around 3'000 km of water supply piping and 4'900 km of sewers. The city of Helsinki has the ambition to become the world's most sustainable urban region. As part of this goal, HSY has begun replacing its metal pipelines with polyethylene pipes over the last ten years.

GF Piping Systems is supporting HSY to reach this ambitious goal. It supplies HSY with fittings for plastic piping networks from the ELGEF Plus system that are used in the water supply. For the collaboration with HSY, it was decisive that GFPS was the only supplier that could provide a comprehensive breakdown of CO2 emissions during the entire manufacturing and supply process.

In addition, the lightweight and corrosion-free ELGEF Plus components provide high flexibility in construction and low maintenance in operations. GFPS's large-diameter piping joints are also leak-proof, ensuring water supply security and minimizing repair costs. GF is therefore HSY's preferred partner to support the utility's ongoing sustainability efforts.

[+ Further information can be found in this video.](#)

### **GF Piping Systems joins Sustainable Digital Infrastructure Alliance (SDIA)**

GF Piping Systems, the leading flow solutions provider for the safe and sustainable transport of fluids, has become a Sustainable Digital Infrastructure Alliance (SDIA) partner. The company joined the SDIA to partner with its association of companies, individuals, and governments to highlight the importance of digital infrastructure facilities contributing to reducing the global carbon footprint.

Data centers consumed about 205 terawatt-hours (TWh) of electricity in 2018, up 6% from 2010 ([Masanet et al., in Science](#)). That is slightly more electricity than what Denmark used in 2018 ([Our World in Data](#)), [Energy Innovation](#), an energy and climate change policy think tank, estimated that 43% of that is used for cooling. Therefore, any small improvement in efficiency can have significant environmental benefits. The SDIA is researching the development of advanced cooling systems using liquid- and air-cooling technologies to improve the overall efficiency of data centers. The cooling systems will be connected to district heating and cooling grids, using GF Piping Systems' technology, to ensure energy recovery from the heat generated by IT equipment. As a global leader in flow solutions, GF Piping Systems' high-quality and value-adding piping technologies will contribute to the project's success.

### **GF becomes part of the "50 Sustainability & Climate Leaders" campaign**

In 2021, TBD Media Group included GF as a sustainability leader in its "50 Sustainability & Climate Leaders" campaign. The campaign showcases companies that are advancing themselves and their industries towards a better future. It consists of a video series that aims to support the UN's Sustainable Development Goals action campaign.

[The video on GF](#) explains how GF develops products in all three divisions that are particularly sustainable in their manufacture or production. With its goal to generate 70% of sales from products, systems, or solutions that have social or environmental benefits, GF is a role model for other companies on how to contribute to the achievement of the SDGs.

## **Rankings**

### **CDP ranking**

In December 2021, the London-based CDP rating agency awarded GF an A- rating (leadership level) for its efforts with regard to climate change and water security. The management of environmental and climate impacts is anchored in GF's Sustainability Framework 2025.

In the 2021 CDP reporting cycle<sup>2</sup>, GF implemented approximately 24 measures worldwide to reduce greenhouse gas emissions. However, due to COVID-19 restrictions, only smaller projects could be completed. Nevertheless, combined with the purchase of renewable electricity, GF's projects prevented 21'000 metric tons of CO<sub>2</sub>e emissions in 2021

<sup>2</sup> The CDP 2021 reporting cycle covers activities from 2020.

### **S&P CSA**

[S&P Global's Corporate Sustainability Assessment](#) (CSA) is an annual evaluation of companies' sustainability practices. It covers over 5'300 companies from around the world. The CSA focuses on sustainability criteria that are both industry-specific and financially material. In 2021, GF obtained an overall score of 60% and falls in the 88th percentile as of 20 November 2021. The global average score is 28%.

### **EcoVadis**

GF Piping Systems and GF Casting Solutions were reassessed by EcoVadis for their performance on criteria relating to the environment, labor and human rights, ethics demand sustainable procurement in 2021. Both divisions achieved a silver medal, which places them among the top 25% of companies assessed by EcoVadis.

# TCFD Report

In 2021, GF aligned its reporting to the requirements of the Task Force on Climate-related Financial Disclosure (TCFD), reflecting the growing importance of these disclosures among investors and businesses. GF has committed to disclosing its climate-related financial reporting annually and aligned its enterprise risk management process with the recommendations of the TCFD.

For more information on the TCFD, please visit [www.fsb-tcfid.org](http://www.fsb-tcfid.org)

## Dear readers,

Climate change and the transition to a low-carbon economy create both opportunities and risks for companies like GF. We believe we can overcome these challenges by making the right investments in sustainable innovations and R&D to prepare GF for the future.

Over the course of 2021, GF embarked on a number of sustainability initiatives that directly address these issues. In addition, we have not only committed to setting a science-based target to reduce our greenhouse gas emissions aligned with the 1.5°C climate goal, but also launched our Sustainability Strategy for the next five years. GF's Sustainability Framework, with its three focus areas, is fully embedded in our Strategy 2025. We observe an increasing demand for sustainable products and solutions and believe GF is well positioned to serve these market needs.

The TCFD report highlights three key topics: the climate-related opportunities we should take to remain competitive, the specific kinds of physical risks GF is exposed to, and the transition risks faced by our operations.

This report used the TCFD recommendations as a framework and then went one step further by quantifying all material physical risks. GF's next TCFD report will quantify its transition risks and opportunities – which we have already identified in this report – and provide updates on the strategic responses selected and the progress made in GF's sustainability initiatives.



A large, stylized handwritten signature in black ink, which appears to be 'AM'.

**Andreas Müller**  
CEO



## GF supports the TCFD recommendations

This report presents the eleven disclosures recommended by the TCFD in the sections regarding governance, strategy, risk management, and metrics and targets. For more detailed information, please follow the links provided as they refer to GF's existing disclosures in its Annual and Sustainability Reports including to the CDP, formerly known as the Carbon Disclosure project.

### Governance

#### 1.1 Describe the board's oversight of climate-related risks and opportunities

GF believes sustainability is a topic of critical importance. Therefore, in 2020, GF formed a Sustainability Committee – a part of the Nomination and Sustainability Committee – to support the Board of Directors in executing their role of strengthening the focus on Environmental, Social and Governance (ESG) topics. The Charter of the Nomination and Sustainability Committee defines that regular meetings are held at least twice a year. In 2021, the committee met three times to discuss climate-related issues. The agenda explicitly refers to GF's eight sustainability goals for 2025, which include climate change. Since 2020, climate change has been discussed in every meeting. GF's overall progress is monitored against a predefined timeline and the strategy cycle of 2021-2025.

An essential role of the Sustainability Committee is to ensure that executive remuneration is linked to ESG targets and aligns with the eight goals of GF's Sustainability Framework 2025. Accordingly, each Executive Committee member has the company-wide CO<sub>2</sub>e target as a remuneration incentive and a target to implement the recommendations of the TCFD and publish GF's first TCFD report in March 2022 as part of the company's annual report.

The Executive Committee has direct oversight over the progress made towards the strategic goals and targets, including those that are climate-related. In addition, the Executive Committee conducts performance reviews on a regular basis (two to four times a year) and within the management meetings of each division. These reviews enable the Executive Committee to take the necessary strategic and operational actions that ensure target achievement remains on track.

The Board of Directors declared Sustainability as the strategic topic of the year 2021. For the rollout of the Sustainability Framework 2025, a Corporate Sustainability Council (CSC) was established on Executive Committee level. The CSC coordinates and steers all activities relating to sustainability. It is headed by the CSC Chairwoman, advises the Executive Committee and consists of the CEO, CFO, Divisional Presidents, corporate and divisional sustainability teams and other members of GF's top management. The key responsibilities of the CSC include the reporting and tracking of the progress and measures with regards to the Sustainability Framework 2025; supporting the Executive Committee with decisions on cross-divisional, strategic sustainability projects and initiatives; the coordination and supervision of the projects and initiatives and the reporting of the progress of the projects and initiatives to the Executive Committee. The CSC meets at least biannually.

For further information, see:

- + [Annual Report 2021, Sustainability governance, p. 82](#)
- + [CDP Climate Change Questionnaire, GF, C1.1a/C1.1b/C2.1a](#)
- + [Sustainability Report 2020, Corporate Governance, p. 47](#)

#### 1.2 Describe management's role in assessing and managing risks and opportunities

Each department and division is responsible for continuously integrating sustainability aspects (including climate change) into GF's daily operations to achieve the targets of the Sustainability Framework 2025. The topic is coordinated at the corporate level by the Corporate Sustainability Team (CST). The CST is positioned within the CFO's organization and is led by the Head of Investor Relations & Sustainability. The Head Sustainability Transformation is the Chairwoman of the CSC with responsibility to lead key strategic, cross-functional sustainability-related projects and initiatives. The Head Corporate Sustainability is responsible for sustainability reporting, including the engagement with ESG rating agencies and is a member of the Sustainability Committee and Corporate Risk Council. Both the Head Sustainability Transformation and the Head Corporate Sustainability are reporting to the Head of Investor Relations & Sustainability.

The CST works in close contact with the dedicated sustainability teams within the three divisions to ensure the tracking of progress of individual locations, business units towards achieving set targets. The CST is responsible for raising awareness in the organization on sustainability and, as part of that, climate-related risks.

The divisional sustainability units evaluate the sustainability performance every quarter and present their findings to their respective management teams. The following aspects are reviewed: the achievement of sustainability targets and the implementation status of agreed-upon actions, the monitoring of the sustainability performance of business partners, and the development and marketing of products and solutions offering sustainability benefits to GF customers.

The divisions define a set of measures each year to implement the sustainability targets adopted by the Corporation. Each divisional sustainability manager is responsible for ensuring the individual locations define and put forward required measures to meet the set goals, compiles an aggregated overview for their division to track progress, and coordinates with the CST on status, experience-sharing across divisions and, where needed, for escalation.

Corporate target achievement – including achievement of sustainability-related ones such as the reduction of greenhouse gas emissions – is incentivized at various levels. For example, for the Executive Committee members, individual goals are defined as well as for the corporate and divisional sustainability teams.



For further information, see:

- + Annual Report 2021, Sustainability governance, p. 82
- + CDP Climate Change Questionnaire, GF, C1.2a

## Strategy

### **2.1 Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term**

GF has identified hazards in categories relevant to its business model and in the context of climate-related risks and opportunities. These risks include both acute and chronic physical risks, transition risks and opportunities.

Physical risks include tropical cyclones, sea level rise, river flooding, precipitation, fire, drought and heat. For more information, please refer to the in-depth analysis and conclusions drawn from this report.

Transition risks include GHG prices, the security of energy and processes, regulations and taxes, litigation, consumer preferences, the availability of capital, the energy transition and raw materials. More information is available in section 3.1.

Opportunities include transportation, production and distribution processes, recycling, low-emissions energy sources, the carbon market, growing consumer demand, the diversification of business activities, availability of capital and substitutes for existing resources. More information is available in section 3.1.

For further information, see:

[+ CDP Climate Change Questionnaire, GF, C2.2a](#)

### **2.2 Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning**

GF's product portfolio is dedicated to delivering solutions that help customers mitigate their climate impacts. GF has significant opportunities in all three divisions as changing consumer preferences and growing investor pressure require their product portfolios to become more energy-efficient and sustainable. We provide our customers with sustainable products and enter new markets with increased demand for sustainable alternatives.

Across its diverse product portfolio and operations, GF procures the majority of its raw materials, goods and services locally. This procurement policy is a pre-emptive measure to ensure our raw material deliveries reduce the impact of intercontinental distribution networks, while recognizing the consequences of these activities and the effect that a changing climate may have on the supply chain. In addition, GF's manufacturing sites are in close proximity to their customers and strive to constantly optimize their logistics footprints, such as the two new Chinese factories in Shenyang (GFCS) and Yangzhou (GFPS).

The GF Code for Business Partners, which defines and monitors strict adherence to environmental, social and compliance practices bind GF suppliers across all three divisions. At the same time, GF heavily relies on the timely delivery of raw materials, goods and services. Acute physical risks, such as heavy rain, wildfires or floods can lead to the destruction of necessary infrastructure that hinders transportation and risks creating product supply shortages.

GF is committed to delivering solutions that help customers mitigate their contribution to climate change or build resilience and adaptation to it, driven by a core focus on product innovation and R&D. Therefore, GF invests in R&D to create innovative new products and solutions that provide environmental, climate and social benefits for its customers during the product's use phase. In 2021, GF's overall R&D budget was CHF 112 million. GF's Sustainability Report 2020 describes how these investments translate into climate-related opportunities on pages 24 to 42.

For further information, see:

[+ Sustainability Report 2020, Value chain, p. 52](#)

[+ Sustainability Report 2020, Products and innovations, p. 18](#)

[+ CDP Climate Change Questionnaire, GF, C3.1.d](#)

**2.3 Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

The resilience of GF’s future strategy is affected by the transition to a low-carbon economy which presents both opportunities and risks. Therefore, GF has analyzed a range of climate scenarios that show possible outcomes under different climatic conditions. To project a scenario aligned with the Paris Agreement’s goal of limiting global warming to 2°C or a lower scenario, the International Energy Agency’s (IEA’s) Sustainable Development Scenario was used. It analyzes various factors that could impact GF’s future business strategy and its ability to achieve long-term profitability.

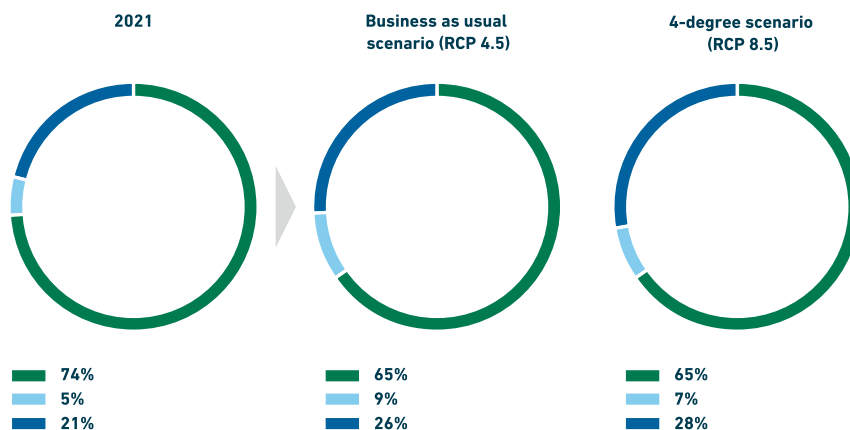
Furthermore, to assess GF’s exposure to physical risks, the Intergovernmental Panel on Climate Change’s (IPCC’s) representative concentration pathways (RCP) was used in a business-as-usual scenario (RCP 4.5) and a 4°C scenario (RCP 8.5) until 2050. In the analysis, 2050 was used as a reference year in line with the Paris Agreement’s 2050 target for net-zero emissions. The Sustainability Committee made an explicit decision not to use climate scenarios beyond 2050.

**In-depth analysis: Physical climate risks**

This climate risk analysis was prepared using the “Climate Change Edition” of the “Location Risk Intelligence” software from reinsurer Munich Re. It was found that physical risks such as tropical cyclones and sea level rise were deemed immaterial to GF’s operations, whereas river flooding and precipitation posed a high risk to some operations. The percentages below refer to the share of GF’s global production sites that are exposed to a specific risk category.

**Undefended River Flood**

Undefended river flood describes the risk of flooding in areas where no flood protection systems or defense structures (such as dams) are in place. Under a 4°C scenario in 2050, the share of high-risk flood sites increases from 21% today to 28%. River flood is a particularly strong hazard in the Chinese sites of all divisions.

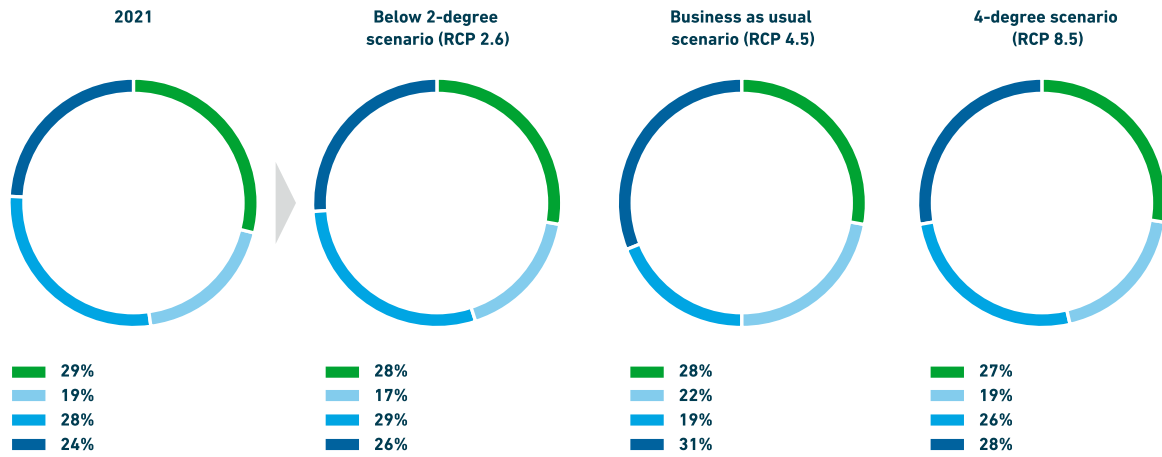


**Legend:** Low Risk ■ ■ ■ Medium Risk ■ ■ ■ High Risk ■ ■ ■



### Precipitation Stress Index

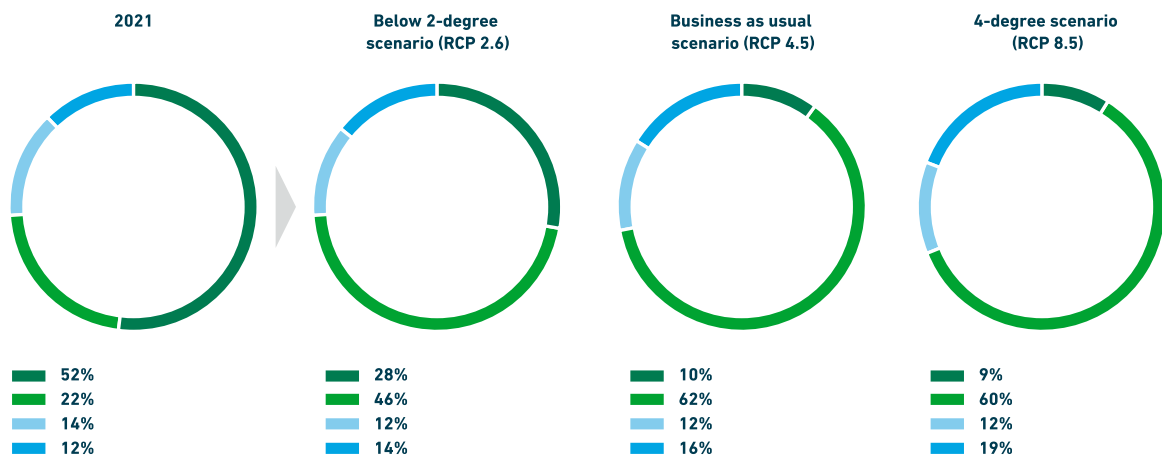
Due to global warming and rising ocean temperatures, air contains more moisture, which leads to an increase in heavy precipitation events. Heavy rainfall increases the risk of floods, which often lead to the destruction of infrastructure. The share of high-risk sites for heavy rain increases from 24% in 2021 to 28% in 2050, with a strong impact projected on sites in China, Switzerland and the United States.



Legend: Low Risk (Dark Green), Medium-Low Risk (Light Green), Medium-High Risk (Light Blue), High Risk (Dark Blue)

### Fire Weather Stress Index

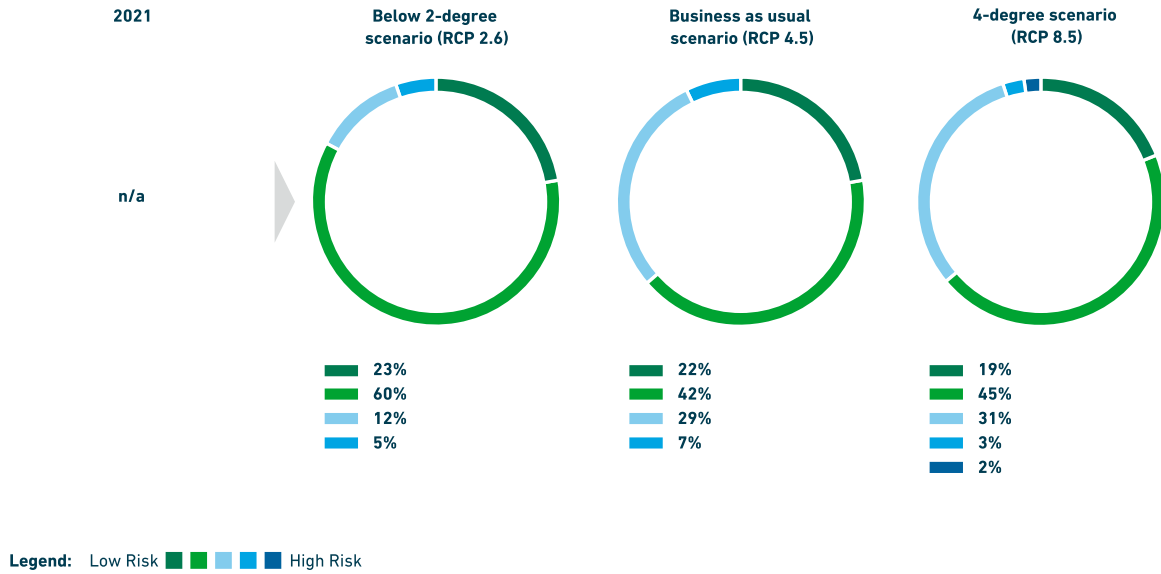
Wildfires are destructive hazards that can occur naturally or be caused by humans. Fires destroy vegetation and lead to the destruction of infrastructure and economic resources. No GF sites fall into the high-risk category, but the share of medium-to-high risk sites at GF increases from 12% today to 19% in 2050 under a 4°C scenario. All other sites face only minor hazards.



Legend: Low Risk (Dark Green), Medium-Low Risk (Light Green), Medium-High Risk (Light Blue), High Risk (Dark Blue)

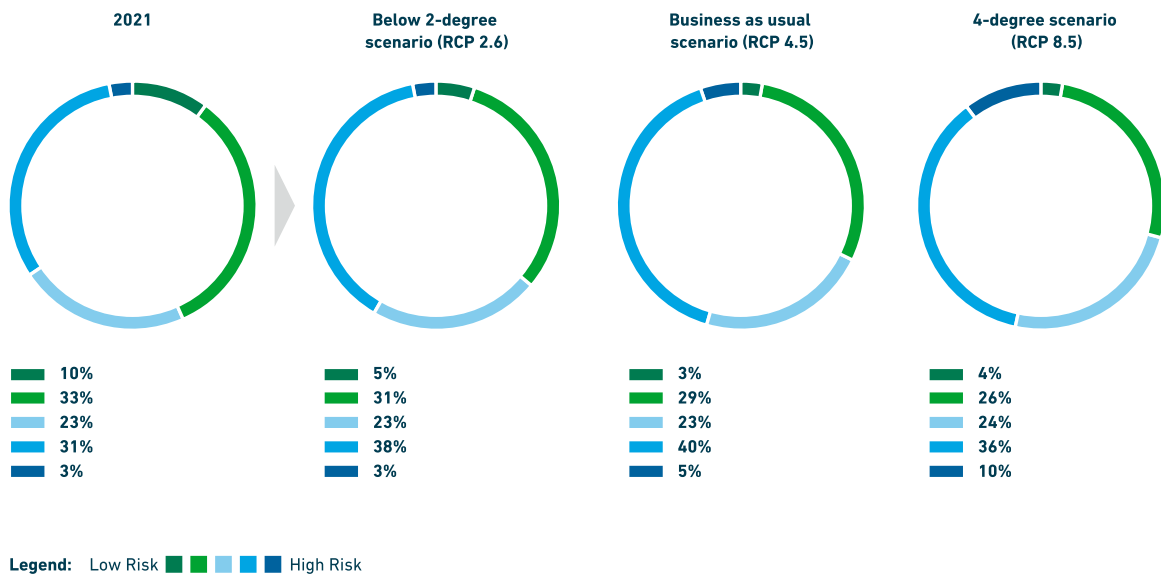
## Drought Stress Index

Increasing temperatures combined with changes in precipitation patterns could cause drier weather conditions and more frequent and intense droughts that have severe economic, environmental and social impacts. Bakersfield (US) was identified as the only high-risk site for drought, but the number of medium-risk sites increases from 12% today to 31% in 2050 under a 4°C scenario.



## Heat Stress Index

Global warming leads to increasing temperatures and more intense and frequent heatwaves. Heat stress affects humans, infrastructure and ecosystems. In 2021, only 3% of GF sites are in the high-risk range, but this increases to 10% in 2050 under a 4°C scenario. GF's projections show heat stress is of particular significance for Chinese sites in all divisions.



## Risk Management

### 3.1 Describe the organization's processes for identifying and assessing climate-related risks

Risks identified at GF are based on a biannual risk mapping analysis and assessed for their likelihood of occurrence and potential impacts. Where possible and appropriate, the consequences of the identified risks are quantitatively evaluated, taking into consideration the frequency of consequences and any mitigation measures already implemented (alternatively, a qualitative assessment of the risk exposure is applied). As a result, the risk consequences are classified in terms of their potential financial cost to the business:

- minor (less than CHF 3 million),
- major (between CHF 3 million and CHF 15 million),
- critical (between CHF 15 million and CHF 75 million) and
- catastrophic (more than CHF 75 million).

GF determines the potential overall impact of identified risks by combining their likelihood of occurrence with their potential financial consequences and factoring in any other relevant concerns, such as reputational damages or legal impacts. Substantive impacts are evaluated based on a tiered system of threshold values, depending on the risk scope. Risks at the corporate, division and site levels are each attributed different sets of thresholds as the sites vary in size.

In general, an impact is considered substantive in the following cases:

- the intersection of catastrophic with possible, probable or likely,
- the intersection between critical and probable or likely, and
- the intersection of major with likely.

In 2021, GF conducted a workshop with experts from all three divisions, Corporate Risk Management and Corporate Sustainability to define the main climate-related risks and opportunities and assess their possible impacts. On the one hand, GF considered impacts on its business activities that could result from the physical effects of climate change and transition risks such as political, technological, market and reputational developments. On the other hand, GF derived relevant climate-related opportunities resulting from resource efficiencies, energy sources, products and services, and market demands.

For further information, see:

[+ CDP Climate Change Questionnaire, GF, C2.1b/C2.2](#)

Transition risk	Impact on GF	Significance for GF
GHG price	Increasing energy and electricity usage costs decrease GF's competitiveness.	The potential costs of GF's carbon-neutral transition are being considered due to the diverse locations of production sites and operating in different regulatory markets.
Security of energy supply and prices	Fluctuations in energy prices and abrupt and unexpected shifts in energy costs.	GF's business is energy-intensive and consequently energy costs are critical. Although energy price fluctuations are normal, sustained higher prices will challenge GF's competitiveness.
Regulations and taxes	Regulations on limits for GHG emissions and/or higher taxes on energy sources such as non-renewable electricity or fuels.	Energy efficiency standards are already commonplace in all countries where GF has operations. However, it is anticipated that standards will continue to become stricter in the future.
Litigation	Involvement in litigations may result in higher costs and reputational damage.	GF can be involved in litigation at times, especially through its production sites. Climate-related litigation is expected to increase, thus increasing GF's risk exposure.
Consumer preferences	Changes in demand, especially in products considered "unsustainable".	As a B2B manufacturer, GF's demand originates from changing demand in various markets, such as currently observed in the automotive industry's transition from internal combustion engines to e-mobility.
Reduced capital availability	Due to the requirements of the EU Taxonomy, the availability of capital is becoming increasingly dependent on a company's climate performance.	GF's product portfolio will be screened for eligibility to the EU Taxonomy to indicate its contribution to the six environmental objectives, identify the share of turnover contributing to socially or environmentally beneficial activities and how much of GF's operating expenses are devoted to it.
Energy transition	Research and development expenditures in new and alternative low-carbon technologies.	One-quarter of GF's business is energy-intensive and requires a variety of energy sources to function. Switching to renewable energy will amount to a Capex investment of over MCHF 52 over the next five years to transition to lower-carbon energy sources.
Raw materials	Fluctuations in raw material prices as well as abrupt and unexpected shifts in raw material costs lead to unreliable supply chains.	As a manufacturer, shifts in raw materials are a high risk for GF that can impact supply chain stability. The increasing costs and scarcity of some raw materials may pose a risk to all three GF divisions.
Low-emissions sources of energy	Additional costs for buying renewable electricity.	In 2020, renewable energy met 17% of GF's total energy consumption. Substituting electricity from fossil fuels with renewable sources will be a high priority for GF in the coming years, which in turn will increase operating costs.



Opportunity	Impact on GF	Significance for GF
Modes of transportation	Reduction of fuel consumption by replacing fleets with more fuel-efficient vehicles and using fuel-efficient modes of transport.	As a manufacturer, GF depends on reliable transportation. GF launched an e-mobility policy in 2021 to transition its car fleet to an electrified fleet while also utilizing subsidies in selected markets.
Production and distribution processes	Efficiency gains in production processes and logistics.	As a manufacturer using heavy machinery for production, there are many opportunities for efficiency gains across all divisions. For example, GF identified several opportunities to make its production capacity more energy-efficient by replacing extruders and molding machines with more economical units.
Recycling	Purchase of alternative materials or reuse of existing materials.	GF is currently embarking on a circular economy program that identifies products reusing materials from other processes, such as bio-based PVC. The program is currently being trialed in projects in the UK.
Low emissions energy sources	Switching to renewable electricity and energy sources.	Low-emissions energy sources and renewable electricity leads to reduced exposure in fossil fuel markets.
Carbon market	Participation in carbon market reduces exposure to GHG emissions.	Participation in carbon markets can reduce CO2 emissions and generate income when CO2 emissions are decreased.
Consumer preferences	Attracting and retaining customers with preferences for low-emission products whilst gaining a competitive advantage.	Stronger demand for GF's sustainable products reflects consumers' low-emission preferences and leads to a more competitive market position, such as GF's hydrogen shipping project in the Netherlands.
Ability to diversify business activities	Establishing a foothold and expanding GF's position in future-oriented markets for sustainable products.	The development of new products and services leads to a diversification of GF's product portfolio and attracts new customer segments. Increasing demands for e-mobility products/lightweight products, new turbines and carbon blades diversify GF's product portfolio.
Capital availability	Demands from investors in line with the EU Taxonomy increases investment in companies with sustainable products.	The relevance of the EU taxonomy is expected to increase in the future. GF believes EU taxonomy-aligned products will increase investment attractiveness and lead to increased capital availability.
Resource substitutes or diversification	Increased supply chain reliability and the ability to maintain operation in various conditions.	The diversification of GF's energy supply and the decentralization of its power generation increase supply chain reliability and improve flexibility in cases of natural disasters.

### 3.2 Describe the organization's processes for managing climate-related risks

GF employs various tools to manage internal and external risks, including those directly related to climate change. For example, the Enterprise Risk Management (ERM) tool (Thomson Reuters Accelus) is used at the corporate and site/asset level in direct operations, as well as in the value chain, to assess specific upstream and downstream risks. The assessment includes systematic identification, evaluation and reporting on strategic, operational, financial, social, environmental and climate-related risks, in addition to maintaining comprehensive insurance coverage.

GF also identifies climate-related risks using the Munich Re tool, specifically regarding physical risk assessments. GF's Corporate Sustainability Team also conducts independent research in cooperation with externally appointed consultants.

For further information, see:

[+ CDP Climate Change Questionnaire, GF, C2.1b/C2.2](#)

### 3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

Climate-related risks are integrated into GF's risk management system via its combined ERM process. The clear organization of climate activities and governance roles ensures that GF works efficiently and continuously improves. In the future, GF plans to further align the TCFD risk management process with its on-site risk management process to create a single approach for all risk categories. This consolidation will ensure the complete integration of climate-related risks and opportunities into GF's enterprise risk management system.

## Metrics and Targets

### 4.1 Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

In October 2021, GF's Corporate Sustainability Council approved a more ambitious science-based target aligned with the 1.5°C warming scenario. This decision aligns GF's ambition level with the latest climate science and the IPCC's recommendation.

As GF sets corporate targets over a five-year period, this means that a 21% reduction of absolute CO<sub>2</sub>e emissions will need to be reached by 2026, or 4.2% per year for scope 1 and 2 GHG emissions. We will achieve this target by focusing on energy efficiency measures across all production sites, engaging power purchase agreements to hedge volatile renewable energy prices and procuring renewable energy certificates.

As GF's scope 3 emissions are almost five times its scope 1 and 2 emissions combined, it also set a target at this level. Therefore, the second part of GF's climate strategy aims to reduce scope 3 emissions by 2% per year as an intensity target with no absolute growth in emissions.

GF will reduce its scope 3 emissions by working closely with its suppliers to implement dedicated CO<sub>2</sub>e reduction measures and transition its energy portfolio to renewable energy. For GF's customers, it is clear that GF's product portfolio is advantageous as it provides numerous sustainable product offerings that can help them to lower their CO<sub>2</sub>e footprint. In addition, GF has set a target to have 70% of its portfolio deemed sustainable by 2025 from 58% in 2020. For GF Piping Systems, this target includes replacing raw materials with bio-based alternatives, deploying automated flow solutions to reduce non-revenue water and maintaining leakage-free piping systems for the safe transport of water, gases and chemicals. For GF Casting Solutions, the focus remains on manufacturing lightweight automotive components. For GF Machining Solutions, milling and EDM machines will become even more energy-efficient and it will employ laser technology to replace hazardous chemical processes.

GF committed to setting a science-based target in November 2021 and plans to submit it to the science-based targets initiative (SBTi) in March 2022, with a validation expected within six weeks of the SBTi panel's review.

Energy efficiency measures were identified for all production sites and typically addressed replacing or retrofitting equipment in cases where it is possible to achieve energy reductions of up to 20%. Other measures include upgrades to heating, cooling and compressed air systems, the insulation of equipment and improving the energy consumption of buildings and production sites. GF has also placed a significant focus on installing solar panels on its sites and initial estimates project energy savings of around 2% to 5% for scope 2 CO<sub>2</sub>e emissions.

GF is also already working on setting a net-zero target to be achieved no later than 2050. GF's net-zero roadmap will be aligned with the Net-Zero Standard that was released on 28 October, 2021 by the SBTi.

For further information, see:

[+ Sustainability Report 2021, Sustainability management at GF \(to be published in April 2022\)](#)

#### 4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and their related risks

GF believes we must take great care to avoid potentially adverse environmental impacts and has identified "climate and energy" as one of its most relevant material topics. The scope of this focus includes reducing GHG emissions across the value chain and decreasing energy consumption throughout GF's global operations. In practical terms, this means improving energy efficiency, promoting the use of renewable energy sources, evaluating measures to self-generate renewable energy on-site and procuring renewable energy certificates.

In 2021, GF increased the frequency of its sustainability reporting from annually to quarterly (internally only), and since October 2021, it has included specific references to its progress in reducing its CO<sub>2</sub>e footprint. GF's quarterly reporting focuses on approximately 34 production sites responsible for over 90% of total CO<sub>2</sub>e emissions while applying the equity share approach.

In '000 tonnes CO <sub>2</sub> e emissions	2020	2019
Total CO <sub>2</sub> e emissions ("market based" approach)	1'541	1'812
Scope 1 (fuel-related energy consumption)	68	68
Scope 2 market-based (electricity and district heating from site-specific energy mix)	216	244
Scope 2 location-based (electricity and district heating from country grid)	297	303
Scope 3* total	1'257	1'500
Purchased goods and services	828	970
Capital goods	0	0
Fuel- and energy-related activities	47	55
Upstream transportation and distribution	35	41
Waste generated in operations	0	0
Business travel	6	7
Employee commuting	15	17
Downstream transportation and distribution	31	35
Processing of sold products	12	16
Use of sold products	272	348
End-of-life treatment of sold products	11	11

\* Four scope 3 categories are excluded as it was determined irrelevant to GF. The categories are leased assets (both upstream and downstream), franchises, and investments.

Scope 3 emissions data were calculated using a combination of methods for each category as prescribed by the GHG Protocol. For those categories that contribute most to emissions, primary supplier data were used whereas for those activities that contribute least to emissions, secondary data were used. For “purchased goods and services”, supplier specific data based on GHG inventory sources for raw materials were obtained. For the “use phase of sold products”, activity data were used based on the electricity consumed during operating hours for each type of machine.

For further information, see:

[+ Sustainability Report 2021, GHG emissions \(to be published in April 2022\)](#)

#### **4.3 Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets**

Although GF has set its climate targets in absolute terms across all three scopes from 2021 onwards, its target in prior years consisted of a single intensity target based on production volumes for scopes 1 and 2.

Between 2015 and 2020, GF’s target was to reduce its operations’ GHG emissions intensity by 10% from 2016 to 2020. At the end of 2020, GF had exceeded this goal by 2%. Under its Sustainability Framework 2025, GF intends to reduce its absolute GHG footprint by 21% by 2025 for scope 1 and 2 emissions. A target for scope 3 emissions will be published in 2022. This target focuses on GF’s purchased goods and services and the use of sold products for GF Machining Solutions. These two categories represents 88% of GF’s scope 3 emissions.

For further information, see:

[+ Sustainability Report 2020, Sustainability Targets 2020, p. 72](#)

# Corporate Governance Report

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# Corporate Governance Report

Introduction by the Chairman of the Board of Directors

**Dear Shareholders,**

On behalf of the Board of Directors of GF, I am pleased to present the 2021 Corporate Governance Report.

**Another year under COVID-19 influence**

The successive waves of COVID-19 variants once again led to the introduction of home-office measures, where possible, as well as testing and mask mandates at most of our facilities around the world. Amid previously unheard-of supply chain disruptions and price increases, especially for raw materials, tremendous efforts were made in all three divisions of GF to ensure we could continue to serve our customers while protecting the safety of our employees.

Board meetings were held online in the first half of 2021, however, in the second half of the year, it was possible to hold them in person again. The April 2021 Annual Shareholders' Meeting also had to be organized without the physical presence of our shareholders. Dedicated channels were therefore established to allow shareholders to ask questions, which were answered in writing prior to the Annual Shareholders' Meeting.

**An intense and fruitful dialogue with our stakeholders**

Around 20 governance discussions have been held with our investors and proxy advisors, mostly online, led by our Chairman and attended by our Independent Lead Director and our Head of Investor Relations / Sustainability.

The main topics discussed were sustainability, diversity, and the transparency of Board topics, as well as feedback on the actions taken in regards to previous years meetings.

**Board refreshment and diversity**

The skills of Board Members are individually disclosed in this Corporate Governance Report (see [Diversity](#)). This serves as a basis for ongoing and future searches.

As announced in October 2021, following a worldwide search commissioned by GF, Ms. Ayano Senaha, COO of Recruit Holdings Co., Ltd., will be proposed for election to our Board at the Annual Shareholders' Meeting in April 2022 (see [CV of Ms. Ayano Senaha](#)).

**Risk Management strengthened, including cybersecurity**

The Board's two-hour risk management workshop was held in November, and was followed up in December with measures on how to mitigate the risks that had been identified. The Audit Committee, which included cybersecurity in its charter, met several times to hear about and monitor the measures taken by our IT systems and cybersecurity experts, acknowledging the opportunities as well as the additional risks related to home-office and to digitalization.

More generally, the Board decided to extend the Audit Committee Charter to overall risk management in order to deepen this topic at the Board level.

**Transparency of Boards processes/decisions**

In 2021, the Board concluded its annual self-assessment, which showed a high degree of satisfaction with our Board culture of mutual trust, respect, and transparency. Despite COVID-19, it was possible to organize a week-long visit to our customers and GF facilities in the US, marking a highlight during a year that was strongly characterized by the pandemic.

The continuous monitoring of succession and talent management as well as a deep dive on innovation will be the key topics of 2022.

The Independent Lead Director held separate meetings with our CEO as well as with all Board Members without the presence of the Chairman and reported on the clear separation of roles and the smooth and respectful relationship enjoyed by the Chairman and CEO at GF.

**Sustainability as the strategic Board topic of the year 2021**

A week-long deep dive on this topic was organized in November during the Board's visit to our US customers and GF facilities.

In particular, the integration of sustainability into GF's strategy and business model were further deepened with clear goals/road maps for reducing CO<sub>2</sub> emissions, enhancing diversity at all levels, and focusing our R&D efforts and investments towards products and services which contribute the most of both sustainability and economic value.

In addition, three Nomination and Sustainability Committee Meetings with a focus on sustainability were held in 2021. At these meetings, GF's first report according to the Task Force on Climate-related Financial Disclosures (TCFD) was reviewed, the ESG (ESG = Environmental, Social, Governance) objectives of the Executive Committee were discussed and aligned, and the progress made on the company's ESG goals was assessed. The application to the Science Based Targets initiative (SBTi) and commitment to set a 1.5°C target will be submitted in the first quarter of 2022. GF's emissions and progress against these targets will be disclosed in the reporting for 2022.

We trust you will find this report interesting and informative, and look forward to continuing our fruitful dialogue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Y. Serra', with a large, sweeping flourish extending upwards and to the right.

**Yves Serra**

Chairman of the Board of Directors

# Content of the report

The present publication fulfills all obligations of the SIX Exchange Regulation directive on information relating to Corporate Governance and is based on the Swiss Code of Best Practice for Corporate Governance of Economiesuisse, the Swiss Business Federation. The [Compensation Report](#) is presented in a separate chapter. All data and information apply to the reporting date as of 31 December 2021, unless otherwise noted. Any changes occurring before the editorial deadline on 22 February 2022 are listed at the end of this chapter. Any changes occurring after the editorial deadline can be found on our website.

This report provides information on structures and processes, areas of responsibility and decision-making procedures, control mechanisms, as well as the rights and obligations of the various stakeholders. GF also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, the Code of Conduct, and more information on the website.

+ [www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html](http://www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html)

# Governance bodies



## Board of Directors

Based on the Swiss Code of Best Practice for Corporate Governance from Economiesuisse all Members of the Board of Directors are non-executive. Six Members of the Board of Directors are independent and one Member of the Board of Directors was a Member of the Executive Committee less than three years ago. After the 2022 Annual Shareholders' Meeting, all members will be independent. Moreover, the Chairman of the Board of Directors does not simultaneously act as the CEO. The Board of Directors assigns the preparation of businesses to the following three committees:

- Audit Committee
- Compensation Committee
- Nomination and Sustainability Committee

At the end of 2021, the Board of Directors was composed of seven Members, with diversity of background, experience, nationalities, skills, and knowledge. Two of the seven (29%) Members of the Board of Directors are female. The three committees each consist of three Members, with every Member belonging to at least one committee. More information on the Members of the Board of Directors' backgrounds can be found in the chapter [Members of the Board of Directors](#).



## Management structure

The Board of Directors appoints the persons entrusted with the management. The CEO, supported by the other Members of the Executive Committee, bears responsibility for the management of the GF Corporation, where this is not delegated to the divisions or the Corporate Staff Units. The Presidents of the divisions, supported by the Heads of the Business Units and Service Centers, bear responsibility for the management of the divisions. The Corporate Staff Units support the Board of Directors and the Executive Committee in their management and supervisory functions.

## Compensation, shareholdings, and loans

Information regarding the compensation paid to and shareholdings of the Members of the Board of Directors and Executive Committee, as well as loans granted to those individuals can be found in the [Compensation Report](#) and in note [4 Additional information](#) of the financial statements of Georg Fischer Ltd.

## Corporate structure and affiliated companies

The parent company of all GF Corporate Companies is Georg Fischer Ltd. It is incorporated under Swiss law and domiciled in Schaffhausen (Switzerland). Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N; security number 175230). Its share capital is CHF 4'100'898, and its market capitalization was CHF 5'680 million as of 31 December 2021 (previous year: CHF 4'675 million).

The GF Corporation has three operational divisions: GF Piping Systems, GF Casting Solutions, and GF Machining Solutions, plus the Corporate Staff Units Finance & Controlling and Corporate Development. The [GF organization structure](#) is displayed in the chapter Organization of GF in the Business Report.

An overview of all affiliated companies in the scope of consolidation can be found in the notes to the consolidated financial statements in note [4.2 Affiliated companies](#). The list contains the company name, domicile, share capital, and percentage held by GF.

## Memberships

GF is a member of various Swiss and international business associations. In the year under review, membership fees of CHF 0.16 million were paid, as well as a contribution to a political party in the range of less than ten thousand Swiss francs.

# GF share and shareholders

## Share

### Capital and share information

Fully paid-in share capital amounts to CHF 4'100'898 and is divided into 4'100'898 registered shares each with a par value of CHF 1. Each registered share has one vote at the Annual Shareholders' Meeting. The authorized capital and the conditional capital amount to a maximum of 400'000 shares in total. This would allow the share capital to be increased by a maximum of 9.75%. The maximum authorized or conditional capital is reduced by the amount that authorized or conditional capital is created by the issue of bonds or similar debt instruments or new shares.

By no later than 14 April 2022, the maximum authorized share capital will be CHF 400'000 divided into no more than 400'000 registered shares, each with a par value of CHF 1. Moreover, the share capital may be increased via the conditional capital by a maximum of CHF 400'000 through the issue of no more than 400'000 fully paid-in registered shares, each with a par value of CHF 1, through the exercise of conversion rights and/or warrants granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its GF Corporate Companies. As of 31 December 2021, no such bonds or similar debt instruments were outstanding. The beneficiaries and the conditions and modalities of the issue of authorized capital are described in § 4.4a) of the Articles of Association of Georg Fischer Ltd and those of conditional capital in § 4.4b) of the Articles of Association of Georg Fischer Ltd.

[+ www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html](https://www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html)

The subscription to and acquisition of the new shares, and any subsequent transfer of the shares, are subject to the statutory restrictions on transferability.

There are no participation or profit-sharing certificates.

### Restrictions on transferability

Entry in the company's share register as a shareholder or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following conditions: a natural person or legal entity may not accumulate, either directly or indirectly, more than 5% of the registered share capital. Persons who are bound by capital or voting rights, by consolidated management or similar, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person.

### Nominee registrations

Persons who hold shares for third parties (referred to as "nominees") are only entered in the share register with voting rights if the nominees declare their willingness to disclose the names, addresses, and shareholdings of those persons on whose behalf they hold the shares. The same registration limitations apply, mutatis mutandis, to nominees as to individual shareholders.

### Cancellation or amendment of restrictions

The cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the Annual Shareholders' Meeting passed by at least two-thirds of the shares represented and an absolute majority of the par value of the shares represented.

### Convertible bonds and options

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

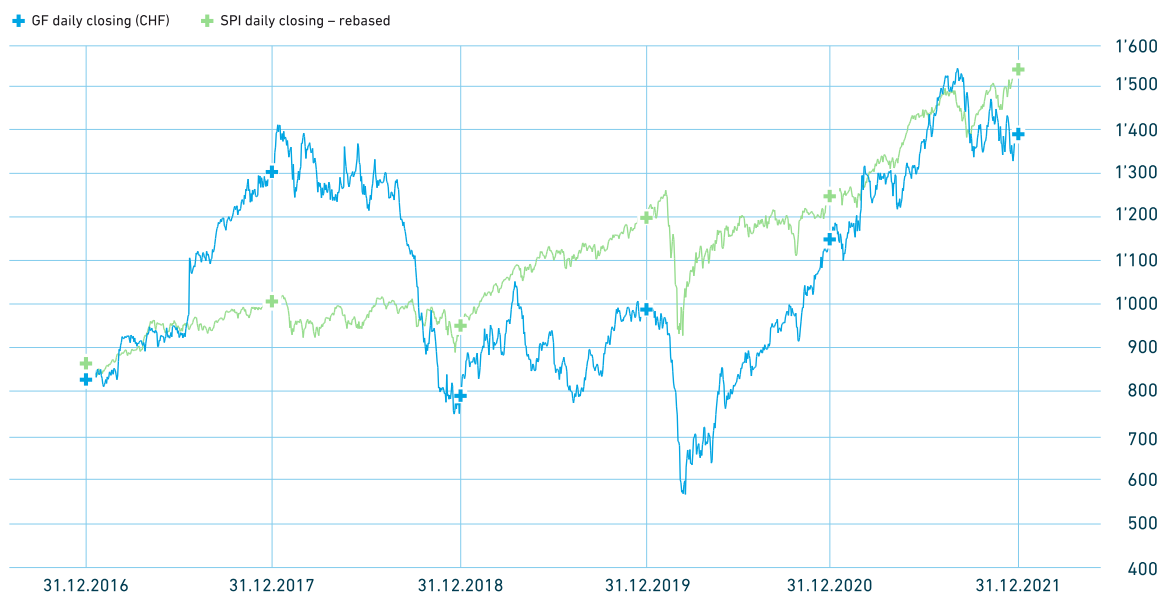
## Share information

As of 31 December	2021	2020	2019	2018	2017
<b>Share capital</b>					
Number of registered shares	4'100'898	4'100'898	4'100'898	4'100'898	4'100'898
Thereof entitled to dividend	4'100'898	4'100'898	4'100'898	4'100'898	4'100'898
<b>Number of registered shareholders</b>	<b>18'907</b>	<b>18'518</b>	<b>19'767</b>	<b>15'521</b>	<b>12'562</b>
<b>Share prices of registered share in CHF</b>					
Highest (intraday)	1'549	1'150	1'059	1'420	1'317
Lowest (intraday)	1'071	518	734	730	811
Closing	1'385	1'140	983	787	1'288
<b>Earnings per registered share in CHF</b>	<b>52</b>	<b>28</b>	<b>42</b>	<b>69</b>	<b>62</b>
<b>Price-earnings ratio</b>	<b>26</b>	<b>41</b>	<b>23</b>	<b>11</b>	<b>21</b>
<b>Market capitalization</b>					
CHF million	5'680	4'675	4'031	3'225	5'282
As % of sales	153	147	108	71	127
As % of equity attributable to shareholders of Georg Fischer Ltd	386	346	289	233	401
<b>Cash flow from operating activities per registered share in CHF</b>	<b>70</b>	<b>84</b>	<b>77</b>	<b>97</b>	<b>100</b>
<b>Equity attributable to shareholders of Georg Fischer Ltd per registered share in CHF</b>	<b>360</b>	<b>331</b>	<b>341</b>	<b>337</b>	<b>322</b>
<b>Dividend paid (proposed) in CHF million</b>	<b>82</b>	<b>62</b>	<b>103</b>	<b>103</b>	<b>94</b>
<b>Dividend paid (proposed) per registered share in CHF</b>	<b>20</b>	<b>15</b>	<b>25</b>	<b>25</b>	<b>23</b>
<b>Pay-out ratio in %</b>	<b>38</b>	<b>53</b>	<b>60</b>	<b>36</b>	<b>37</b>

## Ticker symbols

- Telekurs, Dow Jones (DJT): FI-N
- Bloomberg: FI-N SW
- Reuters: FIN.S
- Security number: 175230
- ISIN: CH0001752309

## Share price 2017–2021



## Market capitalization and earnings per share

As of 31 December 2021, the market capitalization stood at CHF 5'680 million (previous year: CHF 4'675 million) and earnings per share at CHF 52 (previous year: CHF 28).

## Proposed dividend payment

At the Annual Shareholders' Meeting, the Board of Directors will propose the payment out of retained earnings of a dividend in the amount of CHF 20 per share (previous year: CHF 15).

# Shareholders

## Significant shareholders and shareholder groups

As of 31 December 2021, one shareholder had shareholdings above 5%. Impax Asset Management Limited, London (United Kingdom), had shareholdings of 5.01%, according to the last disclosure notification published on 4 March 2020. Two shareholders had shareholdings of between 3% and 5%. The BlackRock Group, held directly or indirectly by BlackRock, Inc., New York (USA), had shareholdings of 4.92%, according to the last disclosure notification published on 12 December 2018. UBS Fund Management (Switzerland) AG, Zurich (Switzerland), had shareholdings of 3.01%, according to the last disclosure notification published on 23 September 2021.

In the year under review, six disclosure notifications were published, with five of the filings relating to UBS Fund Management (Switzerland) AG, Zurich (Switzerland), and one to Credit Suisse Funds AG, Zurich (Switzerland).

Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform and can be accessed via the following link:

[+ www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

## Cross-shareholdings

There are no cross-shareholdings or shareholder pooling agreements with other companies.

## Shareholdings of Members of the Board of Directors, the Executive Committee, and the Senior Management

A total of 38'497 Georg Fischer Ltd shares were held by Members of the Board of Directors, the Executive Committee, and the Senior Management as of 31 December 2021 (previous year: 39'737):

	Number of Georg Fischer registered shares as of 31 Dec. 2021	Number of Georg Fischer registered shares as of 31 Dec. 2020
Members of the Board of Directors <sup>1</sup>	15'653	15'592
Members of the Executive Committee	2'174	1'901
Members of the Senior Management	20'670	22'244
<b>Total</b>	<b>38'497</b>	<b>39'737</b>
<b>In % of issued shares</b>	<b>0.94%</b>	<b>0.97%</b>

<sup>1</sup> Includes the registered shares of Zhiqiang Zhang as of 31 Dec. 2021 (Member of the Board of Directors until 21 April 2021).

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

## Number of registered shareholders as of 31 December 2021

Number of shares	Number of registered shareholders	Shares in %
1-100	16'965	10.1%
101-1'000	1'735	11.3%
1'001-10'000	188	8.3%
10'001-100'000	16	13.2%
> 100'000	3	10.7%
<b>Total registered shareholders/shares</b>	<b>18'907</b>	<b>53.6%</b>
Unregistered shares		46.4%
<b>Total</b>		<b>100.0%</b>



## Registered shareholders per type as of 31 December 2021

	Shareholders in %	Shares in %
Individual shareholders	94.0%	39.8%
Legal entities	6.0%	60.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Registered shareholders per country as of 31 December 2021

	Shareholders in %	Shares in %
Germany	7.2%	3.4%
United Kingdom	0.4%	12.5%
Switzerland	88.7%	72.3%
USA	0.3%	6.4%
Other countries	3.4%	5.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Shareholders' rights

As of 31 December 2021, Georg Fischer Ltd had 18'861 shareholders with voting rights (previous year: 18'466), most of whom reside in Switzerland. The number of registered shareholders who hold the shares as fiduciary is 46. To maintain this broad base, the Articles of Association of Georg Fischer Ltd provide for the statutory restrictions summarized hereinafter.

### Restriction on voting rights

The total number of votes exercised by one person for their own shares and shares for which they vote by proxy may not exceed 5% of the votes of the company's total share capital. Persons bound by capital or voting rights, by consolidated management, or otherwise acting in concert for the purpose of circumventing this provision are deemed to be one person.

The restriction of voting rights under § 4.10 of the Articles of Association of Georg Fischer Ltd may be revoked only by a resolution of the Annual Shareholders' Meeting, passed by a two-thirds majority of the shares represented and an absolute majority of the par value of the shares represented.

### Proxy voting

A shareholder may, on the basis of a written power of attorney, be represented at the Annual Shareholders' Meeting by another shareholder entitled to vote or the independent proxy. Shareholders can also confer powers of attorney and issue instructions to the independent proxy electronically. Partnerships may be represented by a partner or authorized signatory, legal entities by a person authorized by law or the Articles of Association, married persons by their spouse, wards by their legal guardians, and minors by their legal representative, regardless of whether such representatives are shareholders or not.

**Statutory quorum**

For specific legal and statutory reasons (§ 12.2 of the Articles of Association of Georg Fischer Ltd), the following resolutions of the Annual Shareholders' Meeting require a majority greater than the simple majority as laid down by law for votes. At least two-thirds of the shares represented and an absolute majority of the par value of the shares represented must be in favor of:

- the cases listed in Art. 704 para. 1 CO
- the alleviation or withdrawal of limitations upon the transfer of registered shares
- the creation, extension, alleviation, or withdrawal of the voting restrictions
- the amendments to § 16.1 of the Articles of Association of Georg Fischer Ltd
- the removal of restrictions concerning the passing of resolutions by the Shareholders' Meeting, particularly those of § 12 of the Articles of Association of Georg Fischer Ltd

**Convocation of the Annual Shareholders' Meeting**

No regulations exist which deviate from those stipulated by law.

**Agenda**

Shareholders representing a minimum of 0.3% of the share capital may request that an item be added to the agenda. The application must be submitted in writing no later than 60 days before the Annual Shareholders' Meeting and must specify the item to be discussed and the shareholder's proposal.

**Entry in the share register**

The deadline for entering shareholders in the share register with regard to attendance at the Annual Shareholders' Meeting is around ten days before the date of the Annual Shareholders' Meeting. The deadline is mentioned in the invitation to the Annual Shareholders' Meeting.

**Change of control**

The Articles of Association of Georg Fischer Ltd do not contain any regulations governing "opting-out" or "opting-up". Since 1 January 2014, the contractually agreed notice period for the Members of the Executive Committee has been twelve months. Furthermore, a change of control will result in the cancellation of all existing disposal limitations for shares allocated according to the share plan. In the event of a change of control, bondholders, and banks have the right to demand the immediate repayment of bonds and loans before they fall due.

# Blackout periods

The disclosure of the Blackout Period is based on the Directive on Information relating to Corporate Governance of the SIX Exchange Regulation.

Rules apply to the trading of Georg Fischer Ltd shares by Members of the Board of Directors, Executive Committee and employees of the GF Corporation.

In accordance with the Code of Conduct and Corporate Instructions of the GF Corporation regarding the handling of insider information, Members of the Board of Directors, the Executive Committee, and employees who are in possession of confidential information are not permitted to carry out transactions involving shares or other financial instruments of Georg Fischer Ltd during black-out periods. There were no exceptions to this rule in the 2021 financial year.

General black-out periods start when year-end forecasts – based on November's month-end reports – are first communicated internally and finish when the Annual Report is published, and when mid-year forecasts – based on May's month-end reports – are first communicated internally through to the publication of the Mid-Year Report. In the 2021 reporting year, the black-out period for the mid-year financial statements started on 24 June and for the annual financial statements on 14 December.

# Board of Directors

As of 31 December 2021



## Responsibilities

The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. The Board of Directors is responsible for all matters vested to it by the law or the Articles of Association of Georg Fischer Ltd, provided it has not delegated these to other bodies. These are in particular:

- decisions on corporate strategy and the organizational structure
- appointing and dismissing Members of the Executive Committee
- organizing finance and accounting
- determining the annual and investment budgets

Unless otherwise provided for by law or the Articles of Association of Georg Fischer Ltd, the Board of Directors delegates operational management to the CEO, who is assisted in this task by the Executive Committee. The extent to which competencies are delegated by the Board of Directors to the Executive Committee and the nature of the cooperation between the Board of Directors and the Executive Committee are defined by the Organization and Business Rules.

➤ [www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html](http://www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html)

## Elections and term of office

As per § 16.2 of the Articles of Association of Georg Fischer Ltd, the Members of the Board of Directors have to be elected individually, and their term of office ends at the next Annual Shareholders' Meeting. Re-election is possible.

The average term of office of Members of the Board of Directors is six years. All of the seven Members of the Board of Directors have a term of office of less than twelve years. Members of the Board of Directors must resign their mandate at the Annual Shareholders' Meeting following their 72 birthday. The maximum term of office of twelve years and the age limit of 72 years for Members of the Board of Directors are set out in the Organizational and Business Regulations.

[+ www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html](http://www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html)

### 2021

At the 125th Annual Shareholders' Meeting on 21 April 2021, seven existing Members of the Board of Directors were confirmed. After sixteen years of service on the Board of Directors, Zhiqiang Zhang decided not to stand for re-election at the 2021 Annual Shareholders' Meeting. After the Annual Shareholders' Meeting, the Board of Directors was composed of seven members.

### Internal organizational structure

Pursuant to § 16.3 of the Articles of Association of Georg Fischer Ltd, the Annual Shareholders' Meeting elects a Member of the Board of Directors as its Chairman for the period of one year until the next ordinary Annual Shareholders' Meeting. Re-election is possible.

With the exception of the election of a Chairman of the Board of Directors, who is elected by the Annual Shareholders' Meeting, the Board of Directors constitutes itself by electing a Vice Chair from within its ranks once a year. Alongside the election of Yves Serra as Chairman of the Board of Directors, Hubert Achermann was confirmed by the Board of Directors as its Vice Chairman and Independent Lead Director on the day of the Annual Shareholders' Meeting on 21 April 2021.

In addition, pursuant to § 20.1 of the Articles of Association of Georg Fischer Ltd, the Annual Shareholders' Meeting elects the Members of the Compensation Committee.



## Diversity

The Board of Directors consists of six to nine members. Each Member normally belongs at least to one of the three standing committees. When members are elected, the focus is on their experience in board, executive and management functions, legal, audit, compliance, overseas experience, sustainability, digitalization, innovation and gender. The Board of Directors also aims to achieve a proper balance of skills and knowledge, taking into account the main strategic focus of the GF Corporation, its international orientation, and the accounting requirements of listed companies. Expert knowledge in innovation and digitalization is being gradually expanded.

The Board of Directors consists of members from four different countries. Two of the seven Members of the Board of Directors are female (quota of 29%). On 22 October 2021, GF proposed Ayano Senaha for election to the Board of Directors at the next Annual Shareholders' Meeting on 20 April 2022. Subject to acceptance for election as a Member of the Board of Directors, three of the eight Members of the Board of Directors will be female after the 2022 Annual Shareholders' Meeting (quota of 38%). The skills and knowledge required of the Board of Directors are broadly covered, and are as follows:

Name	Board	CEO	CFO	Executive Committee	Legal/audit/compliance	Overseas experience	Sustainability	Digitalization	Innovation	Gender	Country of origin	GF Board tenure (years) <sup>1</sup>	Age
Yves Serra	+	+		+		+	+		+	M	FRA & CHE	3	68
Hubert Achermann	+	+			+					M	CHE	8	70
Riet Cadonau	+	+		+				+	+	M	CHE	6	60
Peter Hackel			+				+	+		M	CHE	2	52
Roger Michaelis			+			+				M	BRA & DEU	10	62
Eveline Saupper	+				+					F	CHE	7	63
Jasmin Staiblin	+	+		+					+	F	DEU	11	51
Ayano Senaha <sup>2</sup>	+			+		+	+	+		F	JPN	-	39

1 After upcoming Annual Shareholders' Meeting.

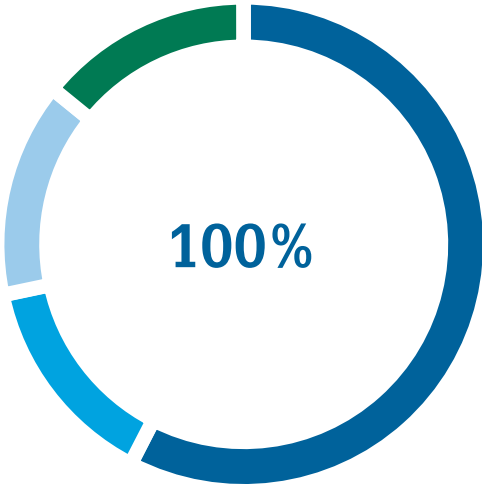
2 The proposed Board Member, Ms. Ayano Senaha, would significantly strengthen our Board of Directors with her sustainability and digitalization skills as well as her experience as the COO of a large listed company and her multicultural background.

### Criteria

Board	In a public listed company or large (private) company
CEO	In a public listed company or large (private) company
CFO	In a public listed company or large (private) company
Executive Committee	In a public listed company or large (private) company
Legal/audit/compliance	Legal degree, at least five years in a leading position in the legal/compliance field or senior audit function in a leading audit firm
Overseas experience	At least three years in a management position outside of own region
Sustainability	Head Sustainability of a large company, Chairperson of the Sustainability Committee of a large company
Digitalization	At least three years' experience in leading digitalization projects, Chief Digital Officer (CDO) of a large company
Innovation	At least three years' experience in innovation as CTO/Head R&D or Chairperson Innovation Committee of a large company

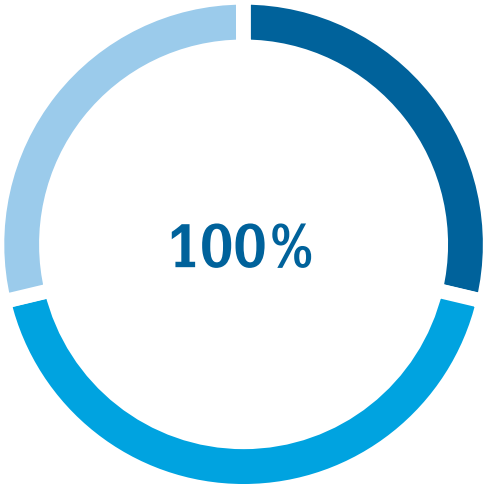
For the criteria, the size of a listed or large (private) company corresponds to a turnover of more than CHF 500 million.

**Nationality<sup>1,2</sup>**



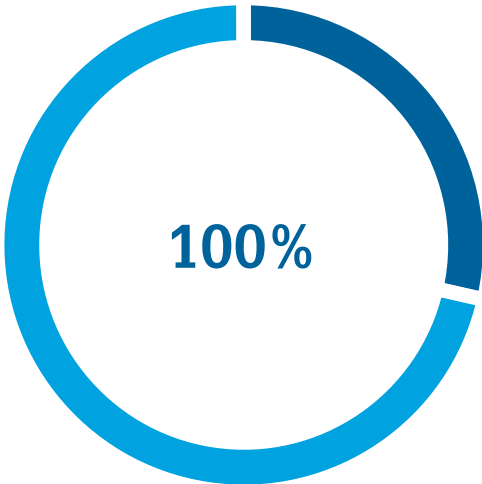
- 57% Switzerland
- 14% Germany
- 14% Brazil
- 14% France

**Tenure<sup>2</sup>**



- 29% < 5 years
- 43% 5 to 8 years
- 29% 9 to 12 years

**Gender<sup>2</sup>**



- 29% Women
- 71% Men

<sup>1</sup> In case of dual citizenship, the country of origin is indicated.

<sup>2</sup> Due to rounding, the numbers presented in the charts may not add up precisely to 100 percent.

## Independence

Based on the Swiss Code of Best Practice for Corporate Governance from Economiesuisse all Members of the Board of Directors are non-executive. Six Members of the Board of Directors are independent and one Member of the Board of Directors has been a Member of the Executive Committee for less than three years. After the 2022 Annual Shareholders' Meeting, all members will be independent. There are no significant business relationships between Members of the Board of Directors or the companies or organizations they represent and Georg Fischer Ltd or a GF Corporate Company.

### Independent Lead Director

Following the election of Yves Serra as the new Chairman of the Board of Directors, the Board of Directors elected the new Vice Chairman Hubert Achermann additionally as Independent Lead Director. The Independent Lead Director, together with the other independent Members of the Board of Directors, will ensure efficient control and supervision in compliance with best Corporate Governance practices. By creating a strong position of Independent Lead Director with Hubert Achermann, GF is ensuring strict compliance with broadly accepted Corporate Governance guidelines. The brief description of the role and responsibilities of the Independent Lead Director is available on the GF website. In 2021, the Independent Lead Director held one bilateral meeting with each Member of the Board of Directors as well as semi-annual bilateral meetings with the CEO and the CFO. In addition, the Independent Lead Director attended all meetings of the three standing Board Committees.

[+ www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html](http://www.georgfischer.com/en/investors/environmental-social-governance/corporate-governance.html)

## Mandate

Pursuant to § 21 of the Articles of Association of Georg Fischer Ltd, a Member of the Board of Directors may at one and the same time hold no more than four additional mandates as a Member of the supreme managerial or governing body of listed legal entities and no more than ten additional mandates as a Member of the supreme managerial or governing body of not listed legal entities.

In addition, a Member of the Board of Directors may not hold more than ten mandates that he or she exercises by order of the company, in legal entities belonging to the Member's own family, in a professional or industry association, or in a charitable institution.

Mandates of associated companies or institutions, which are exercised in the function as a Member of the supreme managerial or governing body of a legal entity, together count as one mandate.

## Board refreshment and succession planning

The Chairman of the Board of Directors, supported by the Nomination and Sustainability Committee, is responsible for succession planning for the Board of Directors.

An individual job profile is created based on the future requirements of the Board of Directors, the results of the annual self-evaluation and the diversity and skills requirements listed in the skills matrix (in the separate section [Diversity](#)). An executive search agency that fulfills the criteria listed in the requirements specification is usually commissioned to initiate the search for a new Member of the Board of Directors. The Nomination and Sustainability Committee is responsible for creating the job profile and conducting the initial screening of candidates. Candidates are also interviewed by the Chairman and other Members of the Board of Directors personally before any nominations are proposed. The Nomination and Sustainability Committee makes a subsequent recommendation to the whole Board of Directors, which then decides who to propose for nomination to the shareholders at the forthcoming Annual Shareholders' Meeting. The Head of Corporate HR provides support throughout the process.

## Areas of responsibility

The Members of the three standing Board Committees are listed at the beginning of this chapter. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions. They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all Members of the Board of Directors. The Chairs of the individual committees also provide a verbal report at the next meeting of the Board of Directors and submit any proposals.

## Working methods of the Board of Directors

Decisions are made by the Board of Directors as a body. Members of the Executive Committee also take part in Board meetings for agenda items relating to the company's business, but are not entitled to vote. Only the CEO is present when personnel topics are dealt with. Personnel topics affecting him directly are treated in his absence. Invitations to Board meetings list all the items that the Board of Directors, a Board Committee, or the CEO wish to discuss. All those attending a Board meeting receive detailed written material on the proposals in advance.

Number of meetings	8
Number of Members	8
Average duration (hours)	4:13
Meeting attendance	100%

### Overview meetings

Yves Serra, Chairman	8/8
Hubert Achermann	8/8
Riet Cadonau	8/8
Peter Hackel	8/8
Roger Michaelis	8/8
Eveline Saupper	8/8
Jasmin Staiblin	8/8

The Board of Directors meets at least four times a year under the leadership of its Chairman. In the year under review, the Board of Directors held eight meetings. In addition to the five regular meetings, two extraordinary meetings were held, at which issues relating to the governance of GF and succession planning for the Board of Directors were discussed and decided. The annual strategy meeting was held in the reporting year as part of the week-long trip to the US, was devoted to GF's sustainability strategy, and was spread over four two-hour sessions. Of the five regular and two extraordinary meetings, five lasted half a day, two were shorter. The average duration of the meetings was 4:13 hours. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, some of the meetings were held virtually. The attendance rate was 100 percent. The three standing Board Committees held a total of eleven meetings. To this end, a temporary committee, which also included the Chairman and the Vice Chairman, held two meetings to discuss and deliberate on governance issues of GF.

External consultants are brought in for their services when specific topics are involved. Further information is provided in the section on the Board Committees.

## Self-evaluation

In line with the recommendations in the Swiss Code of Best Practice for Corporate Governance published by Economiesuisse, the Board of Directors carries out an annual self-evaluation of its work and that of its committees. The Board then discusses the results of the self-evaluation. The Chairman of the Board of Directors also conducts a structured bilateral meeting with each Member of the Board of Directors. After every meeting of the Board of Directors, its process and the discussions are evaluated so that any potential improvements can be identified and implemented.

In 2021, the Board of Directors again conducted a yearly self-evaluation, the results of which were discussed at the Board of Directors meeting in December 2021. Their findings will be implemented in the new reporting period.

## Audit Committee

The Audit Committee consists of three Members of the Board of Directors.

In the year under review, the Audit Committee held four ordinary meetings, which lasted 3:00 hours on average. As a focus topic for 2021, the Audit Committee has addressed the activities in the area of mergers and acquisition (M&A). All Members of the Audit Committee attended all four meetings. As a rule, the Chairman of the Board of Directors, the CEO, the CFO, the Head of Corporate Controlling, the Head of Internal Audit, and the representatives of the external auditor also take part in the meetings.

Number of meetings	4
Number of Members	3
Average duration (hours)	3:00
Meeting attendance	100%

### Overview meetings

Hubert Achermann, Chairman	4/4
Peter Hackel	4/4
Jasmin Staiblin	4/4

The Audit Committee supports the Board of Directors in monitoring accounting and financial reporting, supervises the internal and external audit function, assesses the efficiency of the internal control system including risk management and compliance with legal and statutory provisions, and issues its opinions on transactions concerning equity and liabilities at Georg Fischer Ltd. It also focuses on ensuring cybersecurity processes and assessing due diligence processes in M&A transactions. The Audit Committee also decides whether the GF Annual Report, comprising the consolidated financial statements of the GF Corporation and the financial statements of Georg Fischer Ltd can be recommended to the Board of Directors for presentation to the Annual Shareholders' Meeting.

At the request of the Audit Committee, the external auditor also provides information on current questions related to upcoming changes in accounting and legal amendments.

[+ Audit Committee Charter](#)



## Compensation Committee

The Compensation Committee consists of three Members of the Board of Directors, who are elected on a yearly basis by the Annual Shareholders' Meeting.

In the year under review, the Compensation Committee held three ordinary meetings, each of which lasted one to two hours. The average meeting duration was 1:10 hours. All three Compensation Committee meetings were consistently attended by all of the Compensation Committee Members. In addition, the CEO and the Head of Corporate HR and, if necessary, the Head of Corporate Compensation & Benefits attend the meetings. Due to COVID-19, some meetings were conducted entirely or partially online.

Number of meetings	3
Number of Members	3
Average duration (hours)	1:10
Meeting attendance	100%

### Overview meetings

Eveline Saupper, Chairwoman	3/3
Hubert Achermann <sup>1</sup>	1/3
Riet Cadonau	3/3
Zhiqiang Zhang <sup>2</sup>	2/3

1 Hubert Achermann was elected as a new Member of the Compensation Committee at the Annual Shareholders' Meeting 2021.

2 Zhiqiang Zhang has left the Board of Directors at his own wish as of the Annual Shareholders' Meeting 2021.

The Compensation Committee supports the Board of Directors in setting compensation policy at the highest corporate level. It uses knowledge of internal and external compensation specialists about market data from comparable companies in Switzerland, in addition to publicly available data obtained on the basis of compensation disclosures. Furthermore, based on internal and external sources, common market practices and expectations of stakeholders are continuously evaluated by the Compensation Committee. In 2021, no adaptations to the Long-Term Incentive plan (LTI) and to the Short-Term Incentive plan (STI) were undertaken, which were already decided and communicated in 2020. In 2021, a detailed benchmark analysis of the compensation of the Board of Directors was carried out in cooperation with an external consulting firm and corresponding adjustments were resolved as of the 2021 Annual Shareholders' Meeting. These adaptations are disclosed in the [Compensation Report](#). The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the entire Executive Committee and the CEO.

[+ Compensation Committee Charter](#)

## Nomination and Sustainability Committee

The Nomination and Sustainability Committee consists of three Members of the Board of Directors. The Chairman of the Board of Directors is also Chairman of the Nomination and Sustainability Committee.

In mid-2020, the Board of Directors decided to integrate the topic of sustainability as a new part of the Nomination Committee and to rename the committee to the Nomination and Sustainability Committee.

In the year under review, the Nomination and Sustainability Committee held three ordinary and one extraordinary meetings, which lasted 2:00 hours on average. All Members of the Nomination and Sustainability Committee attended all four meetings. The meetings are held separately in two parts for the Nomination and Sustainability topics. In addition to the Members of the committee, the CEO and the Head of Corporate HR are present during the Nomination session, while the CEO, the CFO, the Head of Corporate Sustainability, and other specialists from the GF Corporation attend the Sustainability session. Due to COVID-19, some meetings were conducted entirely or partially online.

	Nomination	Sustainability	Nomination and Sustainability
Number of meetings	4	3	4
Number of Members	3	3	3
Average duration (hours)	1:00	1:00	2:00
Meeting attendance	100%	100%	100%

	Nomination	Sustainability	Nomination and Sustainability
Yves Serra, Chairman	4/4	3/3	4/4
Hubert Achermann	4/4	3/3	4/4
Roger Michaelis	4/4	3/3	4/4

The focus in the area of nominations is on supporting the Board of Directors with succession planning and the selection of suitable candidates for the Board of Directors and the Executive Committee. The CEO and Head of Corporate HR inform the Nomination and Sustainability Committee annually about succession planning at the Senior Management levels, the talent pipeline within Senior Management, and the diversity situation. For specific recruitments at the Board of Directors and Executive Committee level, services of headhunters are hired (see separate section [Board refreshment and succession planning](#)).

The committee's focus in the area of sustainability is on advising the Board of Directors on the sustainability strategy, targets, initiatives, and legislation relating to environment, social, and governance (ESG) topics and includes the review of the annual Sustainability Report and supporting management in responding to stakeholders.

In the 2021 reporting year, the committee's main focus was to draft the Sustainability Strategy, and develop the sustainability targets and the associated measures. The entire Board of Directors also worked intensively on the Sustainability Strategy. By setting this issue as a priority in the first year of the new five-year strategy, the Board of Directors emphasized that sustainability is fundamentally important to all areas of the business. In the reporting year, corporate and division meetings about the Sustainability Strategy were held as part of the Board of Directors' one-week trip to the US.

In the year under review, GF also conducted the mandatory equal pay analysis in Switzerland with a certified external partner using the well accepted L&M-Aba R<sup>®</sup> method. The outcome confirms compliance with GF's internal equal pay for equal work pay practices and guidelines. The analysis is currently verified by an independent external auditor. GF will provide information about the outcome of the audit in its next report.

#### [+ Nomination and Sustainability Committee Charter](#)

## Information and control instruments

The Board of Directors is informed in detail about business performance every month. The Members of the Board of Directors receive the monthly report. In addition to an introductory commentary on the current course of business, it contains the most important key figures for the course of business and the monthly closing as well as a preview of the next three months and the year-end. These key figures are broken down by GF Corporation, divisions, and GF Corporate Companies. The Executive Committee presents and comments on business performance and presents its

assessment of business performance for the coming months at Board meetings. It also presents all important topics to the Board of Directors.

In addition, the Board of Directors regularly receives the forecast containing the expected figures at year-end. Once a year, the Board of Directors receives and approves the budget of the GF Corporation and the divisions for the following year. The Board of Directors holds as a general rule a two-day meeting once a year to discuss the strategies of the divisions and the GF Corporation as a whole. Once a year, it discusses the Corporate Risk Officer's report and the GF Corporation's risk profile, and is updated about the measures taken to minimize and control risk.

In mid-March 2020, GF introduced additional "COVID-19 Reporting" that included all corporate subsidiaries. Thanks to this additional data, the Executive Committee was promptly informed about the measures taken locally, the employee situation, and additional financial key figures (e.g. liquidity and sales). The CEO kept the Chairman of the Board of Directors informed of these findings on an ongoing basis. Similarly, the CEO reported to the full Board of Directors at ordinary and extraordinary meetings about the impact on operations and the measures taken, both in terms of employee safety and business aspects.

The Chairman of the Board of Directors receives the invitations and minutes of the Executive Committee and Corporate Staff Meetings. The development of the Sustainability Strategy 2025 provided the Chairman of the Board of Directors and the Board of Directors with an additional opportunity for in-depth discussions with management. Where circumstances allowed, the Board of Directors and the Chairman of the Board of Directors also visited several companies and customers. In 2021, the Board of Directors held a meeting with a GF Corporate Company in Switzerland and visited GF Corporate Companies and customers from all three divisions during a one-week trip around the US.

## Internal Audit

Internal Audit reports to the Chairman of the Audit Committee operationally and to the CFO administratively. Based on the audit plan approved by the Audit Committee, GF Corporate Companies are audited either annually or every two to five years, depending on the risk assessment and based on a comprehensive audit program. In the year under review, 49 internal audits were conducted. The audit reports are reconciled with the management of the audited GF Corporate Companies or responsible functions and distributed to the line managers, the external auditor, the Executive Committee, the Audit Committee, as well as the Chairman of the Board of Directors. Audit reports with significant findings are presented to and discussed in the Audit Committee.

Internal Audit ensures that all discrepancies arising in internal and external audits are addressed and submits a report to the Executive Committee and the Audit Committee. The Head of Internal Audit prepares an annual report, which is discussed by the Executive Committee and the Audit Committee. During the year, the Head of Internal Audit informs the Audit Committee of any changes to the audit plan and of the progress of planned audits. He also serves as the secretary of the Audit Committee.

## Corporate Compliance

The Service Center Law & Compliance informs the Board of Directors and the Executive Committee about legal issues and significant changes to the law. The Corporate Compliance Officer (CCO) is appointed by the CEO and in this function reports to the General Counsel; he informs the CEO directly, if necessary. The CCO helps GF Corporate Companies comply with the law, internal directives, and the GF Corporation's principles of business ethics in their business activities, in particular through preventative measures and training in the divisions along with information and advice to the GF Corporate Companies. The Executive Committee, in consultation with the CCO, defines priority issues. Furthermore, all GF employees have the possibility to report compliance violations also anonymously to the CCO. In line with the EU Directive on the protection of whistleblowers, an additional reporting channel was implemented in 2021, which complements existing systems. These reporting channels for anonymous reports are accessible to all GF employees and third parties.

✚ [https://www.bkms-system.com/georgfischer\\_en](https://www.bkms-system.com/georgfischer_en)

A number of compliance measures were implemented in 2021:

- Roughly 5'600 internal e-learnings were conducted on anticorruption, competition, and cartel law, export controls and trade restrictions as well as personal data protection
- Ongoing advice and support for internal audits
- Continuation of specific compliance measures for intermediaries (e.g. ongoing checks regarding the appropriateness of the engagement of and the compensation paid to intermediaries as well as examination of their ownership structure so as to avoid conflicts of interests)
- Advice on the prevention of business with sanctioned persons and organizations
- Advice on questions relating to export controls, cartel law, and labor law
- Support of the Business Unit Controllers, among others through compliance questions, risk assessments, and internal controls
- Further expansion of measures for personal data protection pursuant to GDPR and the (new) Swiss Data Protection Act
- Event-driven internal investigations in cases of suspected misconduct at GF or intermediaries of GF

➤ [www.georgfischer.com/en/about-gf/sustainability-at-gf/code-of-conduct.html](http://www.georgfischer.com/en/about-gf/sustainability-at-gf/code-of-conduct.html)

## Risk management

The Board of Directors and the Executive Committee attach great importance to the thorough handling of risks in the areas of strategy, finance, markets, management and resources, operations, and sustainability. The Head of the Service Center Risk Management & Tax acts as the Chief Risk Officer (CRO) and, in this function, reports directly to the CEO. The CRO is supported in this task by a Risk Officer from each of the three divisions. Supplemented by internal experts of the corporate risk management, the risk officers under the leadership of the CRO constitute the Corporate Risk Council that met once during the year under review.

In addition, the CRO conducted workshops with the management of the three divisions as well as with the Executive Committee to analyze the risk situation, discuss measures to mitigate the risks, and define the actual top risks of each unit. The results of these discussions were presented to the Board of Directors during its risk management workshop in November 2021. The purpose of this workshop was also to define the main risks to the GF Corporation from the perspective of the Board of Directors and to compare these with the risk assessment of the Members of the Executive Committee. The outcome of this workshop and the measures adopted to reduce or control the risks were summarized in the Risk Report 2021, which was approved by the Board of Directors in December 2021.

More generally, the Board decided to extend the Audit Committee Charter to overall risk management in order to deepen this topic at the Board level.

The handling of financial and operational risks is explained in the notes to the consolidated financial statements in note [3.6 Risk management](#).

## Assessment of the Executive Committee

The Board of Directors evaluates and assesses the performance of the Executive Committee and its Members at least once a year in the absence of the Executive Committee Members. The Board of Directors must approve any appointments of Executive Committee Members to external Boards of Directors or to high-level political or other public functions.

# Members of the Board of Directors

As of 31 December 2021



**Yves Serra**

**Chairman of the Board of Directors**

1953 (France and Switzerland)

Engineering degree from École Centrale de Paris (France); MSc in Civil Engineering from the University of Wisconsin-Madison (USA)

Board Member since 2019, Vice Chairman 2019–2020, Chairman since 2020

**Committees**

Chairman of the Nomination and Sustainability Committee

**Corporate Governance**

Non-executive Member

**Professional background, career**

Deputy Commercial Attaché at the French Embassy in Manila (Philippines) (1977–1979); Customer Service Engineer for Alstom in France and South Africa (1979–1982); various positions at Sulzer in France and Japan (1982–1992); various positions at GF (1992–2019), Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia (1992–1998), Head of Charmilles (1998–2003), Head of GF Piping Systems (2003–2008), President and CEO of Georg Fischer Ltd (2008–2019)

**Involvement in governing bodies of other listed corporations**

—

**Further professional activities and functions**

Chairman of the Board of Directors of Stäubli Holding AG; Member of the Board of BNP Paribas Switzerland (both Switzerland); Advisor Sustainability Committee of Recruit Holdings and of Asset Management One, Tokyo (both Japan)



**Hubert Achermann**

**Vice Chairman and Independent Lead Director**

1951 (Switzerland)

Dr. iur, attorney, graduated in Law at the University of Bern (Switzerland)

Board Member since 2014, Vice Chairman and Independent Lead Director since 2020

**Committees**

Chairman of the Audit Committee

Member of the Compensation Committee

Member of the Nomination and Sustainability Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Legal advisor at FIDES Treuhandgesellschaft in Zurich (1982–1987), Head of the company's Lucerne office (1987–1994), Partner and Vice Chairman of the Board of Directors of the newly created KPMG Schweiz (1992–1994), Member of the four-person Executive Board, responsible for tax and law (1994–2004), CEO of KPMG Schweiz and performed several key roles for KPMG International (2004–2012), first Lead Director of KPMG International and Member of the KPMG Global Board (2009–2012)

**Involvement in governing bodies of other listed corporations**

Member of the Board and Head Audit Committee of UBS Switzerland AG (Switzerland)

**Further professional activities and functions**

Member of the Foundation Board of Ernst von Siemens Musikstiftung (Switzerland)





Riet Cadonau

**Member of the Board of Directors**

1961 (Switzerland)

Bachelor of Arts in Business and Economics of the University of Basel (Switzerland); Master of Arts in Economics and Business Administration from the University of Zurich (Switzerland); INSEAD Advanced Management Program AMP (France)  
Board Member since 2016

**Committees**

Member of the Compensation Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Various positions at IBM Switzerland (1990–2001), ultimately Member of the Executive Board and Director of Global Services; various positions as Member of the Executive Board of Ascom Group (2001–2005, from 2007–2011 as CEO); in between due to an Ascom divestment, Managing Director and Senior Vice President at ACS Inc. (later Xerox); CEO of Kaba Group, today dormakaba Group (2011–2018), Chairman and CEO of dormakaba Group (2018–2021), Chairman (as of 2021)

**Involvement in governing bodies of other listed corporations**

Member of the Board of Directors at Zehnder Group and at Logitech International S.A. (both Switzerland)

**Further professional activities and functions**

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Peter Hackel

**Member of the Board of Directors**

1969 (Switzerland)

Dr. sc. nat. ETH; Master and PhD in Biochemistry and Molecular Biology from the Swiss Federal Institute of Technology (ETH) in Zurich (Switzerland); degree in Business Administration at the Open University of Hagen (Germany)  
Board Member since 2020

**Committees**

Member of the Audit Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Various management positions at McKinsey and Geistlich Biomaterials (Switzerland); various management positions at Straumann AG, ultimately as Head of Group Controlling and Member of Executive Management Group Straumann AG (2004–2011); CFO of the global segment Oerlikon Drive Systems (2011–2013); CFO of Straumann AG with responsibility for Finance, Investor Relations, IT (until 2019), Procurement and Sustainability

**Involvement in governing bodies of other listed corporations**

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**Further professional activities and functions**

—



Roger Michaelis

**Member of the Board of Directors**

1959 (Brazil and Germany)

Studied Business Administration at the University of São Paulo (Brazil), post-graduate degree in Management and Strategy at Krupp Foundation Munich (Germany) and Babson College (USA)

Board Member since 2012

**Committees**

Member of the Nomination and Sustainability Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Various positions at Osram Group (1988–2012), ultimately as CEO at Osram Brazil and Head of Human Resources of Osram in Latin America (2004–2012); prior to this CFO at Osram subsidiaries in India and Brazil; Partner and Director of Verocap Consulting, São Paulo, (Brazil) (since 2012)

**Involvement in governing bodies of other listed corporations**

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**Further professional activities and functions**

Managing Director and owner of Verocap Consulting; Corporate CFO and Head of Corporate HR of Bentonit União Group Ltd. São Paulo; Chairman of the Advisory Board of Mast Group Ltd. Sao Paulo; Member of the Advisory Board of the Institute of the German Hospital Oswaldo Cruz São Paulo (all Brazil)



Eveline Saupper

**Member of the Board of Directors**

1958 (Switzerland)

Dr. iur, attorney and certified Tax Expert, graduated in Law at the University of St. Gallen (Switzerland)

Board Member since 2015

**Committees**

Chairwoman of the Compensation Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Legal and Tax Advisor at Peat Marwick Mitchell (now KPMG Fides) (1983–1985); Attorney at Baker & McKenzie (1985–1992); Employee (1992–1994), Partner (1994–2014) and of counsel at Homburger AG (2014–2017)

**Involvement in governing bodies of other listed corporations**

Member of the Board of Directors of Flughafen Zurich AG and Clariant AG (both Switzerland)

**Further professional activities and functions**

Member of the Board of Directors of Stäubli Holding AG; Member of the Board of Trustees of UZH Foundation (both Switzerland)



Jasmin Staiblin

**Member of the Board of Directors**

1970 (Germany)

Double degree in Electrical Engineering and Physics from the Technical University Karlsruhe (Germany) and Royal Institute of Technology Stockholm (Sweden)

Board Member since 2011

**Committees**

Member of the Audit Committee

**Corporate Governance**

Independent Member

**Professional background, career**

Various positions at ABB, including in Switzerland, Sweden and Australia (1997–2006), Country Manager of ABB Switzerland (2006–2012); CEO of Alpiq Holding AG (2013–2018)

**Involvement in governing bodies of other listed corporations**

Board Member of Zurich Insurance Group (Switzerland) and NXP Semiconductors N. V. (Netherlands)

**Further professional activities and functions**

Chair of the Board of Directors of Rolls-Royce Power Systems AG (Germany)

# Designated Member of the Board of Directors (to be proposed for election in April, 2022)



## Ayano Senaha

1982 (Japan)

B.A. in Economics from the Waseda University  
Tokyo (Japan)

### Committees

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### Corporate Governance

Independent member

### Involvement in governing bodies of other listed corporations

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### Further professional activities and functions

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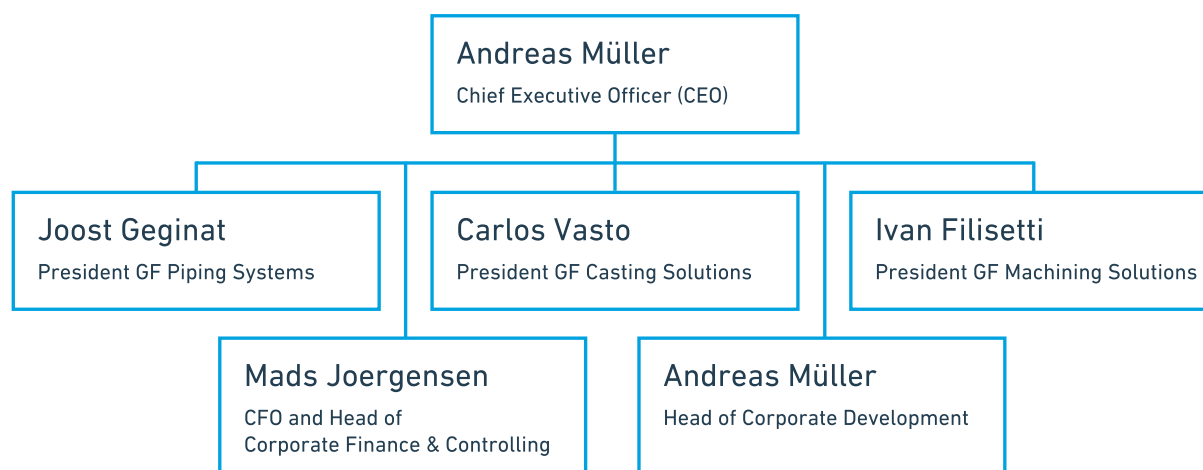
### Professional background, career

Various management positions at Recruit Holdings and its group companies since 2006:

Representative at Corporate Planning and Solution Sales (2006–2012); Director of Advantage Resourcing UK Ltd (2013–2014); Director of Advantage XPO Ltd (2013–2015); Managing Director of Advantage Group and Advantage Professional UK Ltd, all in London (UK) (2014–2015); Executive Manager in charge of R&D Business Development (2015–2016); Executive Manager in charge of Talent Management (2016–2018), both located in Tokyo (Japan); Chief of Staff at Indeed Inc., Austin (USA) (2018–2019); Corporate Executive Officer in charge of Corporate Planning, Corporate Communication, and Human Resources at Recruit Holdings Co. (since 2018). Since 2020, she has also been a member of the Board of Directors of Recruit Holdings, where she chairs the Sustainability Committee. Currently, she is COO, Managing Corporate Executive Officer in charge of Human Resources and General Affairs Division, Finance Division, Risk Management Division, and Corporate Planning and Sustainability Transformation in the Corporate Planning Division, and Director of the Board at Recruit Holdings.

# Executive Committee

As of 31 December 2021



The CEO is responsible for the management of the GF Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the GF Corporation, takes decisions within its remit, and submits proposals to the Board of Directors. The Heads of the three Divisions and two Corporate Staff Units are responsible for drafting and achieving their business objectives and for managing their units autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

## Members

As of 31 December 2021, the Executive Committee was composed of the following Members: Andreas Müller, CEO and at the same time Head of Corporate Development; Joost Geginat, President of GF Piping Systems; Carlos Vasto, President of GF Casting Solutions; Ivan Filisetti, President of GF Machining Solutions; Mads Joergensen, CFO and Head of Corporate Finance & Controlling. There were no changes in the Executive Committee in the year under review.

## Mandate

Pursuant to § 23a of the Articles of Association of Georg Fischer Ltd, a Member of the Executive Committee may at one and the same time hold no more than one additional mandate as a Member of the supreme managerial or governing body of listed legal entities and no more than five additional mandates as a Member of the supreme managerial or governing body of not listed legal entities. These mandates must be approved by the Board of Directors.

In addition, a Member of the Executive Committee may not hold more than ten mandates that he or she exercises by order of the company, in legal entities belonging to the Member's own family, in a professional or industry association, or in a charitable institution.

Mandates of associated companies or institutions and involvement in professional or industry associations, which are exercised in the function as a Member of the supreme managerial or governing body of a legal entity, shall together count as one mandate.



# Members of the Executive Committee

As of 31 December 2021



**Andreas Müller**

**Chief Executive Officer, CEO**

1970 (Germany)

Degree in Business Administration (Dipl.-Betriebswirt FH), from the University of Applied Sciences (HTWG), Konstanz (Germany)

Member of the Executive Committee since 2017, CEO since 2019

**Professional background, career**

Various positions at GF (since 1995), including Head of Controlling of GF Piping Systems, Schaffhausen (1998–2000), Head of Operations for GF Piping Systems companies in Australia (2000–2002), Head of Controlling Business Unit Industry & Utility of GF Piping Systems, Schaffhausen (2002–2008), CFO of GF Casting Solutions (2008–2016), CFO of Georg Fischer Ltd (2017–2019), CEO of Georg Fischer Ltd (since 2019)

**Involvement in governing bodies of other listed corporations**

—

**Further professional activities and functions**

Member of the Executive Committee of Swissmem and of the Chapter Board “Doing Business in USA” of the Swiss American Chamber of Commerce (both Switzerland)



**Mads Joergensen**

**Chief Financial Officer, CFO**

1969 (Denmark and Switzerland)

Bachelor in Economics and Business Administration from Aarhus Business School, Aarhus (Denmark); Master in Economics & Business Administration from Copenhagen Business School, Copenhagen (Denmark), and University of Washington, Seattle (USA); studies in Risk & Restructuring/Advanced Corporate Finance at London Business School, London (UK)

Member of the Executive Committee since 2019

**Professional background, career**

Project Manager of Perot Systems Consulting (Icarus Consulting AG), Zurich (1995–1998); Manager Corporate Finance of Gate Gourmet International, Zurich (1998–2000); Strategic Investments Manager/Director Strategic Investments of TFC – The Fantastic Corporation, Zug (2000–2001); Associate Director (M&A) of Ernst & Young AG, Corporate Finance, Zurich (2001–2003); Head of Strategic Planning of GF Piping Systems, Schaffhausen (2003–2009), CFO of GF Piping Systems (2009–2019), CFO of Georg Fischer Ltd (since 2019)

**Involvement in governing bodies of other listed corporations**

—

**Further professional activities and functions**

—



**Joost Geginat**

**President of GF Piping Systems**

1966 (Germany and Switzerland)

Degree in Business Management from the University of Cologne (Germany) and International Management from École des Hautes Études Commerciales (HEC) Paris (France); Dipl. Kaufmann degree and CEMS Master

Member of the Executive Committee since 2016

Member of the Executive Committee since 2016

**Professional background, career**

Various management functions at Roland Berger Strategy Consultants (Germany, Switzerland and Asia) (1995–2014); Senior Managing Director and Partner at AlixPartners (Switzerland) (2014–2016); President of GF Piping Systems (since 2016)

**Involvement in governing bodies of other listed corporations**

—

**Further professional activities and functions**

—



**Carlos Vasto**

**President of GF Casting Solutions**

1963 (Brazil and Italy)

Degree in Metallurgical Engineering from Mackenzie University, São Paulo (Brazil); Bachelor of Business Administration GSBA from the Graduate School of Business Administration, Zurich (Switzerland)

Member of the Executive Committee since 2018

**Professional background, career**

Various positions at GF Casting Solutions (1987–2000), Head of Production at former GF Casting Solutions site, Lincoln (UK) (2000–2003), Managing Director GF Casting Solutions, Lincoln (UK) (2003–2005); Executive Vice President Acotecnica SA (Brazil) (2005–2010), Managing Director Intra do Brazil (2011–2015); General Manager GF Linamar (USA) (2015–2018), President of GF Casting Solutions (since 2018)

**Involvement in governing bodies of other listed corporations**

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**Further professional activities and functions**

—



Ivan Filisetti

**President of GF Machining Solutions**

1969 (Switzerland and Italy)

Mechanical Engineering degree in Automation and Robotics from the Magistri Cumancini technical institute, Como (Italy)

Member of the Executive Committee since 2020

**Professional background, career**

Various management positions at AGIE Losone (Switzerland) (1990–2000); Operations Manager at Gildemeister Italiana (DMG Group) (Italy) (2000–2005); Operations and Division Manager at Samputensili (Italy) (2005–2008); Managing Director at GF AgieCharmilles (Switzerland) (2009–2012); Vice President Operations (COO) at GF Machining Solutions (Switzerland) (2013–2020); President of GF Machining Solutions (since 2020)

**Involvement in governing bodies of other listed corporations**

—

**Further professional activities and functions**

—

# Auditors

## Mandate

In 2012, PricewaterhouseCoopers, Zurich (Switzerland), was elected as external auditor. Beat Inauen has been the auditor in charge since the Annual Shareholders' Meeting in 2019. He will assume the responsibility of the audit for no longer than seven years. The statutory auditor is elected at the Annual Shareholders' Meeting for a term of one year.

## Audit fees

In 2021, services provided by PricewaterhouseCoopers in connection with the audit of the financial statements of Georg Fischer Ltd, the GF Corporation, and the GF Corporate Companies resulted in worldwide fees of CHF 2.38 million (previous year: CHF 2.51 million). For additional services, PricewaterhouseCoopers received in 2021 fees of approximately CHF 0.52 million (previous year: CHF 0.51 million), thereof CHF 0.1 million (previous year: CHF 0.05 million) for consulting mandates in connection with accounting and reporting, CHF 0.28 million (previous year: CHF 0.38 million) for services related to tax advice and CHF 0.14 million (previous year: CHF 0.08 million) for further consultancy fees.

## Supervisory and control instruments

The external auditor informs the Audit Committee in writing about relevant auditing activities and findings as well as other important information regarding the audit of the GF Corporation. The auditor in charge of the external auditor attended the four ordinary meetings of the Audit Committee.

The Audit Committee reviews and evaluates the effectiveness and independence of the external auditors annually. For this purpose, Internal Audit reviews all auditing services rendered by external auditors for the GF Corporation and their costs. The Audit Committee bases its evaluation on the following criteria:

- Quality of the documents and reports provided to the Audit Committee and the management
- Time taken and costs
- Quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing, or additional consulting mandates

In cooperation with internal and external audit, the Audit Committee evaluates the potential for improvements regarding the collaboration, the processing of assignments, and the interfaces or overlapping of internal and external audit work.

For the evaluation, the Members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Audit also issues an annual list of all services rendered by external auditors for the GF Corporation and their costs. The costs for the annual audits of Georg Fischer Ltd, the GF Corporation, and of all GF Corporate Companies were approved by the Audit Committee. Further services from PricewaterhouseCoopers are examined by the Head of Internal Audit and, depending on the amount, approved either by the CFO or by the Managing Directors of the respective GF Corporate Companies.

# Communication policy

Corporate Communications and Investor Relations are the two Service Centers responsible for all stakeholder information and communication. The communication strategy is based on GF's business strategy and supports the positioning of the Company. Communication with all GF stakeholders is active, open, and timely. If possible and permissible, employees are notified first.

March 2021 saw the implementation of Strategy 2025, accompanied by a wide range of communication activities for the different stakeholders. Among other things, the strategy also focuses on several sustainability issues, including water scarcity and climate change. Another important event was an online town hall meeting at the end of November in which several thousand employees took part. The event focused on the further development of the corporate culture – one of three key focus areas as part of Strategy 2025.

The new corporate video showing GF in a fresh, new light was extremely well received, particularly on social media. The modernization of internal communication channels is also underway. A new communication platform will include an app and will replace the current intranet starting from the middle of 2022. The popular employee magazine "Globe", which rated extremely highly in an internal reader survey, will be relaunched at the beginning of 2022.

The shares of Georg Fischer Ltd are listed on the SIX Swiss Exchange. Therefore, GF is subject to the requirements on ad hoc publicity stipulated in the listing rules and the directive on ad hoc publicity. This relates to the obligation to report any share-price-sensitive facts. GF also maintains a dialog with investors and journalists at events and roadshows.

Subscription to an e-mail service for GF news is free of charge. All media releases, annual reports, and mid-year reports plus important publications go online at [www.georgfischer.com](http://www.georgfischer.com) the same time as they are published. Shareholders receive the short version of the annual report and the mid-year report, and other interested parties can order them.

+ [www.georgfischer.com/en/investors/ad-hoc-media-releases.html](http://www.georgfischer.com/en/investors/ad-hoc-media-releases.html)

+ [www.georgfischer.com/subscriptionsservice](http://www.georgfischer.com/subscriptionsservice)

## **Head Investor Relations / Sustainability**

Daniel Bösiger

[daniel.boesiger@georgfischer.com](mailto:daniel.boesiger@georgfischer.com)

## **Corporate Communications**

Beat Römer

[beat.roemer@georgfischer.com](mailto:beat.roemer@georgfischer.com)



# Changes after the balance sheet date

Between 1 January 2022 and the editorial deadline on 22 February 2022, the following change occurred:

At the meeting on 22 February 2022, the Board of Directors approved the proposals for the Annual Shareholders' Meeting on 20 April 2022, including the proposal to split the par value of the registered share of Georg Fischer Ltd of CHF 1 per registered share in a ratio of 1:20.

# Compensation Report

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# Compensation Report

Introduction by the Chairwoman of the Compensation Committee

## Dear Shareholders,

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

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

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

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

This Compensation Report includes all relevant information concerning the compensation policy and programs, the governance around compensation decisions, and the compensation awarded in the reporting year. You will be asked to approve the maximum compensation amount for the Board of Directors for the period until the next Annual Shareholders' Meeting and the maximum compensation amount for the Executive Committee for the next financial year (prospective binding votes) at this year's Annual Shareholders' Meeting. In addition, your valued opinion will be sought with regard to the Compensation Report through a consultative retrospective vote.

We trust that the adjustments made to the compensation system will help us to achieve the ambitious strategy and we thank you for your valuable feedback and your continued support. We are looking forward to continuing this constructive dialogue with you as our shareholders and stakeholders.

Sincerely,



**Eveline Saupper**

Chairwoman of the Compensation Committee

# Compensation at a glance

## Compensation for the Board of Directors

### Compensation model

In order to ensure independence in their supervisory function, the Members of the Board of Directors receive fixed compensation only, paid out in cash and shares that are blocked for five years.

Responsibility	Fee <sup>1</sup>	Restricted shares
<b>Basis fee</b>		
Board Membership	CHF 70'000	150 shares
<b>Additional fees</b>		
Board Chairmanship <sup>2,3</sup>	CHF 290'000	150 shares
Independent Lead Director	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Compensation Committee Chairmanship <sup>3</sup>	CHF 60'000	
Compensation Committee Membership <sup>3</sup>	CHF 20'000	
Nomination and Sustainability Committee Chairmanship <sup>3</sup>	CHF 60'000	
Nomination and Sustainability Committee Membership <sup>3</sup>	CHF 20'000	

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

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

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

### Compensation awarded for 2021

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

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

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

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

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

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



# Compensation for the Executive Committee

Compensation elements	Purpose	Vehicle	Period	Performance measure
<b>Fixed compensation</b>				
Fixed base salary	Pay for the function	Cash	Monthly	Skills, experience and individual performance
Benefits	Ensure protection against risks such as death, disability and old age			
<b>Variable compensation</b>				
Short-term incentive (STI)	Pay for annual performance based on GF strategic targets	Cash	Annual	Organic sales growth EBIT margin ROIC Sustainability (ESG) Individual objectives
Long-term incentive (LTI)	Pay for long-term performance	Performance shares	3-year vesting and additional 2-year blocking	EPS rTSR
	Align with shareholders' interests and GF's strategy			
	Participate in long-term success of the company			

## Performance in 2021

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

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

## Compensation awarded for 2021

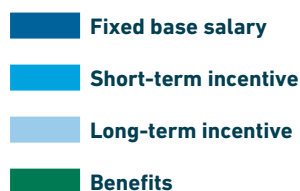
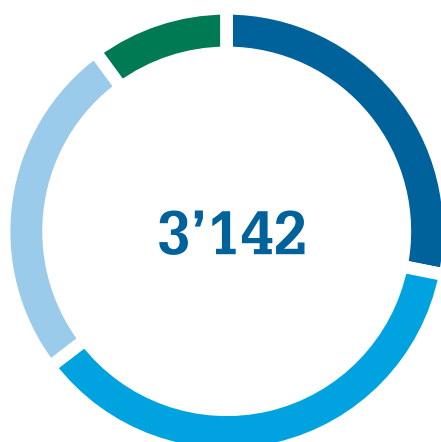
The compensation awarded to the Executive Committee (including CEO) for 2021 is within the limits approved by the shareholders at the 2020 Annual Shareholders' Meeting:

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

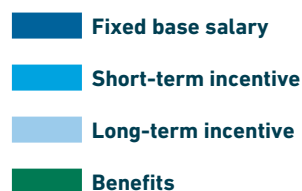
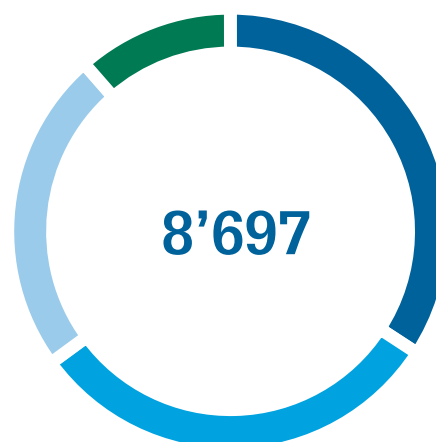
The vesting level of the LTI plan 2018 (performance period ended at the end of 2021) amounted to 0% (below threshold) for the EPS-related performance shares and to 130.73% of target for the rTSR-related performance shares, resulting in an overall vesting level of 65.37%.

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

### CEO compensation for 2021 in CHF 1'000



### Executive Committee compensation for 2021 in CHF 1'000



## Compensation principles

The compensation policy applicable to the Executive Committee is designed to attract, motivate, and retain talented individuals, based on the following principles:

- Fairness and transparency;
- Pay for performance, business and sustainability strategy implementation;
- Long-term orientation and alignment to shareholders' interests;
- Market competitiveness.

## Compensation governance

- Authority for decisions related to compensation are governed by GF's Articles of Association;
- The Board of Directors is supported by the Compensation Committee in preparing all compensation-related decisions regarding the Board of Directors and the Executive Committee;
- The maximum aggregate amounts of compensation of the Members of the Board of Directors and of the Executive Committee are subject to binding prospective shareholders' votes at the Annual Shareholders' Meeting;
- In addition, the Compensation Report is subject to a retrospective consultative vote at the Annual Shareholders' Meeting.

# Contents

The Compensation Report provides information about the compensation policy, the compensation programs, and the process of determination of compensation applicable to the Board of Directors and to the Executive Committee of GF. It also includes details on the compensation payments related to the 2021 business year.

This report is written in accordance with the Swiss Ordinance against excessive pay in stock exchange listed companies, the standards related to information on Corporate Governance issued by the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of Economiesuisse.

The Compensation Report is structured as follows:

## Compensation governance

[Rules relating to compensation in the Articles of Association](#)

[Compensation Committee](#)

[Levels of authority](#)

[Method used to determine compensation](#)

## Compensation structure

**[Compensation of the Board of Directors](#)**

[Compensation principles](#)

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**[Compensation of the Executive Committee](#)**

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[Compensation mix and caps](#)

[Fixed base salary](#)

[Short-term incentive](#)

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

[Clawback and malus provisions](#)

[Benefits](#)

[Contractual terms](#)

[Shareholding ownership guideline](#)

# Compensation for the financial year 2021

[Board of Directors](#)

[Executive Committee](#)

[Performance in 2021](#)

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

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

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

# Compensation governance

## Rules relating to compensation in the Articles of Association

The Articles of Association of GF contain provisions regarding the compensation principles applicable to the Board of Directors and to the Executive Committee. Those provisions are available on GF's website and include:

- Principles of compensation of the Board of Directors (Article 22);
- Principles of compensation of the Executive Committee (Article 23c);
- Additional amount for new Members of the Executive Committee (Article 23c.9);
- Provisions on the employment contracts for Members of the Executive Committee (Article 23b);
- Credits and loans (Article 23d.1);
- Provisions on early retirement for Members of the Executive Committee (Article 23d.2).

According to articles 22 and 23 of the Articles of Association, the Annual Shareholders' Meeting approves annually the maximum aggregate compensation of the Board of Directors for the period from the Annual Shareholders' Meeting to the next Annual Shareholders' Meeting, as well as the maximum aggregate compensation of the Executive Committee for the following calendar year. In addition, the Compensation Report is submitted to the Annual Shareholders' Meeting for an advisory vote on a yearly basis, so that shareholders can express their opinion on the compensation policy and programs.

## Compensation Committee

The Compensation Committee consists of three non-executive Members of the Board of Directors who are elected annually and individually by the Annual Shareholders' Meeting for a one-year period until the next Annual Shareholders' Meeting. At the 2021 Annual Shareholders' Meeting, Eveline Saupper (Chairwoman) and Riet Cadonau were re-elected as Members of the Compensation Committee, Hubert Achermann was elected as a new Member of the Compensation Committee.

The Compensation Committee supports the Board of Directors with the following duties:

- Determining the compensation policy of the company at the highest corporate level, including the principles for the variable compensation and shareholding programs;
- Reviewing the guidelines governing compensation of the Board of Directors and the Executive Committee;
- Preparing the motions related to the maximum aggregate amounts of compensation for the Annual Shareholders' Meeting;
- Proposing the amount of compensation to be paid to the Board of Directors, to the CEO, and to the other Members of the Executive Committee within the limits approved by the Annual Shareholders' Meeting;
- Reviewing and proposing the annual Compensation Report to the Board of Directors.

During 2021, the Compensation Committee performed the following regular tasks:

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



- Evaluated the business performance for the 2020 financial year against the pre-set objectives and prepared a proposal to the Board of Directors on the short-term incentive to be paid to the CEO and to the other Members of the Executive Committee;
- Determined the business objectives for the 2021 financial year for the CEO and reviewed those of the other Members of the Executive Committee, before submitting them to the Board of Directors for approval;
- Reviewed the Compensation Report 2020 and prepared the compensation motions to be submitted to vote at the 2021 Annual Shareholders' Meeting;
- Reviewed and discussed the voting results on the compensation motions at the 2021 Annual Shareholders' Meeting, as well as the proxy advisors' and shareholders' feedback received on compensation matters;
- Engaged with proxy advisors and major shareholders on compensation matters in order to gather their feedback and comments;
- Prepared the Compensation Report 2021.

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

### Overview of meeting schedule 2021

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

<sup>1</sup> This regular agenda item was postponed from the last meeting in 2020.

In 2021, all Compensation Committee members attended all meetings. The Chairman of the Board, the CEO, the Head of Corporate Human Resources, and the Head of Corporate Compensation and Benefits are invited to attend the Compensation Committee meetings in an advisory capacity. The Chairman of the Board and the CEO do not attend the meeting when their own compensation or performance is discussed.

The Chairwoman of the Compensation Committee reports to the Board of Directors after each meeting on the activities of the Compensation Committee. The minutes of the Compensation Committee meetings are available to all Members of the Board of Directors.

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

## Levels of authority

### Approval framework

Subject	Recommendation from	Final approval from
Compensation policy and principles	Compensation Committee	Board of Directors
Aggregate compensation amount of the Board of Directors	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (binding vote)
Individual compensation of the Members of the Board of Directors	Compensation Committee	Board of Directors
Aggregate compensation amount of the Executive Committee	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (binding vote)
Individual compensation of the CEO	Compensation Committee based on proposal by the Chairman of the Board	Board of Directors
Individual compensation of the Executive Committee members	Compensation Committee based on proposals by the CEO	Board of Directors
Compensation Report	Board of Directors based on proposal by Compensation Committee	Annual Shareholders' Meeting (consultative vote)

On behalf of the Board of Directors, internal and external Auditors annually review the compliance of the compensation decisions made with the Articles of Association, the Organizational Rules and the compensation regulations for the Executive Committee and the Board of Directors.

The Compensation Committee regularly calls in external compensation specialists and consultants to obtain independent advice and/or benchmarking compensation data. In the year under review, Agnès Blust Consulting provided services related to Board of Directors and Executive Committee compensation matters. Obermatt was appointed to measure the relative performance of Georg Fischer for the purpose of the long-term incentive plan. These companies have no other mandates with GF.

## Method used to determine compensation

### Benchmarking

The compensation structure and levels of the Board of Directors and the Executive Committee are reviewed every two to three years and are tailored to the relevant sectors and labor markets in which GF competes for talent. For the purpose of comparison, the Compensation Committee relies on compensation surveys published by independent consulting firms and on publicly available information such as the compensation disclosures of comparable companies.

Comparable companies are defined as multinational industrial companies listed on the Swiss stock exchange (SIX) with a similar business model and size in terms of market capitalization, sales, number of employees, complexity, and geographic scope. The peer group for the compensation benchmark of the Board of Directors and the Executive Committee include the following Swiss companies: Bucher Industries, DKSH, Dormakaba, Geberit, OC Oerlikon, SIG Combibloc, Sonova, Straumann, Sulzer. The benchmarking on compensation was last conducted in 2021.

**Performance management**

The Compensation Committee also takes into consideration effective business and individual performance while determining the compensation amounts to be paid to the CEO and to the other Members of the Executive Committee. Individual performance is assessed through the annual Management By Objectives (MBO) process, where individual objectives are defined at the beginning of the year and the achievement against those objectives is evaluated at the end of the year. The objective setting and the performance assessment of the Members of the Executive Committee are conducted by the CEO and by the Chairman of the Board for the CEO. The performance assessment of the CEO and the other Members of the Executive Committee is reviewed by the Compensation Committee.

# Compensation structure

## Compensation of the Board of Directors

### Compensation principles

In order to ensure their independence in exercising their supervisory duties, the Members of the Board of Directors receive fixed compensation only. The compensation is paid partially in cash and partially in shares blocked for a period of five years in order to closely align their compensation with shareholders' interests.

### Compensation model

The compensation applicable to the Board of Directors is reviewed every two to three years based on competitive market practice and its basic structure is kept as constant as possible. The last benchmarking analysis was conducted in 2021 (please refer to section [Method used to determine compensation/Benchmarking](#) for details of the peer group). Based on the outcomes of this analysis, the Compensation Committee proposed to the Board of Directors to adjust the fees for the Board Chairmanship, for the Chairmanship of the Compensation Committee and for the Chairmanship of the Nomination & Sustainability Committee. The adjustments were approved by the Board of Directors and have been effective as of the 2021 Annual Shareholders' Meeting. No other changes were made to the compensation levels or to the compensation model of the Board of Directors.

In order to guarantee the independence of the Members of the Board of Directors in executing their supervisory duties, their compensation is fixed and does not contain any performance-related component. The annual compensation for each Member of the Board of Directors depends on the functions and tasks carried out in the year under review and consists of an annual basis board fee paid in cash and in blocked shares, as well as additional committee fees paid in cash. The cash fees are paid in January for the previous calendar year, while the shares are allocated in December of the respective calendar year. The shares are blocked for a period of five years. The blocking period is lifted in the event of death or disability and remains in place in all other instances of termination. The shares are disclosed at their market value based on the closing share price on the last trading day of the reporting year.

Responsibility	Fee <sup>1</sup>	Restricted shares
<b>Basis fee</b>		
Board Membership	CHF 70'000	150 shares
<b>Additional fees</b>		
Board Chairmanship <sup>2,3</sup>	CHF 290'000	150 shares
Independent Lead Director	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Compensation Committee Chairmanship <sup>3</sup>	CHF 60'000	
Compensation Committee Membership <sup>3</sup>	CHF 20'000	
Nomination and Sustainability Committee Chairmanship <sup>3</sup>	CHF 60'000	
Nomination and Sustainability Committee Membership <sup>3</sup>	CHF 20'000	

<sup>1</sup> Fee effective as of the 2021 Annual Shareholders' Meeting (ASM).

<sup>2</sup> The Chairman of the Board of Directors is not eligible for additional committee fees.

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

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

### Shareholding ownership guideline

Members of the Board of Directors are required to hold 200% of the annual basis cash fee in GF shares. Newly elected members must build up the required ownership within five years of their election to the Board of Directors. In the event of a substantial rise or drop in the share price, the Board of Directors may at its discretion amend that time period accordingly.

The minimum holding requirements are illustrated in the table below:

	<b>Shareholding ownership requirement</b>	<b>Build-up period</b>
Board of Directors	200% of annual basis cash fee	5 years

To calculate whether the minimum holding requirement is met, all held shares are considered regardless of whether they are blocked or not. The Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

# Compensation of the Executive Committee (including CEO)

## Compensation principles

The compensation policy applicable to the Executive Committee is designed to attract, motivate, and retain talented individuals, based on the following principles:

- Fairness and transparency;
- Pay for performance, business and sustainability strategy implementation;
- Long-term orientation and alignment to shareholders' interests;
- Market competitiveness.

Fairness and transparency (internal equality)	Pay for performance and strategy implementation	Long-term orientation and alignment with shareholders' interests	Market competitiveness
Compensation programs are straightforward, clearly structured, and transparent. They ensure fair compensation based on the responsibilities and competencies required to perform the function.	A portion of compensation is directly linked to the company's performance, to the implementation of the business strategy, and to individual performance.	A significant portion of the compensation is delivered in the form of performance shares, ensuring participation in the long-term success of the company and a strong alignment with shareholders' interests.	Compensation levels are competitive and in line with relevant market practice.

## Compensation model

The compensation of the Executive Committee includes the following elements:

- Fixed base salary in cash;
- Benefits such as pension and social insurance funds;
- Performance-related short-term incentive (STI) in cash;
- Share-based compensation (long-term incentive, LTI).



	Fixed compensation elements		Variable compensation elements	
	Fixed base salary	Benefits	STI performance 2021	LTI performance 2021
<b>Purpose</b>	Ensure basic fixed remuneration	Ensure protection against risks such as death, disability and old age	Pay for annual performance	Pay for long-term performance Align with shareholders' interests Participate in long-term success and align with Strategy 2025
<b>Drivers</b>	Scope and complexity of the function Profile of the individual Market practice	Local legislation and market practice	Performance against business and individual objectives	Long-term value creation
<b>Performance/ Vesting period</b>	-	-	Year 2021	3 years Grant date: 1 January 2021 Vesting period: 2021 - 2023
<b>Blocking period</b>	-	-	-	Additional 2 years: 2024 - 2025
<b>Performance measures</b>	Skills, experience, and performance of the individual	-	Organic sales growth EBIT margin ROIC Sustainability (ESG) individual objectives	All LTI-related shares depend on performance: 50% EPS, 50% rTSR  EPS-related achievement determination: Ø (EPS value years 2021, 2022, 2023) divided by Ø (EPS value years 2018, 2019, 2020)  rTSR-related achievement determination: Ø (ranking in 2021, 2022, 2023 of GF within the SMI MID)
<b>Delivery</b>	Monthly cash	Contributions to social security, pension, and insurances	Cash, one-off payment in March 2022	Number of PS, of which 50% PS(EPS), 50% PS(rTSR)

EBIT = Earnings before interest and taxes

EPS = Earnings per share

ESG = Environment, social, governance

PS = Performance shares

PS(EPS) = EPS dependent performance shares

PS(rTSR) = rTSR dependent performance shares

ROIC = Return on invested capital

Ø = Average

For the purpose of comparison, the compensation of the Executive Committee is regularly benchmarked against compensation surveys published by independent consulting firms and on publicly available compensation information of comparable multinational industrial companies (please refer to the section [Method used to determine compensation/Benchmarking](#) for details of the peer group).

## Compensation mix and caps

### CEO

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

### Other Members of the Executive Committee

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

#### Maximum payouts:

- STI: capped at 150% of the target;
- LTI: capped at 150% of the target;
- Overall cap: the overall variable compensation is capped (value of the STI payout and of the LTI grant) at 250% of the fixed compensation, as stipulated in the Articles of Association.

## Fixed base salary

The fixed base salary is determined primarily based on the following factors:

- Scope and complexity of the role, as well as the skills required to perform the function;
- Skills, experience, and performance of the individual in the function;
- External market value of the function.

Fixed base salaries of the Members of the Executive Committee are reviewed every year based on those factors and adjustments are made according to market developments.

## Short-term incentive

The short-term incentive (STI) is a variable incentive designed to reward the achievement of business and sustainability objectives of the Corporation and its divisions, as well as the fulfillment of individual performance objectives as defined within the MBO process, over a time horizon of one year.

The STI is expressed as a target in % of the annual fixed base salary. The target STI amounts to 100% of the annual fixed base salary for the CEO and to 60% of the annual fixed base salary for the other Members of the Executive Committee. The STI payout is capped at 150% of target level.

	Target <sup>1</sup>	Minimum <sup>1</sup>	Maximum <sup>1</sup>
CEO	100%	0%	150%
Other Members of the Executive Committee	60%	0%	90%

<sup>1</sup> In percent of fixed base salary.

### **Business objectives for the STI**

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

For each business objective, the Board of Directors sets a target level and a threshold level (hurdle) of achievement under which there is no payout. A special focus is set on the sales target, as growth is a strong pillar of the strategy 2025. Furthermore, the ROIC target is set at a level clearly over the weighted average cost of capital (WACC) of the Corporation in order to maximize value creation. The respective achievement level of each business objective is measured on a yearly basis and determines a payout factor for that business objective.

### **Sustainability objectives for the STI**

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

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

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

### **Individual objectives for the STI**

The individual objectives are set within the MBO process at the beginning of the year. These objectives are clearly measurable, not duplicating the financial targets, and are set in different categories:

- Non-financial strategic goals, such as acquisitions or portfolio adaptations;
- Operational goals, such as the implementation of digitalization projects, the successful launch of new products, implementation of corporate training initiatives, acquisition and integration of new technologies and services, development of new business segments, and expansion of production to new regions;
- Goals to promote the value and culture implementation according to the strategy of the company;
- Personal goals, such as personal improvement and/or training sessions and succession planning.

At the end of the year, the achievement of each individual objective is assessed, and this determines the payout factor for the portion of the STI related to individual objectives.

### **Weighting of the business, sustainability and individual objectives**

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

The weighting of the business and individual objectives for the CEO and the other Members of the Executive Committee depends on the function (the highest weighting is allocated to the organization the individual is responsible for) and is described in the following table:

	CEO	Division President	CFO
<b>Business objectives</b>			
<b>Corporation level</b>	<b>65%</b>	<b>25%</b>	<b>65%</b>
Organic sales growth (30%)	19.5%	7.5%	19.5%
EBIT margin (40%)	26.0%	10.0%	26.0%
ROIC (30%)	19.5%	7.5%	19.5%
<b>Division level</b>		<b>40%</b>	
Organic sales growth (30%)		12.0%	
EBIT margin (40%)		16.0%	
ROIC (30%)		12.0%	
<b>Sustainability</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
ESG	10.0%	10.0%	10.0%
<b>Individual objectives</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
MBO	25.0%	25.0%	25.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Long-term incentive (share-based compensation)

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

The purpose of the LTI plan is to:

- Align the interests of executives with those of GF's shareholders;
- Allow executives to participate in the long-term success of GF;
- Foster and support a high-performance culture.

The LTI is a performance share (PS) plan. The CEO and the other Members of the Executive Committee are granted a number of PS annually based on a percentage of the annual fixed base salary. The target LTI amounts to 90% of the annual fixed base salary for the CEO and to 60% of the annual fixed base salary for the other Members of the Executive Committee. The number of PS granted corresponds to the target LTI amount divided by the average Georg Fischer share closing price of the last 60 trading days of the previous year. For financial year 2021, the PS were granted on 1 January 2021. The PS are subject to a three-year cliff vesting followed by an additional two-year blocking period on the vested shares.

The vesting of the PS is conditional upon the achievement of two specific performance objectives over a prospective period of three years: earnings per share (EPS) as an internal performance measure and relative total shareholder return (rTSR) as an external performance measure.

The number of PS granted is split as follows:

- 50% of the PS depend on the EPS performance (PS(EPS));
- 50% of the PS depend on the rTSR performance (PS(rTSR)).

Performance shares			
	PS(EPS)	PS(rTSR)	Total shares
CEO	Target: 45% of ABS <sup>1</sup> Vesting: 0% - 150%	Target: 45% of ABS <sup>1</sup> Vesting: 0% - 150%	Target: 90% of ABS <sup>1</sup> Vesting: 0% - 150%
Other Members of the Executive Committee	Target: 30% of ABS <sup>1</sup> Vesting: 0% - 150%	Target: 30% of ABS <sup>1</sup> Vesting: 0% - 150%	Target: 60% of ABS <sup>1</sup> Vesting: 0% - 150%

<sup>1</sup> ABS = Annual Fixed Base Salary

The EPS target, which is determined by the Board of Directors, is in line with the ambitious Strategy 2025 goals of GF and is measured at the end of the vesting period. Share buybacks, major acquisitions/divestitures, or capital increases are neutralized and have no impact on the EPS value calculation.

The rTSR is measured as a percentile rank in relation to a peer group. The peer group consists of the companies of the SMI MID index as these companies are comparable to GF in terms of organizational size, complexity, and market capitalization and the SMI MID index best reflects the economic environment for companies listed in Switzerland. The percentile rank is evaluated on an annual basis: at the end of the vesting period, the final ranking of GF among the peer group is the average annual ranking over the three-year vesting period.

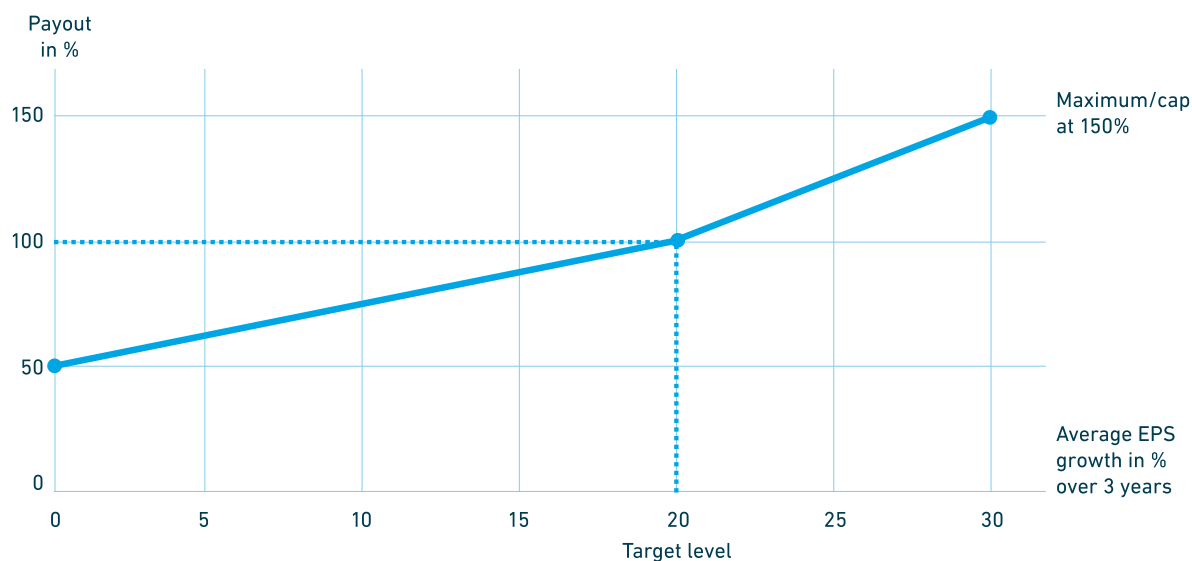
For both performance measures, a threshold level of performance (hurdle), under which there is no vesting of the PS, is defined, as well as the target level, corresponding to a vesting level of 100% and a maximum achievement level, for which the vesting is capped at 150%.

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

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

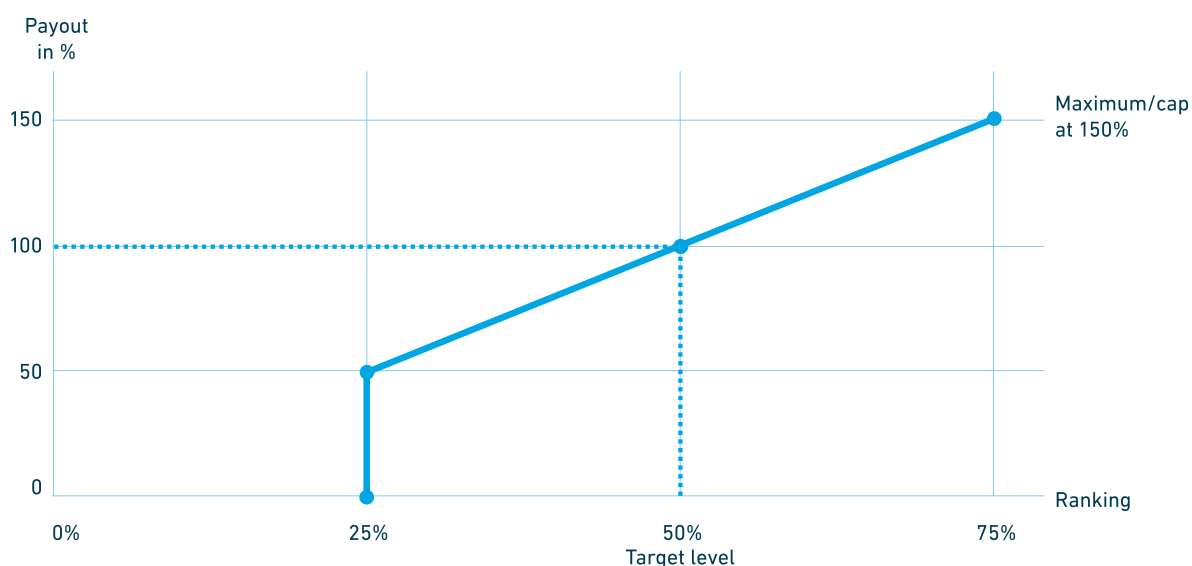
Performance measure	Earnings per share (EPS)	Relative total shareholder return (rTSR)
Description	EPS: (Average EPS value years x, x+1, x+2) divided by (Average EPS value years x-1, x-2, x-3)	TSR: starting value of volume-weighted average share price (VWAP) over the first 30 trading days of the year and ending value of the VWAP over the last 30 trading days of the year. Relativity measured as the average annual ranking within the peer group (companies of the SMI MID) over 3 years.
Rationale	Internal measure Reflects GF's profitability and how efficiently the strategy is implemented	External measure Reflects GF's relative value compared to the SMI MID
Weighting	50% of the PS grant	50% of the PS grant
Target level	20% EPS growth over 3 years: 100% payout	Relative TSR at the median of the peer group: 100% payout
Maximum achievement level	150%	150%
Vesting period	3 years Followed by 2-year blocking period on vested shares	3 years Followed by 2-year blocking period on vested shares
Vesting rules	Threshold: 0% EPS growth over 3 years = 50% vesting Target: 20% EPS growth over 3 years = 100% vesting Maximum: 30% EPS growth over 3 years = 150% vesting Linear interpolation in between EPS decline over 3 years: 0% payout	Threshold: 25th percentile = 50% vesting Target: 50th percentile = 100% vesting Maximum: 75th percentile = 150% vesting Linear interpolation between threshold/target and maximum

#### Vesting curve earnings per share (EPS)





### Vesting curve relative total shareholder return (rTSR)



The Compensation Committee is responsible for evaluating each year if extraordinary, one-time events have significantly influenced any of the performance objectives, EPS, and rTSR, and, if so, to make adjustment recommendations to the Board of Directors. The explanations for such adjustments, if any, will be included in the Compensation Report of the relevant year. For 2021, no adjustments were necessary.

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

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

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

The shares in the LTI plan are either treasury shares or repurchased on the market. No issuance of shares is foreseen for the LTI plan in order to avoid shareholder dilution.

### Clawback and malus provisions

For the LTI, in the event a lower amount would have been awarded or paid out due to a misstatement of financial results or of fraudulent or willful substantial misconduct by a Member of the Executive Committee, the Board of Directors will review the specific facts and circumstances and take action. With regard to awards granted under the LTI in respect of the years for which a restatement has to be made and/or in which the misconduct took place, the Board of Directors may determine at any time before or after the delivery of the shares to forfeit or suspend the vesting of any LTI award in full or in part (malus), require the transfer for nil consideration of some or all the shares delivered under the LTI plan (clawback), and/or require a reimbursement in form of a cash payment in respect of some or all the shares delivered under the LTI plan (clawback).

The clawback and malus provisions apply to the Members of the Executive Committee for the entire duration of their membership and for up to three years following the termination thereof.

### Benefits

Benefits consist primarily of retirement and insurance plans that are designed to provide a reasonable level of income in case of retirement as well as a reasonable level of protection against risks such as death and disability. All

Members of the Executive Committee have a Swiss employment contract and participate in the pension fund of GF offered to all Swiss-based employees. The pension fund exceeds the minimum legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors, and Disability Pension Plans (BVG) and is in line with commensurate market practice. In the case of top-management positions, including the Members of the Executive Committee, an early retirement plan is in place. The plan is entirely funded by the employer and is administered by a Swiss foundation. Beneficiaries may opt for early retirement from the age of 60. Regular retirement is at the age 65.

Members of the Executive Management do not receive special benefits. They are entitled to a lump sum representation allowance and to reimbursement of business expenses in accordance with the expense rules applicable to all employees at management levels employed in Switzerland. The expense regulation has been approved by the relevant cantonal tax authorities.

## Contractual terms

The employment contracts with the CEO and the other Members of the Executive Committee foresee a notice period of a maximum of twelve months. There are no entitlements to severance payments, nor any change of control provisions, other than the early vesting and early unblocking of share awards as disclosed in the section [Long-term incentive \(share-based compensation\)](#). Their contracts may foresee non-competition provisions that are limited in time to a maximum of two years and which allow compensation up to a maximum of the last total annual compensation paid.

## Shareholding ownership guideline

The CEO and the other Members of the Executive Committee are required to hold a minimum percentage of annual base salary in GF shares.

Newly appointed members must build up the required ownership within five years of their appointment. In the event of a substantial rise or drop in the share price, the Board of Directors may at its discretion amend that time period accordingly.

The minimum holding requirements are illustrated in the table below:

	Shareholding ownership requirement	Build-up period
CEO	200% of annual fixed base salary	5 years
Other Members of the Executive Committee	100% of annual fixed base salary	5 years

To calculate whether the minimum holding requirement is met, all vested shares are considered regardless of whether they are blocked or not. Unvested PS are excluded. The Compensation Committee reviews compliance with the share ownership guideline on an annual basis.

# Compensation for the financial year 2021

Audited by PwC Switzerland

## Board of Directors

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

## Compensation Members of the Board of Directors 2021

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

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

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

2 Until 21 April 2021.

3 As of 22 April 2021.

4 The share-based compensation consists of the allocation of a fixed number of shares. The amount of the share-based compensation is calculated based on the share value on 31 December 2021, i.e. CHF 1'385.00.

5 Other benefits represent employer contributions to social insurance funds.

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

7 The amounts in the Total compensation 2020 column include a temporary reduction in cash compensation implemented in 2020 in order to contribute to a solidarity fund of the GF Corporation intended to mitigate hardship caused by short-time work due to the COVID-19 pandemic.

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

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

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

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

At the 2021 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.140 million for the Board of Directors for the compensation period from the 2021 Annual Shareholders' Meeting until the 2022 Annual Shareholders' Meeting. This compensation period has therefore not yet been completed, and a conclusive assessment will be provided in the 2022 Compensation Report.

In the reporting year, no further compensation was paid to Members of the Board of Directors and no compensation was paid to parties closely related to Members of the Board of Directors.

## Executive Committee

The Members of the Executive Committee received cash, share-based compensation, and social security and pension contributions amounting to CHF 8.697 million for the year under review (previous year: CHF 7.415 million), compared with a total amount of CHF 10.531 million approved by the shareholders at the 2020 Annual Shareholders' Meeting.

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



## Compensation Members of the Executive Committee 2021

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

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

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

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

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

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

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

6 Includes a temporary reduction in fixed salary implemented in 2020 in order to contribute to a solidarity fund of the GF Corporation intended to mitigate hardship caused by short-time work due to the COVID-19 pandemic. Compensation for Ivan Filisetti was not for the full financial year 2020, as he was promoted to the Executive Committee on 1 July 2020.

7 Highest individual compensation.

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

- **Fixed base salary:** The fixed base salaries of the CEO and Members of the Executive Committee were increased in line with market practice and the result of the benchmark analysis conducted in 2021. When comparing 2021 and 2020, it should be noted that a temporary reduction in fixed salary in 2020 was implemented in order to contribute to a solidarity fund of the GF Corporation intended to mitigate hardship caused by short-time work due to the COVID-19 pandemic;
- **STI:** The financial performance of the Corporation and the divisions was higher in 2021 compared with 2020, which resulted in a higher STI payout (see details in the section [Performance in 2021](#)). For the year under review, the STI payout for the CEO was CHF 1'146'000 (STI for the CEO in 2020 was CHF 540'000) and CHF 2'674'000 for the Executive Committee (incl. CEO). The overall payout for the Executive Committee is based on target achievements in the range from 84% to 136.5% (49% to 96% in 2020);
- **LTI:** The overall value of the share-based remuneration increased from last year, which resulted from the change in the grant value mechanism of the new LTI plan design, implemented as per January 2021;
- Please note that a significant portion of the social security payments of the employer to the Swiss social security system represents a solidarity payment, as the individuals will never get any return or benefit due to these payments.

The ratio between fixed and awarded variable compensation in 2021 was as follows:

**CEO compensation for 2021**  
in CHF 1'000



- Fixed base salary
- Short-term incentive
- Long-term incentive
- Benefits

**Executive Committee compensation for 2021**  
in CHF 1'000



- Fixed base salary
- Short-term incentive
- Long-term incentive
- Benefits

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

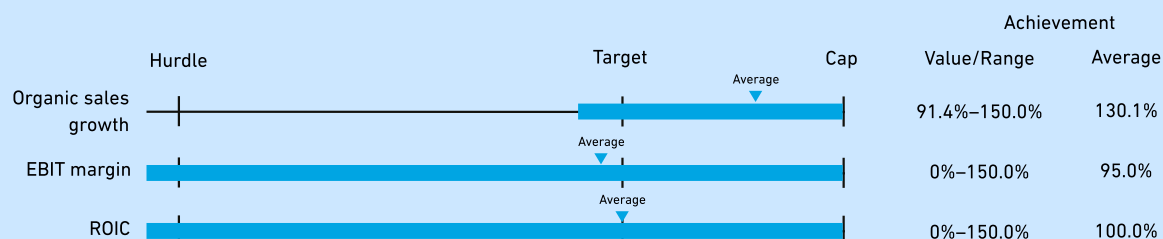
# Performance in 2021

## Short-term incentive – Business objectives

### Corporation level

	Hurdle	Target	Cap	Achievement	
				Value/Range	Average
Organic sales growth				150.0%	-
EBIT margin				112.5%	-
ROIC				141.7%	-

### Division level



### Short-term incentive – Sustainability

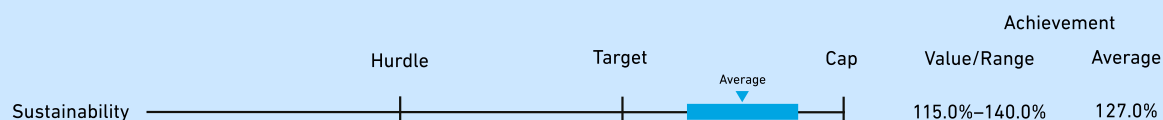
Sustainability measures have been implemented very successfully in 2021 and the organization has made significant progress on the roadmap to achieve its long-term targets.

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

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

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

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



### Short-term incentive – Individual objectives



### Short-term incentive – Overall payout

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

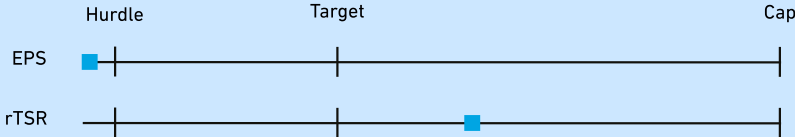


**Long-term incentive vesting overview**

**LTI 2018**

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

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



**LTI 2017**

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



# Shareholdings of the Members of the Board of Directors and of the Executive Committee

The information on shareholdings of the Members of the Board of Directors and of the Executive Committee is included in the notes to the financial statements of Georg Fischer Ltd under [4.5 Shareholdings of Members of the Board of Directors and Executive Committee](#).

## Loans to Members of the governing bodies

Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to Members of the Board of Directors or the Executive Committee or related parties in the year under review. As of 31 December 2021, no loans to Members of the Board of Directors or the Executive Committee or related parties were outstanding.

# Report of the statutory auditor

## to the General Meeting of Georg Fischer Ltd

### Schaffhausen

We have audited the content marked as "audited by PwC Switzerland" of the compensation report of Georg Fischer Ltd for the year ending 31 December 2021.

#### Board of Directors' responsibility

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

#### Auditor's responsibility

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

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

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

#### Opinion

In our opinion, the compensation report of Georg Fischer Ltd for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Beat Inauen  
Audit expert  
Auditor in charge



Tobias Handschin  
Audit expert

Zurich, 22 February 2022

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# Consolidated income statement

CHF million	Notes	2021	%	2020	%
<b>Sales</b>	1.1	<b>3'722</b>	<b>100.0</b>	<b>3'184</b>	<b>100.0</b>
Other operating income	1.2	42		43	
<b>Income</b>		<b>3'763</b>	<b>101.1</b>	<b>3'227</b>	<b>101.3</b>
Cost of materials and products		-1'784		-1'463	
Changes in inventory of unfinished and finished goods		67		-6	
Operating expenses	1.3	-640		-576	
<b>Gross value added</b>		<b>1'407</b>	<b>37.8</b>	<b>1'182</b>	<b>37.1</b>
Personnel expenses	1.4	-995		-883	
Depreciation on tangible fixed assets	2.6	-127		-127	
Amortization on intangible assets		-7		-6	
<b>Operating result (EBIT)</b>		<b>278</b>	<b>7.5</b>	<b>166</b>	<b>5.2</b>
Interest income	3.3	3		5	
Interest expense	3.3	-22		-24	
Other financial result	3.3	-4		-0	
Share of results of associates	3.3	-0		-7	
<b>Ordinary result</b>		<b>254</b>	<b>6.8</b>	<b>140</b>	<b>4.4</b>
Non-operating result	1.5	-2		3	
<b>Profit before taxes</b>		<b>253</b>	<b>6.8</b>	<b>143</b>	<b>4.5</b>
Income taxes	1.6	-53		-31	
<b>Net profit</b>		<b>200</b>	<b>5.4</b>	<b>112</b>	<b>3.5</b>
- Thereof attributable to shareholders of Georg Fischer Ltd		214		116	
- Thereof attributable to minority interests		-15		-4	
Basic earnings per share in CHF	1.7	52		28	
Diluted earnings per share in CHF	1.7	52		28	

# Consolidated balance sheet

CHF million	Notes	31.12.2021	%	31.12.2020	%
Cash and cash equivalents		932		834	
Marketable securities		12		7	
Trade accounts receivable	2.1	611		550	
Inventories	2.3	776		638	
Income taxes receivable		18		22	
Other accounts receivable	2.2	74		61	
Prepayments to creditors		23		14	
Accrued income		13		16	
<b>Current assets</b>		<b>2'459</b>	<b>65.3</b>	<b>2'142</b>	<b>62.2</b>
Property, plant, and equipment	2.6	1'029		1'026	
Investment properties	2.6	76		73	
Intangible assets	2.7	40		36	
Deferred tax assets	5.3	71		70	
Other financial assets	5.2	93		98	
<b>Non-current assets</b>		<b>1'308</b>	<b>34.7</b>	<b>1'303</b>	<b>37.8</b>
<b>Assets</b>		<b>3'767</b>	<b>100.0</b>	<b>3'445</b>	<b>100.0</b>
Trade accounts payable		543		445	
Bonds	3.1	150			
Other financial liabilities	3.1	95		90	
Loans from pension fund institutions	3.1	2		3	
Other liabilities	2.4	68		54	
Prepayments from customers		86		50	
Current tax liabilities		58		48	
Provisions	2.9	42		57	
Accrued liabilities and deferred income	2.10	273		239	
<b>Current liabilities</b>		<b>1'318</b>	<b>35.0</b>	<b>986</b>	<b>28.6</b>
Bonds	3.1	625		775	
Other financial liabilities	3.1	127		90	
Employee benefit obligations	5.1	47		52	
Other liabilities	2.4	28		21	
Provisions	2.9	83		83	
Deferred tax liabilities	5.3	44		49	
<b>Non-current liabilities</b>		<b>953</b>	<b>25.3</b>	<b>1'070</b>	<b>31.1</b>
<b>Liabilities</b>		<b>2'271</b>	<b>60.3</b>	<b>2'056</b>	<b>59.7</b>
Share capital	3.5	4		4	
Capital reserves		25		24	
Treasury shares	3.5	-11		-7	
Retained earnings		1'454		1'332	
<b>Shareholders' equity</b>		<b>1'472</b>	<b>39.1</b>	<b>1'353</b>	<b>39.3</b>
Minority interests		24	0.6	36	1.0
<b>Equity</b>		<b>1'496</b>	<b>39.7</b>	<b>1'389</b>	<b>40.3</b>
<b>Liabilities and equity</b>		<b>3'767</b>	<b>100.0</b>	<b>3'445</b>	<b>100.0</b>

# Consolidated statement of changes in equity

CHF million	Retained earnings							Shareholders' equity	Minority interests	Equity
	Share capital	Capital reserves	Treasury shares	Goodwill offset	Translation differences	Cash flow hedging	Other			
<b>Balance at 1.1.2021</b>	4	24	-7	-544	-201	-2	2'079	1'353	36	1'389
Net profit							214	214	-15	200
Translation differences					7			7	1	7
Changes in cash flow hedges						2		2		2
Goodwill offset				-42				-42		-42
Transactions with minorities									13	13
Purchase of treasury shares			-11					-11		-11
Share-based compensation										
- Settlement		1	7				-8			
- Grants, forfeitures, adjustments							10	10		10
Dividends							-62	-62	-10	-72
<b>Balance at 31.12.2021</b>	4	25	-11	-586	-194	0	2'233	1'472	24	1'496
<b>Balance at 1.1.2020</b>	4	23	-7	-546	-145	-1	2'068	1'396	42	1'438
Net profit							116	116	-4	112
Translation differences					-56			-56	2	-54
Changes in cash flow hedges						-1		-1		-1
Goodwill offset				2				2		2
Transactions with minorities									8	8
Purchase of treasury shares			-7					-7		-7
Share-based compensation										
- Settlement		1	7				-8			
- Grants, forfeitures, adjustments							6	6		6
Dividends							-103	-103	-12	-115
<b>Balance at 31.12.2020</b>	4	24	-7	-544	-201	-2	2'079	1'353	36	1'389

# Consolidated cash flow statement

CHF million	Notes	2021	2020
Net profit		200	112
Income taxes	1.6	53	31
Financial result	3.3	23	19
Share of results of associates	3.3	0	7
Depreciation and amortization	2.6	134	133
Other non-cash income and expenses		12	36
Increase in provisions, net	2.9	21	38
Use of provisions	2.9	-32	-49
Profit/loss from disposal of tangible fixed assets		-5	-17
Changes in inventories		-146	64
Changes in trade accounts receivable		-75	12
Changes in prepayments to creditors		-8	7
Changes in other receivables and accrued income		-12	-3
Changes in trade accounts payable		100	-10
Changes in prepayments from customers		36	3
Changes in other liabilities and accrued liabilities and deferred income		49	12
Interest paid		-20	-22
Income taxes paid		-43	-31
<b>Cash flow from operating activities</b>		<b>288</b>	<b>342</b>
Additions to property, plant, and equipment	2.6	-135	-137
Additions to intangible assets		-10	-8
Additions to other financial assets		-3	-5
Disposals of property, plant, and equipment	2.6	8	25
Disposals of investments in associates			1
Disposals of other financial assets		1	9
Purchase/disposal of marketable securities		-1	-1
Cash flow from acquisitions	4.1	-41	-6
Interest received		3	4
<b>Cash flow from investing activities</b>		<b>-178</b>	<b>-118</b>
Free cash flow before acquisitions/divestments		151	230
<b>Free cash flow</b>		<b>110</b>	<b>224</b>
Purchase of treasury shares	3.5	-11	-7
Dividend payments to shareholders of Georg Fischer Ltd		-62	-103
Dividend payments to minority interests		-10	-12
Inflows from or outflows for shares from minority interests		13	12
Issuance of bonds			200
Increase/repayment of short-term financial liabilities		15	
Increase/repayment of long-term financial liabilities		34	16
<b>Cash flow from financing activities</b>		<b>-22</b>	<b>106</b>
Translation adjustment on cash and cash equivalents		10	-17
<b>Net cash flow</b>		<b>98</b>	<b>313</b>
Cash and cash equivalents at beginning of year		834	521
<b>Cash and cash equivalents at year-end</b>		<b>932</b>	<b>834</b>

# Notes to the consolidated financial statements

## Information to the report

This section explains the basis for the preparation of the consolidated financial statements and provides a summary of the main general accounting principles as well as management assumptions and estimates.

### Basis for the preparation of the consolidated financial statements

The consolidated financial statements of Georg Fischer Ltd (GF) have been prepared in accordance with all of the current guidelines of the Accounting and Reporting Recommendations (Swiss GAAP FER) and, furthermore, with the provisions of the Listing Rules of SIX Exchange Regulation and with Swiss company law. The consolidated financial statements are based on the financial statements of GF and all GF Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

Due to rounding, numbers presented throughout the consolidated financial statements may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount. A value of 0 represents an amount rounded to 0. A blank value represents an actual value of 0.

#### Accounting principles

The consolidated financial statements have been prepared in accordance with the historical cost method with the exception of marketable securities and derivative financial instruments, which are measured at actual value.

### Changes in accounting principles

In the year under review, the Swiss GAAP FER accounting principles remained unchanged.

### Scope and principles of consolidation

The scope of consolidation includes GF and all GF Corporate Companies, which GF controls directly or indirectly by either holding more than 50% of the voting rights or by otherwise having the power to control their operating and financial policies (GF and these GF Corporate Companies are also collectively referred to as the GF Corporation). These GF Corporate Companies are fully consolidated; assets, liabilities, income, and expenses are incorporated in the consolidated financial statements. Intercompany balances and transactions are eliminated upon consolidation. Minority interests are presented as a component of consolidated equity in the consolidated balance sheet and consolidated net income in the consolidated income statement. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the purchase method, whereby the acquisition cost of a GF Corporate Company is eliminated at the time of acquisition against the fair value of net assets acquired, with the remainder recorded as goodwill that is subsequently offset against the consolidated equity. In the event of an increase in ownership in a GF Corporate Company, any difference between the purchase price and the acquired equity is recognized as goodwill.

Joint ventures in which the GF Corporation exercises joint control together with a joint venture partner are proportionately consolidated.



Companies in which GF has a minority interest of at least 20% but less than 50%, or over which it otherwise has significant influence, are accounted for using the equity method and included in the consolidated financial statements as investments in associates. Investments with less than 20% voting rights are accounted for at actual value and presented under other financial assets.

## Foreign currencies

GF Corporate Companies prepare their financial statements in their functional currency. Assets and liabilities held in other currencies are converted at the spot rate on the balance sheet date. Foreign exchange gains and losses resulting from transactions and from the conversion of balance sheet items into the functional currency are reported in the income statement.

The consolidated financial statements are prepared and presented in Swiss francs. For consolidation purposes, the financial statements of the GF Corporate Companies that report in another currency than Swiss francs are translated into Swiss francs as follows: balance sheets at year-end rates, income and cash flow statements at average rates for the year under review. Any translation differences resulting from the different translation of the balance sheets and income statements or from the translation of corporate loans with equity character denominated in foreign currencies are recognized in equity, including deferred tax. Upon the divestment of a foreign GF Corporate Company, the related cumulative translation differences are recycled to the income statement.

## Other valuation principles

Other relevant valuation principles, if relevant for the understanding of the valuation of the respective asset or liability, are reflected in the notes.

### Management assumptions and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and contingent liabilities at the balance sheet date. If in the future such estimates and assumptions, which are based on management's best judgment at the balance sheet date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Management has identified the following assumptions and estimates to be of special relevance to the presentation of the consolidated financial statements:

Management assumptions and estimates	Notes
Valuation of income taxes	1.6
Recoverability of property, plant, and equipment	2.6
Recoverability of goodwill	2.8
Valuation of provisions	2.9
Recoverability of financial assets	5.2

## Key figures not defined by Swiss GAAP FER

GF uses certain key figures to measure its performance that are not defined by Swiss GAAP FER. As these key figures are not defined by Swiss GAAP FER, there might be limited comparability to similar figures presented by other companies. The explanations of these key figures and the reconciliation of certain key figures can be found on the GF website: [Alternative Performance Measures \(APMs\)](#).

“Free cash flow” is reported separately in the cash flow statement and consists of cash flow from operating activities together with cash flow from investing activities. It is defined as:

+/- Cash flow from operating activities

+/- Cash flow from investing activities

“Free cash flow before acquisitions/divestments” excludes the cash effective movements arising from acquisitions/divestments. It is defined as:

+/- Free cash flow

+/- Cash flow from acquisitions/divestments

# 1 Performance

This section explains the performance and results as well as the segment results, which are reported on the same basis as GF's internal management structure. It also provides details on selected income and expense items and shows the earnings per share for the period.

## 1.1 Segment information

The reportable segments are the three operating divisions GF Piping Systems, GF Casting Solutions, and GF Machining Solutions.

GF Piping Systems focuses on system solutions and high-quality plastic and metal components. Its portfolio of fittings, valves, pipes, automation, and jointing technologies covers all water cycle applications. The division further offers specialized solutions, including engineering, customizing, and prefabrication. Customers are served globally by the following customer segments: Utility, Industry, and Building Technology.

GF Casting Solutions provides lightweight components to the mobility and energy industries. The division serves its customers in all global key markets and categorizes its offering into the customer segments Automotive, Industrial Applications, and Aerospace/Energy.

GF Machining Solutions provides complete solutions to the global tool and mold making industries and manufacturers of precision components. The division manufactures high-precision machine tools for milling and EDM (electro discharge machining) applications. The division further offers spindles, laser texturing, laser micromachining, additive manufacturing, automation, and tooling, as well as digitalized solutions. Customers are served globally by the following customer segments: Milling, EDM, Customer Services, and Advanced Manufacturing/Automation & Tooling.

## Segment reporting

	GF Piping Systems		GF Casting Solutions		GF Machining Solutions		Total segments	
CHF million	2021	2020	2021	2020	2021	2020	2021	2020
<b>Order intake <sup>1</sup></b>	<b>2'211</b>	<b>1'716</b>	<b>907</b>	<b>740</b>	<b>941</b>	<b>706</b>	<b>4'060</b>	<b>3'162</b>
<b>Orders on hand at year-end <sup>1</sup></b>	<b>326</b>	<b>116</b>	<b>276</b>	<b>251</b>	<b>213</b>	<b>147</b>	<b>815</b>	<b>514</b>
<b>Sales per region</b>								
Europe	702	626	556	492	398	307	1'655	1'425
– Thereof Germany	176	157	258	217	123	89	557	463
– Thereof Switzerland	118	113	22	18	64	46	204	177
– Thereof rest of Europe	407	356	276	257	211	172	894	785
Americas	469	382	129	74	150	149	749	605
Asia	647	568	194	186	298	246	1'139	1'000
– Thereof China	498	450	187	176	238	188	924	814
– Thereof rest of Asia	149	118	7	10	60	58	216	186
Rest of world	153	132	1		27	23	180	155
<b>Sales</b>	<b>1'971</b>	<b>1'708</b>	<b>880</b>	<b>752</b>	<b>873</b>	<b>725</b>	<b>3'724</b>	<b>3'185</b>
<b>EBITDA</b>								
<b>EBITDA</b>	<b>302</b>	<b>245</b>	<b>63</b>	<b>26</b>	<b>61</b>	<b>34</b>	<b>426</b>	<b>305</b>
Depreciation on tangible fixed assets	–52	–49	–58	–59	–12	–12	–121	–120
Amortization on intangible assets	–3	–3	–1	–1	–3	–2	–6	–6
<b>Operating result (EBIT)</b>	<b>247</b>	<b>193</b>	<b>5</b>	<b>–34</b>	<b>47</b>	<b>20</b>	<b>298</b>	<b>179</b>
<b>Assets</b>								
<b>Assets</b>	<b>1'563</b>	<b>1'399</b>	<b>946</b>	<b>948</b>	<b>744</b>	<b>613</b>	<b>3'252</b>	<b>2'960</b>
– Thereof current assets	942	827	404	349	469	401	1'814	1'577
– Thereof non-current assets	621	572	542	599	275	212	1'438	1'383
<b>Investments per region</b>								
Europe	25	30	17	27	18	9	60	66
– Thereof Germany	2	1	3	5	4		9	6
– Thereof Switzerland	17	23	2	4	12	8	31	35
– Thereof rest of Europe	6	6	13	18	2	1	20	25
Americas	14	15	16	31	0	4	30	50
Asia	16	10	23	12	2	2	41	24
– Thereof China	15	9	23	12	2	1	40	22
– Thereof rest of Asia	1	1			0	1	1	2
Rest of world	9	5			0		9	5
<b>Investments</b>	<b>64</b>	<b>60</b>	<b>56</b>	<b>70</b>	<b>20</b>	<b>15</b>	<b>141</b>	<b>145</b>
– Thereof capital expenditures	60	57	56	67	16	13	132	137
– Thereof in intangible assets	4	3	0	3	5	2	9	8
<b>Liabilities</b>								
<b>Liabilities</b>	<b>828</b>	<b>724</b>	<b>680</b>	<b>653</b>	<b>505</b>	<b>386</b>	<b>2'012</b>	<b>1'763</b>
– Thereof current liabilities	532	442	265	272	340	243	1'137	957
– Thereof non-current liabilities	296	282	414	381	164	143	874	806
<b>Research and development</b>								
<b>Research and development</b>	<b>47</b>	<b>46</b>	<b>12</b>	<b>17</b>	<b>54</b>	<b>49</b>	<b>113</b>	<b>112</b>

<sup>1</sup> Order intake and orders on hand at year-end were not included in the scope of the audit by the statutory auditor.

## Reconciliation to the consolidated income statement and the consolidated balance sheet

CHF million	2021	2020
<b>Sales</b>		
Sales of reportable segments	3'724	3'185
Elimination of intercompany sales	-2	-1
<b>Consolidated sales</b>	<b>3'722</b>	<b>3'184</b>
<b>Operating result (EBIT)</b>		
Total EBIT for reportable segments	298	179
Total EBIT Corporate Center and Corporate Services	-19	-13
<b>Consolidated operating result (EBIT)</b>	<b>278</b>	<b>166</b>
<b>Assets</b>		
Assets of reportable segments	3'252	2'960
Elimination of intercompany positions	-423	-395
Other assets		
– Current assets (mainly cash and cash equivalents)	667	592
– Non-current assets	271	288
<b>Consolidated assets</b>	<b>3'767</b>	<b>3'445</b>
<b>Liabilities</b>		
Liabilities of reportable segments	2'012	1'763
Elimination of intercompany positions	-608	-571
Other liabilities		
– Current liabilities	192	35
– Non-current liabilities	661	812
Other unallocated amounts	15	17
<b>Consolidated liabilities</b>	<b>2'271</b>	<b>2'056</b>

## Sales by customer segment

CHF million	2021	2020
Industry	774	646
Utility	722	648
Building Technology	474	414
<b>GF Piping Systems</b>	<b>1'971</b>	<b>1'708</b>
Automotive	702	596
Industrial Applications	110	82
Aerospace/Energy	69	74
<b>GF Casting Solutions</b>	<b>880</b>	<b>752</b>
Customer Services	263	224
EDM	249	185
Milling	220	213
Advanced Manufacturing/Automation & Tooling	140	103
<b>GF Machining Solutions</b>	<b>873</b>	<b>725</b>
Elimination of intercompany sales	-2	-1
<b>Total</b>	<b>3'722</b>	<b>3'184</b>

There are no single customers whose sales account for 10% or more of GF Corporation's sales.

### Accounting principles revenue recognition

Billings for goods and services are recognized as sales when they are delivered or when the principal risks and rewards incidental to ownership are transferred. An assessment as to whether the principal risks and rewards were transferred for a particular delivery is made separately for each sales transaction on the basis of the contractual agreement underlying the transaction. The transfer of legal ownership alone does not necessarily result in the transfer of the principal risks and rewards. This is the case, for instance, if:

- the recipient of the delivery makes a claim against insufficient quality of the delivered item that exceeds a normal warranty claim
- the receipt of the proceeds depends on the resale of the goods by the buyer
- the installation of the goods at the recipient is an essential part of the contract
- the buyer has the right to return the item for a contractually specified reason and the likelihood of such a return cannot be assessed with any certainty

Services rendered are recognized as sales depending on the degree of their completion if the result of the service can be reliably assessed. Sales are stated before value-added tax, sales tax, and after the deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims.



### Accounting principles segment reporting

In accordance with the management structure and the reporting to the Executive Committee and the Board of Directors, the divisions represent the reportable segments. Segment accounting is prepared up to the level of operating result (EBIT), as this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis to the segments are reported in the corresponding divisions. Customer segments manufacture similar products with comparable production processes and supply them to similar customer groups using similar distribution methods.

## 1.2 Other operating income

CHF million	2021	2020
Sales of material, waste, and scrap	14	9
Income from insurance contracts	4	4
Income from services	8	8
Gains on disposals of property, plant, and equipment	6	14
Government grants	13	5
Foreign exchange gains/losses	-12	-6
Other	11	9
<b>Total</b>	<b>42</b>	<b>43</b>

The position "Other" primarily includes other income from suppliers and customers. In the previous year, a large part of the gains on disposals of property, plant, and equipment is attributable to the sale of a building by GF Machining Solutions in Switzerland.

## 1.3 Operating expenses

CHF million	2021	2020
External services <sup>1</sup>	162	142
Selling costs, commissions	135	115
Repair, maintenance	83	71
Advertisements, communication	71	61
External energy supply	84	77
Rent, leases	46	45
Other expenses	58	65
<b>Total</b>	<b>640</b>	<b>576</b>

<sup>1</sup> External services mainly include temporary employees, IT costs, research and development, insurance costs as well as consulting services.

The total compensation of the Board of Directors is recognized as other expenses and amounts to CHF 2.9 million (previous year: CHF 2.7 million). The Members of the Board of Directors received a fixed remuneration paid in cash

and a fixed number of GF restricted shares. The valuation of the restricted shares of CHF 1.7 million (previous year: CHF 1.6 million) is based on the year-end share price of CHF 1'385 (previous year: CHF 1'140). A total of 1'247 restricted shares were granted to the Board of Directors (previous year: 1'396).

## 1.4 Personnel expenses

CHF million	2021	2020
Salaries and wages	807	715
Employee benefits	25	34
Social security	163	134
<b>Total</b>	<b>995</b>	<b>883</b>

Expenses for share-based payment to Members of the Executive Committee and Members of the Senior Management amounted to CHF 8.1 million (previous year: CHF 7.2 million) and are recognized as personnel expenses. Thereof CHF 0.9 million (previous year: CHF 1.4 million) were recognized for 1'988 performance shares (previous year: 1'764) granted to Members of the Executive Committee as long-term share-based incentive (LTI). The LTI had a grant value of CHF 2.1 million (previous year: CHF 1.4 million).

### Accounting principles

The compensation for the Executive Committee consists of a fixed base salary, a short-term cash incentive, and a long-term share-based incentive (LTI) and is recognized as personnel expenses. In 2021, the LTI was revised. The revised LTI is based on a grant value corresponding to a percentage of the base salary per member, which at the beginning of the period is translated into a specific number of future subscription rights in the form of Performance Shares (PS). The PS are subject to a three-year vesting period. The vesting is further conditional on the achievement of non-market conditions (diluted earnings per share target) as well as market conditions (relative shareholder return target). Depending on the level of target achievement, the PS will be settled in shares of GF at a conversion rate of between 50% (threshold) and 150% (maximum payout). If the threshold is not met, no settlement will take place. After vesting, vested PS are blocked for additional two years. The current cost of the LTI at grant date is determined by applying a Monte Carlo simulation. Anticipated dividends are included in the model. Subsequent to the grant date, non-market conditions are remeasured at each reporting date. Adjustments from the remeasurement are recognized prospectively. Market conditions are already included in the calculation of actual value at the time they are granted and no subsequent revaluation is done. The expenses for PS are recognized over the three-year vesting period as salaries and wages against other retained earnings. Additional information on the functionality of the LTI plan is provided in the [Compensation Report](#).

The payments under share-based compensation for Senior Management are reported as personnel expenses. Costs are recognized fully in the year in which service is rendered.

Entitlements to state compensation programs at the level of individual GF Corporate Companies due to the adverse economic effects of the COVID-19 pandemic are reported under salaries and wages.

## 1.5 Non-operating result

The non-operating result includes the result of investment properties of CHF -2 million. In the previous year, the result of CHF 3 million included profits from the sale of investment properties, see also [note 2.6 Property, plant, and equipment](#).

## 1.6 Income taxes

CHF million	2021			2020		
	Total	Thereof current taxes	Thereof deferred taxes	Total	Thereof current taxes	Thereof deferred taxes
<b>Tax rate reconciliation</b>						
Profit before taxes	253			143		
Statutory tax rate in %	14			14		
<b>Income tax expense at statutory tax rate</b>	<b>35</b>	<b>37</b>	<b>-2</b>	<b>20</b>	<b>18</b>	<b>2</b>
Effect of income taxed at different rates <sup>1</sup>	20	26	-6	6	3	3
Non-tax deductible expenses/tax exempted income	-3	-3				
Use of unrecognized tax loss carryforwards	-7	-8	1	-4	-4	
Effect of non-recognition of tax losses in current year	6	6		10	17	-7
Recognition of previously unrecognized tax loss carryforwards				-1		-1
Tax charges and credits related to prior periods	-1	-1		-1	-1	
Non-creditable foreign withholding tax	4	4		5	5	
Other effects	-1	-2	1	-4	-1	-3
<b>Effective income tax expense</b>	<b>53</b>	<b>59</b>	<b>-6</b>	<b>31</b>	<b>37</b>	<b>-6</b>
Effective income tax rate in %	21			22		

<sup>1</sup> The GF Corporation operates worldwide and is subject to income tax in many different tax jurisdictions. The effect of income taxed at different rates may vary from year to year due to varying results of the individual GF Corporate Companies and changes in local tax rates.

The table shows the main elements that cause the GF Corporation's effective tax rate to differ from the statutory tax rate. The statutory tax rate is the ordinary tax rate applicable in the canton of Schaffhausen in Switzerland, where GF Corporation is headquartered. The above reconciliation starts with the statutory tax rate as it provides more meaningful information than a weighted average tax rate.

The decrease in the effective income tax rate was mainly due to the fact that the effective income tax rate in the previous year was influenced by tax losses at individual GF Corporate Companies due to the COVID-19 pandemic, which were not fully capitalized.

The unrecognized tax loss carryforwards in 2021 totaling CHF 141 million (previous year: CHF 159 million) have a potential tax relief effect of CHF 34 million (previous year: CHF 41 million), of which CHF 93 million (previous year: CHF 113 million) can be utilized for an indefinite period. CHF 1 million is to expire within one year (previous year: CHF 4 million).

As of 31 December 2021, tax loss carryforwards of CHF 46 million (previous year: CHF 51 million) were capitalized, resulting in a deferred tax asset of CHF 11 million (previous year: CHF 12 million).

#### Management assumptions and estimates

Current tax liabilities are calculated based on an interpretation of the tax regulations in place in the relevant countries. The adequacy of such an interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be capitalized, it is necessary to critically assess the probability of future taxable profits that can be offset. This assessment depends on a variety of influencing factors and developments.

#### Accounting principles

Income taxes include current and deferred taxes. Current income taxes are calculated on the taxable profit. Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. The calculation of deferred taxes is based on the country-specific tax rates.

## 1.7 Earnings per share

	2021	2020
Net profit attributable to shareholders of Georg Fischer Ltd	214	116
Weighted average number of shares	4'092'407	4'093'471
<b>Basic earnings per share in CHF</b>	<b>52</b>	<b>28</b>
<b>Diluted earnings per share in CHF</b>	<b>52</b>	<b>28</b>

There was no dilution of earnings per share in either the year under review or the previous year.

#### Accounting principles

Earnings per share are calculated by dividing the portion of net profit attributable to shareholders of GF by the weighted average number of shares outstanding in the reporting period. Diluted earnings per share take into account any potential additional shares that may result, for instance, from exercised options or conversion rights.

## 2 Operating assets and liabilities

This section provides information on current assets and liabilities that support the ongoing operational liquidity of the GF Corporation. The section further describes the non-current tangible and intangible assets required at the GF Corporate Companies to provide products and services to their customers. Furthermore, it provides a summary on the different items of goodwill and the theoretical impact of a capitalization and subsequent amortization of goodwill.

### 2.1 Trade accounts receivable

CHF million	31.12.2021	31.12.2020
<b>Gross values</b>	<b>645</b>	<b>580</b>
Individual value adjustments	-5	-6
Overall value adjustments	-28	-24
<b>Net values</b>	<b>611</b>	<b>550</b>
Europe	237	215
– Thereof Germany	35	29
– Thereof Switzerland	27	20
– Thereof rest of Europe	175	166
Americas	98	73
Asia	251	228
– Thereof China	165	167
– Thereof rest of Asia	85	61
Rest of world	26	34
<b>Total</b>	<b>611</b>	<b>550</b>

As of the balance sheet date, the aging structure of the trade accounts receivable, which are not subject to individual value adjustments, was as follows:

CHF million	31.12.2021		31.12.2020	
	Receivable after individual value adjustments	Overall value adjustment	Receivable after individual value adjustments	Overall value adjustment
Not yet due	490		445	
1 to 30 days overdue	71		53	
31 to 90 days overdue	39		38	
91 to 180 days overdue	18	14	22	11
More than 180 days overdue	21	14	16	13
<b>Total</b>	<b>639</b>	<b>28</b>	<b>574</b>	<b>24</b>

The individual value adjustments amounted to CHF 5 million (previous year: CHF 6 million). It is expected that part of the underlying receivables will be paid. Receivables not due are mainly receivables arising from long lasting customer relationships. Based on experience, GF does not anticipate any significant defaults. For further information on credit management and trade accounts receivable, see [note 3.6 Risk management](#).

### Accounting principles

Accounts receivable are stated at nominal value. Value adjustments for doubtful accounts are established based on maturity structure and identifiable solvency risks. Besides individual value adjustments with respect to specific known risks, other value adjustments are recognized based on historical experience of default risk.

## 2.2 Other accounts receivable

CHF million	31.12.2021	31.12.2020
Tax credits from indirect taxes	38	31
Other current accounts receivable	36	30
<b>Total</b>	<b>74</b>	<b>61</b>

## 2.3 Inventories

CHF million	31.12.2021	31.12.2020
Raw materials and components	279	208
Unfinished goods	158	139
Finished goods	522	468
<b>Gross value</b>	<b>959</b>	<b>815</b>
Valuation adjustments	-182	-177
<b>Total</b>	<b>776</b>	<b>638</b>

### Accounting principles

Goods held for trading are generally stated at average cost and internally manufactured products at standard cost, including direct labor and materials used, as well as a commensurate share of the related overhead costs. Cash discount deductions are treated as reductions in the purchase cost. If the net realizable value is lower than the above, a corresponding valuation adjustment is made. Inventories with an insufficient turnover rate are partly or fully value-adjusted.



## 2.4 Other liabilities

CHF million	31.12.2021	31.12.2020
Social security	22	22
Derivative financial instruments	2	2
Other tax liabilities	32	25
Other non-interest-bearing liabilities	40	26
<b>Total</b>	<b>96</b>	<b>75</b>
- Thereof current	68	54
- Thereof non-current	28	21

## 2.5 Categories of financial instruments

The table shows the carrying amount of all financial instruments per category. The carrying amount of the marketable securities recognized at their actual value is determined on the basis of the publicly available prices at the balance sheet date. Derivative financial instruments are stated at their actual value at the balance sheet date.

CHF million	31.12.2021	31.12.2020
<b>Financial instruments (assets)</b>		
<b>Cash and cash equivalents (excl. fixed-term deposits)</b>	<b>589</b>	<b>526</b>
Fixed-term deposits	343	308
Trade accounts receivable	611	550
Other accounts receivable (excl. tax credits)	36	30
Accrued income	13	16
Other financial assets	93	98
<b>Loans and receivables stated at amortized cost</b>	<b>1'096</b>	<b>1'002</b>
Marketable securities (excl. derivative financial instruments)	7	5
<b>Financial assets recognized in income statement at market value</b>	<b>7</b>	<b>5</b>
<b>Derivative financial instruments (assets)</b>	<b>5</b>	<b>2</b>
<b>Financial instruments (liabilities)</b>		
Trade accounts payable	543	445
Bonds	775	775
Other financial liabilities	222	180
Accrued liabilities and deferred income	273	239
Other liabilities (excl. derivative financial instruments)	94	73
<b>Liabilities stated at amortized cost</b>	<b>1'907</b>	<b>1'712</b>
<b>Derivative financial instruments (liabilities)</b>	<b>2</b>	<b>2</b>

## 2.6 Property, plant, and equipment

CHF million	Investment properties	Buildings and building Land components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	Property, plant, and equipment	
<b>Cost at 1.1.2021</b>	<b>194</b>	<b>44</b>	<b>779</b>	<b>1'446</b>	<b>238</b>	<b>80</b>	<b>24</b>	<b>2'612</b>
Additions	0	2	4	34	6	89	0	135
Disposals	-0	-1	-5	-33	-22		-0	-60
Changes in scope of consolidation		0	1	5	1	0		7
Reclassifications	24	6	-16	40	6	-62	-1	-27
Translation differences	-8	-1	-3	-12	-1	1	-1	-17
<b>Cost at 31.12.2021</b>	<b>210</b>	<b>50</b>	<b>762</b>	<b>1'480</b>	<b>228</b>	<b>107</b>	<b>22</b>	<b>2'648</b>
<b>Accumulated depreciation at 1.1.2021</b>	<b>-121</b>		<b>-391</b>	<b>-1'004</b>	<b>-176</b>	<b>-1</b>	<b>-13</b>	<b>-1'585</b>
Additions	-3		-26	-78	-15		-3	-122
Impairment				-6	-0			-6
Disposals	0		4	31	22		0	57
Changes in scope of consolidation			0	0	0			1
Reclassifications	-16		15	1	1	1	0	17
Translation differences	5		3	14	1	-0	1	19
<b>Accumulated depreciation at 31.12.2021</b>	<b>-134</b>		<b>-395</b>	<b>-1'042</b>	<b>-168</b>	<b>-0</b>	<b>-14</b>	<b>-1'619</b>
<b>Carrying amount at 31.12.2021</b>	<b>76</b>	<b>50</b>	<b>367</b>	<b>438</b>	<b>60</b>	<b>107</b>	<b>7</b>	<b>1'029</b>
<b>Cost at 1.1.2020</b>	<b>196</b>	<b>48</b>	<b>762</b>	<b>1'414</b>	<b>230</b>	<b>133</b>	<b>23</b>	<b>2'610</b>
Additions	0	1	10	26	9	95	2	143
Disposals	-1	-2	-33	-35	-10		-0	-80
Reclassifications	0	0	54	72	15	-143	-0	-2
Translation differences	-1	-2	-14	-31	-6	-5	-1	-59
<b>Cost at 31.12.2020</b>	<b>194</b>	<b>45</b>	<b>779</b>	<b>1'446</b>	<b>238</b>	<b>80</b>	<b>24</b>	<b>2'612</b>
<b>Accumulated depreciation at 1.1.2020</b>	<b>-119</b>		<b>-396</b>	<b>-974</b>	<b>-172</b>	<b>-2</b>	<b>-12</b>	<b>-1'556</b>
Additions	-2		-26	-78	-15		-3	-122
Impairment			-1	-4	-1	1		-5
Disposals			29	34	9		0	72
Reclassifications	-0		-1	3	0			2
Translation differences	0		4	15	3	0	1	23
<b>Accumulated depreciation at 31.12.2020</b>	<b>-121</b>		<b>-391</b>	<b>-1'004</b>	<b>-176</b>	<b>-1</b>	<b>-14</b>	<b>-1'586</b>
<b>Carrying amount at 31.12.2020</b>	<b>73</b>	<b>45</b>	<b>388</b>	<b>442</b>	<b>62</b>	<b>79</b>	<b>10</b>	<b>1'026</b>

Additions to property, plant, and equipment for GF Piping Systems included investment in equipment in Schaffhausen (Switzerland) in the amount of CHF 10 million and Shawnee (USA) in the amount of CHF 5 million, as well as investment in new buildings or expansion of buildings in El Monte (USA) in the amount of CHF 5 million, Yangzhou (China) in the amount of CHF 4 million, Ratnagiri (India) in the amount of CHF 4 million and Bani Suwayf (Egypt) in the amount of CHF 3 million. Additions for GF Casting Solutions included investment in equipment in the light metal foundry in Mills River (USA) in the amount of CHF 16 million and Altenmarkt (Austria) in the amount of CHF 7 million, as well as investment in new buildings or the expansion of buildings in Shenyang (China) in the

amount of CHF 16 million and Suzhou (China) in the amount of CHF 6 million. Additions for GF Machining Solutions included investment in the expansion of buildings in Losone (Switzerland) in the amount of CHF 7 million.

The movements in "Changes in scope of consolidation" result from acquisitions explained in more detail in [note 4.1 Changes in scope of consolidation](#). The movements in "Changes in scope of consolidation" under "Accumulated depreciation" result from the ownership increase of Langfang Shuchang Auto Parts Co Ltd and Beijing Jingran Lingyun Gas Equipment Co Ltd.

Land includes CHF 4 million of undeveloped properties (previous year: CHF 4 million).

The overall movements in "Reclassifications" are explained by the reclassification of a building from property, plant, and equipment to investment properties in Werdohl (Germany), as well as demo machines earmarked for sale reclassified to inventories.

In the previous year, the sale of investment properties in Schaffhausen (Switzerland) was recorded as a disposal. The actual value of investment properties, as determined by internal assessments on the basis of capitalized and current market values, is CHF 117 million (previous year: CHF 98 million).

Impairments amounting to CHF 6 million related mostly to obsolescence of equipment due to phase-outs of product groups. In the previous year, impairments amounting to CHF 5 million related entirely to the relocation of production from Werdohl (Germany).

#### Management assumptions and estimates

The recoverability of property, plant, and equipment are reviewed whenever there are indications that their carrying amount may no longer be recoverable, due to changed circumstances or events. If such a situation arises, the recoverable amount is determined. It corresponds to the higher of the discounted value of expected future net cash flows and the expected net selling price. If the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins, and discount rates. The actual future cash flows can differ considerably from discounted projections.

#### Accounting principles

Property, plant, and equipment are stated at cost or manufacturing cost less depreciation and impairment. The recoverability of property, plant, and equipment is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. Financing costs of assets under construction are part of the costs of the asset if material. Assets held under finance lease contracts are capitalized at the lower of the present value of the minimum lease payments and fair value. The related outstanding finance lease obligations are presented as liabilities. Assets held under the terms of a finance lease are described in [note 3.4 Leasing](#). Assets are depreciated on a straight-line basis over their estimated useful lives or lease terms:

- Investment properties: 30–40 years
- Buildings: 30–40 years
- Building components: 8–20 years
- Machinery and production equipment: 6–20 years
- Other equipment (vehicles, IT systems, etc.): 1–5 years

Land and assets under construction are usually not depreciated. When components of larger assets have different useful lives, these are depreciated separately. Useful lives and residual values are reviewed annually on the balance sheet date and adjustments are recognized in the income statement. Any gains or losses on the disposal of items of property, plant, and equipment are recognized in the income statement.

## 2.7 Intangible assets

CHF million	Land use rights	Software	Royalties, patents, others	Intangible assets
Cost at 31.12.2021	20	64	14	98
Accumulated amortization at 31.12.2021	-6	-43	-9	-58
<b>Carrying amount at 31.12.2021</b>	<b>14</b>	<b>21</b>	<b>5</b>	<b>40</b>
Cost at 31.12.2020	18	55	18	91
Accumulated amortization at 31.12.2020	-5	-38	-12	-55
<b>Carrying amount at 31.12.2020</b>	<b>13</b>	<b>17</b>	<b>6</b>	<b>36</b>

### Accounting principles

Land use rights are amortized on a straight-line basis over the duration of the usage rights granted. For this item, useful lives can be up to 50 years. Software is amortized on a straight-line basis over the estimated useful lives of 1 to 5 years. Acquired royalties, patents, and similar rights are capitalized and amortized on a straight-line basis over their estimated useful lives of 3 to 15 years. The recoverability of intangible assets is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement. All research costs are recognized in the income statement in the period in which they were incurred. Development costs are recognized as an asset only to the extent that the following specific recognition criteria are all met cumulatively:

- costs are clearly defined, clearly attributable to the product or process, and can be separately identified and measured reliably
- the technical feasibility can be demonstrated
- the company intends to produce and market the product or to use the process
- a market exists
- the required internal resources are available
- the amount recognized is covered by future cash flows

## 2.8 Goodwill

The theoretical capitalization of the goodwill would affect the consolidated financial statement as follows:

### Theoretical movements in goodwill

CHF million	2021	2020
<b>Cost at 1.1.</b>	<b>615</b>	<b>646</b>
Additions from acquisitions	41	-1
Adjustments	1	-1
Translation differences	-16	-29
<b>Cost at 31.12.</b>	<b>641</b>	<b>615</b>
<b>Accumulated amortization at 1.1.</b>	<b>-574</b>	<b>-546</b>
Additions regular	-37	-34
Impairment		-21
Translation differences	15	27
<b>Accumulated amortization at 31.12.</b>	<b>-596</b>	<b>-574</b>
<b>Theoretical carrying amount at 31.12.</b>	<b>45</b>	<b>41</b>

### Effect on income statement

CHF million	2021	2020
Operating result (EBIT)	278	166
Return on sales (EBIT margin) %	7.5	5.2
Amortization goodwill	-37	-34
Impairment goodwill		-21
Theoretical operating result (EBIT) incl. amortization/impairment of goodwill	241	111
Theoretical return on sales (EBIT margin) %	6.5	3.5
Net profit	200	112
Amortization goodwill	-37	-34
Impairment goodwill		-21
Theoretical net profit incl. amortization/impairment of goodwill	163	57

### Effect on balance sheet

CHF million	31.12.2021	31.12.2020
Equity according to balance sheet	1'496	1'389
Theoretical capitalization of goodwill	45	41
Theoretical equity incl. goodwill	1'541	1'430
Equity as % of balance sheet total	39.7	40.3
Theoretical equity incl. goodwill as % of balance sheet total incl. goodwill	40.4	41.0

Goodwill from acquisitions is offset against the consolidated equity at the acquisition date. The theoretical amortization is based on the straight-line method over the useful life of five years. The additions in 2021 are mainly attributable to the acquisitions of F.G.S. Brasil Indústria e Comércio Ltda. (CHF 31 million) and Oxford Flow Utility & Industries Ltd (CHF 9 million).

As of the balance sheet date no indications of impairment were found except for the goodwill of Global Supply Company LLC, Hallandale (USA), GF Casting Solutions SRL, Pitești (Romania), and Symmedia GmbH, Bielefeld (Germany). These goodwill items were tested for impairment. By applying the capital asset pricing model, individual costs of capital were calculated. The calculation required an assessment of the relative market risk of different peer groups as well as the determination of specific risk-free interest rates, equity market risk premiums, the borrowing costs, and relevant tax rates. Since the cash flow projections were based on cash flows after tax, the discount rate has also been determined after tax. The discount rates are for Global Supply Company LLC at 7.6%, for GF Casting Solutions SRL at 11.3%, and for Symmedia GmbH at 7.5%. The impairment tests for Global Supply Company LLC, GF Casting Solutions SRL, and Symmedia GmbH revealed that the resulting recoverable amounts based on value in use calculations exceeded the respective carrying amounts.

In 2020, the impairment tests for GF Urecon Ltd, Global Supply Company LLC, GF Casting Solutions SRL, and Symmedia GmbH revealed that the resulting recoverable amounts based on value in use calculations exceeded the respective carrying amounts. The impairment test for GF Precicast SA showed that the value of the goodwill was not fully supported by the calculated value in use. As a result, an impairment charge on the partial carrying amount of goodwill of CHF 21 million was recorded in the theoretical goodwill reconciliation. GF Precicast SA mainly serves the international aerospace and industrial gas turbine markets. The partial impairment of the goodwill was triggered by the strong decrease in demand for aircraft engine parts and the expectation of a delayed recovery in that market segment.

#### **Management assumptions and estimates**

For goodwill, an impairment test is performed if there is any indication that the theoretical book value is no longer recoverable. As a basis for the calculation, business plans for the next five years are used. The projections are based on knowledge and experience as well as on current judgments made by management as to the probable economic development of the relevant markets. It is assumed that there are no significant planned changes in the organization of any of the divisions, except for the measures already decided and announced.

#### **Accounting principles**

In the event of a business combination, goodwill as of the date of acquisition is calculated as follows: the acquisition price plus transaction costs incurred in connection with the business combination less the value of the acquired and revalued net assets on the balance sheet.

The positive or negative goodwill resulting from acquisitions and changes in ownership are offset in equity against retained earnings at the date of acquisition. Upon the disposal of a GF Corporate Company, the goodwill previously offset in equity is transferred to the income statement. If parts of the purchase price are dependent on future results, they are estimated as accurately as possible at the acquisition date and recognized in the balance sheet. In the event of disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly.

The recoverability of the goodwill reported in the theoretical movement table is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. As the goodwill is already offset in equity at the date of the acquisition, an impairment of the goodwill does not affect the income statement, but leads to a disclosure in the notes only.



## 2.9 Provisions

CHF million	Personnel	Warranties	Legal	Onerous contracts	Restructuring	Other	Provisions
<b>Balance at 1.1.2021</b>	<b>56</b>	<b>39</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>140</b>
Increase	7	19	3	3	0	5	37
Use	-5	-12	-1	-1	-10	-3	-32
Release	-2	-8	-1	-4	-0	-1	-16
Changes in scope of consolidation		0	0			0	0
Translation differences	-2	-1	-0	-0	-0	-1	-5
<b>Balance at 31.12.2021</b>	<b>54</b>	<b>36</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>17</b>	<b>125</b>
- Thereof current	3	24	1	5	2	6	42
- Thereof non-current	50	12	8	1	0	11	83
<b>Balance at 1.1.2020</b>	<b>56</b>	<b>37</b>	<b>14</b>	<b>8</b>	<b>15</b>	<b>25</b>	<b>155</b>
Increase	4	20	6	5	13	0	48
Use	-3	-12	-10	-2	-15	-7	-49
Release	-1	-4	-2	-2	-1	-1	-11
Translation differences	-0	-2	-1	-0	-0	-0	-3
<b>Balance at 31.12.2020</b>	<b>56</b>	<b>39</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>17</b>	<b>140</b>
- Thereof current	4	29	1	6	12	5	57
- Thereof non-current	52	10	6	3	0	12	83

### Personnel

Includes provisions for employee retirement benefits and other service-related employee benefits which are not provided by pension funds or similar institutions as well as anniversary bonuses and provisions for work accidents. For employee benefits provided by pension funds refer to [note 5.1 Employee benefit obligations](#).

### Warranties

Cover expected expenses for warranty benefits such as repairs and replacements. All three divisions provide warranty benefits to their customers: 39% of the provisions relate to GF Piping Systems (previous year: 26%), 28% GF Casting Solutions (previous year: 44%), and 33% GF Machining Solutions (previous year: 30%).

### Legal

Includes all obligations deriving from legal cases and litigations. None of the individual provisions should lead to an outflow of more than CHF 5 million (previous year: CHF 5 million).

### Onerous contracts

Summarizes contracts for which the fulfillment leads to unavoidable costs that exceed the associated economic benefits.

### Restructuring

Summarizes provisions for legal and/or constructive obligations deriving from restructurings. A constructive obligation arises when a detailed and formal plan for a restructuring exists and a legitimate expectation of third parties that the obligation will be fulfilled was raised. The changes in provision in 2021 and 2020 are related to restructuring and relocation activities in Europe.

## Other

Includes all other events that give rise to a provision such as non-warranty claims by customers and risks from business activities not allocated to the warranties, legal, or onerous contract categories.

### Management assumptions and estimates

In the course of their ordinary operating activities, GF Corporate Companies can become involved in litigation. Provisions for pending legal proceedings are measured on the basis of professional expertise of internal and external lawyers and a best estimate of the expected outflow of resources (considering available insurance coverage). The assessment may change in the following year depending on the future development of ongoing legal proceedings. If there are any contractual obligations for which the unavoidable costs of meeting the obligations exceed the expected economic benefits (e.g. onerous contracts), provisions are made for the agreed amounts over the entire period or over a prudently estimated period.

### Accounting principles

Provisions are recognized if a legal or constructive obligation exists as a result of a past event that makes it probable that an outflow of resources will be required to settle this obligation and the amount can be estimated reliably. The valuation of provisions in all categories is based on actual data if available (e.g. claims that have occurred or been reported) or on the experience of recent years and management estimates. Possible obligations whose occurrence cannot be assessed on the balance sheet date or obligations whose amount cannot be reliably estimated are disclosed as contingent liabilities.

## 2.10 Accrued liabilities and deferred income

CHF million	31.12.2021	31.12.2020
Overtime, holiday, bonuses, and premiums	119	95
Accrued liabilities/deferred income for commissions and discounts	51	43
Other accrued liabilities and deferred income	103	101
<b>Total</b>	<b>273</b>	<b>239</b>

## 2.11 Contingent liabilities

Contingent liabilities amounted to CHF 90 million (previous year: CHF 90 million) and include guarantees to third parties. In the previous year, GF sold all remaining interests in related parties. As a result, former guarantees to related parties in favor of third parties became guarantees to third parties. The amount of guarantees to former related parties in favor of third parties at year-end 2020 was CHF 86 million.

# 3 Capital and financial risk management

Total capital is defined as total equity and net debt. The GF Corporation manages its capital structure in order to safeguard its ability to continue as a going concern, achieve an optimal cost of capital and optimize the long-term returns to its shareholders as well as provide financial flexibility with regard to future strategic investments. The GF Corporation is exposed to a number of financial risks, and this section further outlines the key financial risks and how they are managed.

## 3.1 Interest-bearing financial liabilities

CHF million	Maturity			31.12.2021	31.12.2020
	within 1 year	1 to 5 years	over 5 years		
Bonds (at fixed interest rates)	150	225	400	775	775
Other financial liabilities (at fixed interest rates) <sup>1</sup>	21	127		148	111
Other financial liabilities (at variable interest rates)	74			74	69
Loans from pension fund institutions	2			2	3
<b>Total</b>	<b>247</b>	<b>352</b>	<b>400</b>	<b>999</b>	<b>958</b>

<sup>1</sup> This category comprises other financial liabilities with a fixed interest period of more than three months.

Net debt, which is calculated as the difference between interest-bearing liabilities and cash and cash equivalents and marketable securities, decreased by CHF 63 million to CHF 54 million in the year under review (previous year: CHF 117 million). This decrease was primarily related to the free cash flow (CHF 110 million) minus the dividend payments to GF shareholders and minority shareholders amounting to CHF 72 million.

In the previous year, the financial flexibility and maturity profile were improved by the placement of a CHF 200 million bond with a maturity of 9.5 years. Furthermore, short-term bank loans in the amount of CHF 435 million were drawn and repaid during the previous year.

The following table shows in detail the various categories of interest-bearing financial liabilities by currency and interest rate:

CHF million	Currency	Interest rate %	31.12.2021	Currency	Interest rate %	31.12.2020
2.5% Georg Fischer Finanz Ltd Bond, 2013–2022 (12 September), CHF 150 million, CH0221386144	CHF	2.6	150	CHF	2.6	150
0.875% Georg Fischer Finanz Ltd Bond, 2016–2026 (12 May), CHF 225 million, CH0319415961	CHF	0.9	225	CHF	0.9	225
1.05% Georg Fischer Ltd Bond, 2018–2028 (20 April), CHF 200 million, CH0373476636	CHF	1.06	200	CHF	1.06	200
0.95% Georg Fischer Ltd Bond, 2020–2030 (25 March), CHF 200 million, CH0536893230	CHF	0.96	200	CHF	0.96	200
<b>Bonds (at fixed interest rates)</b>			<b>775</b>			<b>775</b>
	USD	3.5	117	USD	3.5	85
	EUR	0.8–2.0	19	EUR	0.8–2.0	17
	CHF	1.5–4.3	8	CHF	1.5–4.3	8
	Other	4.4	4	Other	2.5	1
<b>Other financial liabilities (at fixed interest rates)<sup>1</sup></b>			<b>148</b>			<b>111</b>
	CNY	3.4–3.9	32	CNY	3.4–4.4	41
	TRY	18.0–28.0	20	TRY	8.5–17.5	10
	EUR	0.6–1.5	17	EUR	0.8–1.6	17
	Other	2.1–8.0	5	Other	2.1	1
<b>Other financial liabilities (at variable interest rates)</b>			<b>74</b>			<b>69</b>
<b>Loans from pension fund institutions</b>	<b>CHF</b>	<b>1.0</b>	<b>2</b>	<b>CHF</b>	<b>1.0</b>	<b>3</b>
<b>Total</b>			<b>999</b>			<b>958</b>

<sup>1</sup> This category comprises other financial liabilities with a fixed interest period of more than three months.

The term of the syndicated loan was extended by one year to 2025 in the previous year:

Debtors	Minimum term	Credit	Thereof utilized
Georg Fischer Ltd/Georg Fischer Finanz Ltd	2019–2025	CHF 400 million	CHF 0 million

The syndicated credit line provides the GF Corporation with the financial flexibility to act swiftly, for instance in the case of acquisitions, and was not drawn as of the end of the year 2021 and 2020. In addition to other terms, the syndicated credit line is subject to a covenant with respect to the net debt ratio (ratio of net debt to EBITDA). The conditions of the syndicated credit line are considered to represent standard conditions for such types of arrangements. As of 31 December 2021, the financial covenant was not breached.

The bonds as well as the syndicated credit line are subject to standard cross-default clauses, whereby the outstanding amounts may all become due if early repayment of another loan is demanded from GF or one of its subsidiaries, owing to a failure to meet the credit terms. As of the balance sheet date, the effective credit terms had been met.

The interest-bearing financial liabilities also included loans payable to employee benefit plans in the amount of CHF 2 million (previous year: CHF 3 million).

**Accounting principles**

Financial liabilities comprise loans, bonds and finance lease contracts. They are recognized at their amortized cost. Borrowing costs are recognized in the income statement using the effective interest method. Borrowing costs that can be allocated directly to the construction, build-up, or purchase of a qualifying asset are capitalized as part of the acquisition or manufacturing costs of the asset.

## 3.2 Pledged or assigned assets

Assets pledged or restricted on title in part or whole amounted to CHF 8 million (previous year: CHF 9 million). They essentially contain CHF 5 million (previous year: CHF 5 million) of pledged assets related to accounts receivable and CHF 3 million (previous year: CHF 3 million) related to liquid assets. The assets are pledged or restricted on title as collateral for bank loans.

## 3.3 Financial result

CHF million	2021	2020
Interest income	3	5
<b>Financial income</b>	<b>3</b>	<b>5</b>
Interest expenses	-22	-24
Share of results of associates	-0	-7
Other financial expenses	-3	-0
<b>Financial expenses</b>	<b>-26</b>	<b>-31</b>
Foreign exchange profit/loss	-1	-0
<b>Financial result</b>	<b>-23</b>	<b>-26</b>

In the previous year, the result of associates includes a negative impact on the application of the equity accounting of CHF 4 million, additional value adjustments of CHF 4 million on the non-current loans to associates as well as gains from the sale of the remaining investments in associates.

## 3.4 Leasing

CHF million	31.12.2021	31.12.2020
Leasing obligations up to 1 year	25	20
Leasing obligations 1 to 5 years	55	50
Leasing obligations over 5 years	20	6
<b>Operating leases (nominal values)</b>	<b>100</b>	<b>76</b>

In the year under review, the increase in lease obligations is mainly due to extensions of leases in China.

Liabilities relating to financial lease contracts in the amount of CHF 7 million (previous year: CHF 10 million) were mainly due to the leasing of machines by GF Piping Systems and GF Casting Solutions. The leasing obligations are included in "Other financial liabilities at fixed interest rates" and are disclosed in [note 3.1 Interest-bearing financial liabilities](#).

### Accounting principles

Finance leases are recognized in property, plant, and equipment as well as in other financial liabilities on the balance sheet when most of the contractual risks and rewards have been transferred to the GF Corporate Company. Lease installments are divided into an interest and a repayment component based on the annuity method. Assets held under such finance leases are depreciated over the shorter of their estimated useful life and lease term. Operating lease installments are reported in the income statement under operating expenses.

## 3.5 Equity

### Share capital

As of 31 December 2021, the share capital comprised 4'100'898 registered shares with a par value of CHF 1 each. Total dividend-bearing nominal capital amounted to CHF 4'100'898.

Until 14 April 2022, the maximum authorized share capital is CHF 400'000 divided into 400'000 registered shares, each with a par value of CHF 1. The conditional capital consists of a maximum of 400'000 shares divided into 400'000 registered shares, each with a par value of CHF 1. The maximum amount of the authorized or conditional capital is reduced by the amount of authorized or conditional capital created through the issue of bonds or similar debt instruments or new shares.

### Dividend policy and dividend

The Board of Directors presents a proposal for the appropriation of retained earnings to the Annual Shareholders' Meeting of GF. Over the medium term, the target is to distribute between 30% and 40% of the consolidated net profit to shareholders.

For the financial year 2021 the Board of Directors is proposing to the Annual Shareholders' Meeting of GF a total dividend payment out of the retained earnings of CHF 20 per registered share (previous year: CHF 15 per registered share).

As of 31 December 2021, reserves that cannot be distributed to the shareholders amounted to CHF 97 million (previous year: CHF 82 million).



## Treasury shares

	2021			2020		
	Number of shares	Transaction price (Ø) in CHF	Total in CHF million	Number of shares	Transaction price (Ø) in CHF	Total in CHF million
<b>Balance at 1.1.</b>	<b>7'682</b>	<b>929</b>	<b>7</b>	<b>7'173</b>	<b>918</b>	<b>7</b>
Purchases	8'472	1'322	11	8'065	926	7
Transfers (share-based compensation)	-6'853	1'002	-7	-7'556	915	-7
<b>Balance at 31.12.</b>	<b>9'301</b>	<b>1'233</b>	<b>11</b>	<b>7'682</b>	<b>929</b>	<b>7</b>

GF purchases treasury shares to meet its obligation under the different share-based compensation models offered to the Board of Directors, the Executive Committee, and the Senior Management. For further information on share-based compensation for the Board of Directors and the Executive Committee see [Compensation Report, note 1.3 Operating expenses](#) and [1.4 Personnel expenses](#).

### Accounting principles

Treasury shares are recorded at acquisition cost as a negative position in equity. Gains or losses arising from the disposal of treasury shares are added to or deducted from the capital reserves.

## Target capital structure

The GF Corporation uses two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio represents equity as a percentage of total assets. Return on equity is net profit expressed as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors on a regular basis.

	2021	2020
Equity ratio as %, at 31.12.	39.7	40.3
Return on average reported equity as %	13.8	7.9

The GF Corporation aims to maintain an equity ratio of 35% to 40% with a return on equity above 15%. Although total equity increased, total assets increased, so that the equity ratio fell to 39.7% (previous year: 40.3%).

## 3.6 Risk management

Enterprise risk management as a fully integrated risk management process was systematically applied in 2021 at all levels of the GF Corporation. A risk map was prepared in May for the GF Corporation, the three divisions, and all significant GF Corporate Companies and sales regions, including the key risks in the areas of strategy, markets, operations, management and resources, finance as well as sustainability. The likelihood of the risk occurring was classified into four categories. Where possible and appropriate, the identified risks were subject to a quantifiable assessment, taking into consideration any measures already implemented. Alternatively, a qualitative assessment of the risk exposure was applied.

The risk council, consisting of representatives of the divisions and the Corporate Staff and headed by the Chief Risk Officer, held one meeting. The main content of the discussions was the analysis of the adapted risk management process and the new risk management reporting software. In addition, the divisional risk maps were closely analyzed.

In accordance with the annual risk reporting process, the Executive Committee and divisional management discussed the risk maps in June/July of the reporting year. They defined, at the appropriate level, the key risks of the GF Corporation, the divisions and the GF Corporate Companies and sales regions, and determined adequate measures to mitigate those risks. The outcome of these workshops was included in the risk report for 2021, which was approved by the Board of Directors in December 2021. In addition, the Board of Directors held a risk management workshop in November 2021 with the aim to define all relevant risks from a Board of Directors' viewpoint and compare the findings with the risk assessment of the Executive Committee. The result of this workshop as well as the determined measures in order to mitigate or control the risks defined were included in the 2021 risk report.

The multi-stage procedure, including workshops at divisional management, Executive Committee, and Board of Directors level, has proven to be effective. In addition, Internal Audit assess the risk maps prepared by the GF Corporate Companies.

The following key risks were identified: the disruption of supply chains, the negative economic impact of the COVID-19 pandemic crisis, and cyber risks. Measures to reduce these and other risks were defined and are being implemented in line with the strategic targets of the GF Corporation and the three divisions.

### Financial risk management

Through its different business activities, the GF Corporation is exposed to various financial risks such as credit risk, market risk (including currency risk, interest rate risk, and price risk), and liquidity risk. The following sections provide an overview of the extent of the individual risks as well as the goals, principles, and processes employed for measuring, monitoring, mitigating, and managing the risks.

Financial risks	Risk source	Risk management
<b>Credit risk</b>	Default of a counterparty affecting the recoverability of trade accounts receivable or bank deposits	Diversification and regular assessments of credit-worthiness
<b>Market risk</b>		
- Currency risk	Sales and purchases as well as financing to GF Corporate Companies in foreign currencies	Selling and producing in functional currency (congruency principle) and hedging by means of currency forward contracts
- Interest rate risk	Deemed insignificant	Not deemed necessary
- Price risk	Deemed insignificant	Not deemed necessary
<b>Liquidity risk</b>	Insufficient liquidity to pay liabilities due	Constant monitoring of liquidity, liquidity reserves and unused credit lines

The Board of Directors bears ultimate responsibility for financial risk management. The Board of Directors has mandated the Audit Committee with monitoring the development and implementation of the risk management principles. The Audit Committee reports regularly to the Board of Directors on this matter.

The financial risk management principles are designed to identify and analyze the risks to which the GF Corporation is exposed and to establish appropriate control mechanisms. The principles of financial risk management are regularly reviewed, taking into consideration changes in the relevant financial markets and in the activities of the GF Corporation.

## Credit risk

As of the balance sheet date, the maximum amount of credit risk including off-balance sheet commitments was as follows:

CHF million	31.12.2021	31.12.2020
<b>On-balance sheet</b>		
Cash and cash equivalents	932	834
Trade accounts receivable	611	550
Other accounts receivable (excl. tax credits)	36	30
Accrued income	13	16
Other financial assets	93	98
Derivative financial instruments	5	2
<b>Total on-balance sheet</b>	<b>1'690</b>	<b>1'530</b>
<b>Off-balance sheet</b>		
Guarantees to third parties <sup>1</sup>	90	90
<b>Total off-balance sheet</b>	<b>90</b>	<b>90</b>

<sup>1</sup> Thereof used CHF 89 million (previous year: CHF 89 million).

Cash is predominantly deposited with leading Swiss, German, US, and Chinese banks with a credit rating of at least BBB- (Standard & Poor's). Furthermore and in accordance with the investment policy, all financial transactions are only entered into with counterparties deemed creditworthy. In addition, cash holdings are allocated to different banks in order to limit the counterparty risk. The maximum amount of cash to deposit with a bank is defined in relation to its credit rating. Cash deposits, current accounts, and cash investments have a maturity of less than three months.

Transactions involving derivative financial instruments are only entered into with counterparties with a credit rating of at least BBB- (Standard & Poor's). The purpose of such transactions is to hedge against currency risks.

The risk of concentrated credit risks on trade accounts receivable is limited due to the large number of customers and their wide diversification across industries and regions. The extent of credit risk is determined by individual characteristics of the customers and in order to assess this risk, a review of creditworthiness based on the customer's financial situation and historical experience is performed on a regular basis.

The maximum credit risk on financial instruments corresponds to their carrying amounts. No additional arrangements have been entered into that would increase the risk above the carrying amounts.

## Currency risk

Currency risk occurs in connection with transactions (in particular the purchase and sale of goods) which are effected in currencies that differ from the functional currencies. Through such transactions the GF Corporation is mainly exposed to changes in the euro, US dollar, Chinese yuan, and Turkish lira exchange rates. These currency risks can be reduced by purchasing and producing goods in the functional currencies (congruency principle) or by entering into foreign currency forwards (cash flow hedges), usually for a maximum of 12 months.

### Derivative financial instruments

The table below shows the foreign currency forward contract and actual values of the foreign currency contracts used to mitigate currency risk:

CHF million	Balance sheet hedges	Cash flow hedges	31.12.2021	31.12.2020
Contract value	277	86	363	291
Positive actual value (recognized as marketable securities)	4	2	5	2
Negative actual value (recognized as other liabilities)	-1	-0	-2	-2
<b>Net actual value</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>0</b>

The balance sheet hedges include foreign currency forward contracts that are used to hedge loans to GF Corporate Companies in foreign currencies. Unrealized gains and losses from changes in the fair value are reported in the financial result. These hedges are mainly in euro, US dollars, Romanian leus, and Canadian dollars, and expire usually no later than 12 months from the balance sheet date.

The balance sheet hedges also include foreign currency forward contracts that serve to hedge currency risks on receivables and payables. Like the currency effects on the underlying balance sheet item, gains and losses from changes to the actual value of these contracts are recognized in "Other operating income". These balance sheet hedges are mainly in US dollars and euro and expire no later than 12 months from the balance sheet date.

#### Accounting principles

Derivative financial instruments used to hedge balance sheet items are accounted for at market values through the income statement. Hedging transactions on probable future cash flows (cash flow hedges) are initially accounted for at market values through equity. Later, when an asset or a liability results from the hedged underlying transaction, the gains and losses previously recognized in equity are transferred to the income statement. In the case of cash flow hedges, the volume of the foreign currency forward contracts is limited to maximum 75% of the probable future cash flows.

### Foreign exchange rates

CHF	Average rates			Spot rates		
	2021	2020	Change %	31.12.2021	31.12.2020	Change %
1 CNY	0.142	0.136	4.3	0.144	0.135	6.6
1 EUR	1.081	1.071	1.0	1.033	1.080	-4.4
1 GBP	1.258	1.204	4.5	1.229	1.202	2.3
1 HKD	0.118	0.121	-2.8	0.117	0.114	3.0
1 TRY	0.106	0.135	-21.8	0.068	0.119	-42.8
1 USD	0.914	0.938	-2.6	0.912	0.880	3.6
100 SEK	10.660	10.217	4.3	10.079	10.765	-6.4

## Liquidity risk

Liquidity risk is the risk that the GF Corporation is unable to meet its obligations when they fall due. Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the GF Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as of 31 December 2021 was CHF 772 million (previous year: CHF 732 million). The credit lines are maintained with different banks in order to ensure swift and adequate access to these credit lines.

CHF million	Carrying amount	Contractual cash flows	Maturity (incl. interest rates)		
			up to 1 year	1 to 5 years	over 5 years
Trade accounts payable	543	543	543		
Bonds	775	821	160	249	412
Other financial liabilities	222	236	105	131	
Accrued liabilities and deferred income	273	273	273		
Other liabilities	96	96	68	28	
<b>Total at 31.12.2021</b>	<b>1'909</b>	<b>1'970</b>	<b>1'149</b>	<b>408</b>	<b>412</b>
<b>Total at 31.12.2020</b>	<b>1'714</b>	<b>1'778</b>	<b>842</b>	<b>293</b>	<b>643</b>

## 4 Corporate structure

This section provides information on the changes in the scope of consolidation and especially on acquisitions and divestments.

### 4.1 Changes in scope of consolidation

#### Additions

Company	Country	Division <sup>1</sup>	Transaction	Interest (%)	2021
F.G.S. Brasil Indústria e Comércio Ltda.	Brazil	PS	Acquisition	100%	1 March
Langfang Shuchang Auto Parts Co Ltd	China	PS	Ownership increase	from 40% to 50%	1 June
MACN SAS	France	MS	Acquisition	100%	1 July
Oxford Flow Utility & Industries Ltd	Great Britain	CM	Ownership increase	from 8% to 23%	23 July
Beijing Jingran Lingyun Gas Equipment Co Ltd	China	PS	Ownership increase	from 40% to 50%	1 August
Ningbo Chinaust Fitting Manufacturing Co., Ltd.	China	PS	Foundation	20%	1 December
<b>2020</b>					
Georg Fischer Meco Eckel GmbH & Co. KG	Germany	CS	Ownership increase	from 50% to 75%	1 April
Georg Fischer Meco Eckel GmbH	Germany	CS	Ownership increase	from 50% to 75%	1 April
PEM Zerspanungstechnik GmbH	Germany	CS	Ownership increase	from 51% to 100%	1 April
Georg Fischer Casting Solutions Shenyang Co. Ltd.	China	CS	Foundation	100%	1 July
Egypt Gas GF-Corvys Piping Systems S.A.E.	Egypt	PS	Foundation	75%	1 August

1 Division: PS = GF Piping Systems, CS = GF Casting Solutions, MS = GF Machining Solutions, CM = Corporate Management

On 28 February 2021, 100% of the shares of the leading manufacturer of polyethylene piping systems, F.G.S. Brasil Indústria e Comércio Ltda. (FGS), Cajamar (Brazil), were acquired. Control was assumed as of 1 March 2021. FGS serves the local water and gas distribution market and other industrial segments. Pro rata sales 2021: CHF 28 million.

On 15 July 2021, 100% of the shares of the service company Maintenance Automatismes Commande Numerique SAS (MACN SAS), La Roche-Blanche (France), were acquired. Control was assumed as of 1 July 2021. Pro rata sales 2021: CHF 1 million.

On 24 February 2020, 7.55% of the capital of Oxford Flow Utility & Industries Ltd was acquired with an option to acquire up to 23% of the capital in 2021. This stake was later diluted to 6.29%. On 23 July 2021, the option has been exercised and further 16.67% of the capital was acquired. As of 31 December 2021, the stake amounted to 22.96%. Since the second acquisition, significant influence was assumed and the investment was recorded as an investment in associates (see [note 5.2 Other financial assets](#)).

#### Disposals

Company	Country	Division <sup>1</sup>	Transaction	Interest (%)	2020
Fondium Group GmbH	Germany	CM	Ownership reduction	from 20% to 0%	1 May
Fondium Mettmann GmbH	Germany	CM	Ownership reduction	from 20% to 0%	1 May
Fondium Singen GmbH	Germany	CM	Ownership reduction	from 20% to 0%	1 May
Fondium Holding GmbH	Germany	CM	Ownership reduction	from 20% to 0%	1 May

1 Division: CM = Corporate Management

## Mergers

As of 1 July 2020, 9362-6877 Québec Inc, Montreal (Canada) merged with GF Urecon Ltd, Coteau-du-Lac, Québec (Canada), (reverse merger). Division: GF Piping Systems and GF Corporate Management.

## Assets and liabilities from acquisitions

CHF million	F.G.S. Brasil Indústria e Comércio Ltda.	MACN SAS	Total 2021	Total 2020
Cash and cash equivalents	0	1	1	
Trade accounts receivable	4	0	4	
Inventories	3	0	4	
Other accounts receivable	2	0	2	
Prepayments to creditors	0		0	
Property, plant, and equipment	4	1	5	
Intangible assets	0		0	
Deferred tax assets	0		0	
<b>Total assets</b>	<b>14</b>	<b>2</b>	<b>15</b>	
Deferred tax liabilities		0	0	
Non-interest bearing liabilities	7	1	7	
Interest-bearing liabilities	1	0	1	
<b>Net assets</b>	<b>6</b>	<b>1</b>	<b>7</b>	

For this presentation, the translation of the original currency values into Swiss francs was calculated using the exchange rates of the respective transaction date. The total cash-out for acquisitions, investments in associates, and increase in ownership amounted to CHF 41 million (previous year: CHF 6 million).

### Accounting principles

Companies acquired are consolidated from the date on which control is obtained, while companies divested are excluded from the scope of consolidation as of the date on which control is lost, with any gain or loss recognized in the income statement. The assets and liabilities of acquired companies are valued at actual values at the time control is obtained. Assets and liabilities of divested companies are valued at book values at the time control is lost. Local currency values are translated into Swiss francs at the exchange rates of the respective transaction date.



## 4.2 Affiliated companies

Country	Division <sup>1</sup>	Company	Functional currency	Share capital million	Participation %	Consolidation <sup>2</sup>	Function <sup>3</sup>
<b>Europe</b>							
Austria	CM	GF Casting Solutions Altenmarkt GmbH, Altenmarkt	EUR	0,1	100	C	M
	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3,7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg	EUR	0,2	100	C	S
	CS	GF Casting Solutions Services GmbH, Herzogenburg <sup>4</sup>	EUR	4,6	100	C	H
	CS	GF Casting Solutions Herzogenburg HPDC GmbH, Herzogenburg	EUR	0,1	100	C	P
	CS	GF Casting Solutions Altenmarkt GmbH & Co KG, Altenmarkt	EUR	2,4	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles <sup>4</sup>	EUR	0,5	100	C	S
Czech Republic	MS	GF Machining Solutions sro, Brno <sup>4</sup>	CZK	12,3	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup <sup>4</sup>	DKK	0,5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau <sup>4</sup>	EUR	6,4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1,1	100	C	S
	MS	GF Machining Solutions SAS, Palaiseau	EUR	4,0	100	C	S
	MS	MACN SAS, La Roche-Blanche	EUR	0,1	100	C	S
Germany	CM	Georg Fischer BV & Co KG, Singen <sup>4</sup>	EUR	25,6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen <sup>4</sup>	EUR	0,1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0,5	100	C	M
	CM	Georg Fischer Mecco Eckel GmbH, Biedenkopf-Wallau	EUR	0,1	75	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2,6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2,6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4,0	100	C	P
	PS	Chinaust Automotive GmbH, Düsseldorf	EUR	0,1	50	B	S
	CS	GF Casting Solutions Leipzig GmbH, Leipzig	EUR	0,9	100	C	P
	CS	GF Casting Solutions Werdohl GmbH, Werdohl	EUR	0,3	100	C	P
	CS	GF Mecco Eckel GmbH & Co KG, Biedenkopf-Wallau	EUR	0,2	75	C	P
	CS	Eckel & Co GmbH, Biedenkopf-Wallau	EUR	0,2	75	C	M
	CS	PEM Zerspanungstechnik GmbH, Schwarzenberg	EUR	0,1	75	C	P
	MS	GF Machining Solutions GmbH, Schorndorf	EUR	2,6	100	C	S
	MS	Symmedia GmbH, Bielefeld	EUR	1,4	100	C	P
	United Kingdom	PS	George Fischer Sales Ltd, Coventry <sup>4</sup>	GBP	4,0	100	C
CM		Oxford Flow Utility & Industries Ltd, Oxford <sup>4</sup>	GBP	0,1	23	E	P
MS		GF Machining Solutions Ltd, Coventry <sup>4</sup>	GBP	2,0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano <sup>4</sup>	EUR	0,5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0,7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0,1	100	C	P
	PS	Georg Fischer Pfcì Srl, Valeggio sul Mincio	EUR	0,5	100	C	P
	PS	Georg Fischer SpA, Agrate Brianza	EUR	1,3	100	C	S
	MS	GF Machining Solutions SpA, Agrate Brianza	EUR	3,0	100	C	S
Netherlands	CM	Georg Fischer Holding NV, Epe <sup>4</sup>	EUR	0,9	100	C	H

	CM	Georg Fischer Management BV, Epe <sup>4</sup>	EUR	0,1	100	C	M
	PS	Georg Fischer NV, Epe	EUR	0,9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0,4	100	C	P
Norway	PS	Georg Fischer AS, Rud <sup>4</sup>	NOK	1,0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Sękocin Nowy <sup>4</sup>	PLN	18,5	100	C	S
	MS	GF Machining Solutions Sp.z.o.o., Sękocin Nowy <sup>4</sup>	PLN	1,3	100	C	S
Romania	CS	GF Casting Solutions SRL, Pitești <sup>4</sup>	RON	26,5	100	C	P
	CS	GF Casting Solutions Arad SRL, Arad	RON	24,5	100	C	P
Spain	PS	Georg Fischer SA, Madrid <sup>4</sup>	EUR	1,5	100	C	S
	MS	GF Machining Solutions SAU, Barcelona <sup>4</sup>	EUR	2,7	100	C	S
Sweden	PS	Georg Fischer AB, Stockholm <sup>4</sup>	SEK	1,6	100	C	S
	MS	System 3R International AB, Vällingby <sup>4</sup>	SEK	17,1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen <sup>4</sup>	CHF	1,0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans <sup>4</sup>	CHF	0,5	49	B	M
	CM	Georg Fischer AG, Schaffhausen	CHF	4,1		C	H
	CM	Munot Re AG, Schaffhausen <sup>4</sup>	CHF	3,0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen <sup>4</sup>	CHF	4,0	100	C	M
	CM	GF Casting Solutions Industrial SA, Novazzano <sup>4</sup>	CHF	1,0	100	C	H
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen <sup>4</sup>	CHF	20,0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen <sup>4</sup>	CHF	0,5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen <sup>4</sup>	CHF	17,8	60	C	P
	PS	Georg Fischer JRG AG, Sissach <sup>4</sup>	CHF	1,8	100	C	P
	CS	GF Casting Solutions AG, Schaffhausen <sup>4</sup>	CHF	1,0	100	C	M
	CS	GF Casting Solutions Novazzano SA, Novazzano	CHF	1,0	100	C	P
	CS	GF Ceramics Novazzano SA, Novazzano	CHF	1,2	100	C	P
	CS	GF Precicast Additive SA, Novazzano	CHF	0,2	100	C	P
	MS	Agie Charmilles SA, Losone <sup>4</sup>	CHF	10,0	100	C	P
	MS	Agie Charmilles Services SA, Meyrin <sup>4</sup>	CHF	3,6	100	C	S
	MS	GF Machining Solutions Management SA, Meyrin <sup>4</sup>	CHF	0,5	100	C	M
	MS	GF Machining Solutions Sales Switzerland SA, Losone <sup>4</sup>	CHF	2,6	100	C	S
	MS	Mecartex SA, Muzzano	CHF	0,4	30	E	P
	MS	GF Machining Solutions AG, Biel <sup>4</sup>	CHF	3,5	100	C	P
<b>Near East</b>							
Egypt	PS	Egypt Gas GF-Corys Piping Systems SAE, Cairo	EGP	165,1	75	C	P
UAE	CM	GF Corys Middle East Ltd, Abu Dhabi <sup>4</sup>	AED	29,0	50	C	H
	PS	Georg Fischer Corys LLC, Dubai <sup>4</sup>	AED	0,3	50	C	P
Turkey	PS	Georg Fischer Hakan Plastik AS, Cerkezköy <sup>4</sup>	TRY	270,0	100	C	P
	MS	GF Imalat Cözümleri Ticaret Ltd Sti, Istanbul <sup>4</sup>	TRY	7,0	100	C	S
<b>Americas</b>							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires <sup>4</sup>	ARS	16,2	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0,1	49	E	S
Brazil	PS	Georg Fischer Sistemas de Tubulacoes Ltda, São Paulo <sup>4</sup>	BRL	214,5	100	C	S
	PS	F.G.S. Brasil Indústria e Comércio Ltda., Cajamar	BRL	62,0	100	C	P
	MS	GF Machining Solutions Máquinas Ltda, São Paulo <sup>4</sup>	BRL	60,9	100	C	S

Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga <sup>4</sup>	CAD	1,3	100	C	S
	PS	GF Urecon Ltd, Coteau-du-Lac, Québec	CAD	10,9	100	C	P
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey <sup>4</sup>	MXN	0,1	100	C	S
	MS	GF Machining Solutions LLC, Monterrey <sup>4</sup>	MXN	15,1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA <sup>4</sup>	USD	0,1	100	C	H
	CM	Georg Fischer Export Inc, El Monte, CA <sup>4</sup>	USD	0,1	100	C	M
	PS	Georg Fischer LLC, Irvine, CA	USD	3,8	100	C	S
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0,1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	1,1	100	C	P
	PS	Georg Fischer Harvel LLC, Easton, PA	USD	0,1	100	C	P
	PS	Chinaust Automotive LLC, Troy, MI	USD	0,1	50	B	S
	CS	GF Linamar LLC, Mills River, NC	USD	80,2	50	C	P
	MS	GF Machining Solutions LLC, Lincolnshire, IL	USD	0,1	100	C	S
	MS	Microlution Inc, Chicago, IL	USD	2,6	100	C	P

**Asia/Australia**

Australia	CM	George Fischer IPS Pty Ltd, Riverwood <sup>4</sup>	AUD	7,1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood	AUD	3,8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai <sup>4</sup>	CNY	1,1	100	C	M
	PS	ChangChun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10,0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou City	CNY	200,0	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen <sup>4</sup>	CNY	80,0	50	P	P
	PS	Sichuan Chinaust Plastics Corp Ltd, Chengdu <sup>4</sup>	CNY	80,0	50	P	P
	PS	HeBei Chinaust Plastics Corp Ltd, Zhuozhou City <sup>4</sup>	CNY	58,2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai <sup>4</sup>	CNY	40,3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	66,0	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai <sup>4</sup>	CNY	100,0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai <sup>4</sup>	CNY	41,4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai <sup>4</sup>	CNY	1,7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing <sup>4</sup>	CNY	36,7	100	C	P
	PS	Beijing Jingran Lingyun Gas Equipment Co Ltd, Langfang <sup>4</sup>	CNY	50,0	50	P	P
	PS	Langfang Shuchang Auto Parts Co Ltd, Langfang <sup>4</sup>	CNY	10,0	50	P	P
	PS	Haining Chinaust Plastics Piping System Co Ltd, Haining <sup>4</sup>	CNY	100,0	50	P	P
	PS	Xi'an Chinaust Plastics Co Ltd, Xi'an <sup>4</sup>	CNY	80,0	50	P	P
	PS	Georg Fischer Piping Systems Ltd Yangzhou, Yangzhou <sup>4</sup>	CNY	44,4	100	C	P
	PS	Ningbo Chinaust Fitting Manufacturing Co Ltd, Ningbo	CNY	2,0	10	E	P
	CS	GF Casting Solutions Suzhou Co Ltd, Suzhou <sup>4</sup>	CNY	209,5	100	C	P
	CS	GF Casting Solutions Kunshan Co Ltd, Kunshan <sup>4</sup>	CNY	149,5	100	C	P
	CS	GF Casting Solutions Shenyang Co Ltd, Shenyang <sup>4</sup>	CNY	108,2	100	C	P
	MS	GF Machining Solutions Ltd, Hongkong <sup>4</sup>	HKD	3,5	100	C	S
	MS	Agie Charmilles China (HK) Ltd, Hong Kong	HKD	58,4	100	C	S
MS	GF Machining Solutions (Shanghai) Ltd, Shanghai	CNY	2,5	100	C	S	
MS	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2,5	100	C	S	
MS	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1,7	100	C	S	

	MS	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing <sup>4</sup>	CNY	80,3	78	C	P
	MS	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4,5	78	C	S
	MS	GF Machining Solutions Changzhou Co Ltd, Changzhou <sup>4</sup>	CNY	164,1	100	C	P
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai <sup>4</sup>	INR	215,4	100	C	P
Indonesia	PS	PT Georg Fischer Indonesia, Karawang	IDR	183,7	100	C	P
	PS	PT Georg Fischer Trading Indonesia, Karawang	IDR	3,4	100	C	S
Japan	PS	Georg Fischer Ltd, Osaka <sup>4</sup>	JPY	480,0	81	C	S
	MS	GF Machining Solutions Ltd, Yokohama <sup>4</sup>	JPY	50,0	100	C	S
Korea	PS	Georg Fischer Korea Co. Ltd., Yongin-si <sup>4</sup>	KRW	600,0	100	C	S
	MS	GF Machining Solutions Co Ltd, Seoul <sup>4</sup>	KRW	1300,0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Petaling Jaya <sup>4</sup>	MYR	10,0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington <sup>4</sup>	NZD	0,1	100	C	S
Singapore	CM	Eurapipe Holdings Ptd Ltd, Singapore <sup>4</sup>	SGD	6,2	100	C	H
	PS	George Fischer Pte Ltd, Singapore	SGD	9,2	100	C	S
	MS	GF Machining Solutions Pte Ltd, Singapore	SGD	2,1	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City <sup>4</sup>	TWD	1,0	100	C	S
	MS	GF Machining Solutions Ltd, San Chung, Taipei Hsien <sup>4</sup>	TWD	10,0	100	C	S
Vietnam	MS	GF Machining Solutions Co Ltd, Hanoi <sup>4</sup>	VND	15,1	100	C	S

1 Division: PS = GF Piping Systems, CS = GF Casting Solutions, MS = GF Machining Solutions, CM = Corporate Management

2 Consolidation: C = Fully consolidated, P = Proportionately consolidated, E = Stated based on the equity method, B = Stated at book value

3 Function: H = Holding, P = Production, M = Management and Services, S = Sales

4 Directly held by Georg Fischer Ltd

## 4.3 Related parties

Related parties include associates, Members of the Board of Directors and the Executive Committee, pension funds, and similar institutions.

### Transactions with associates

In the year under review as well as in the previous year, there were no significant transactions with associates. Hence, no material receivables or payables were outstanding.

### Transactions with Members of the Board of Directors and the Executive Committee

Total compensation to the Board of Directors and Executive Committee is broken down as follows:

CHF 1'000	2021	2020
Cash compensation	6'718	5'499
Pension funds	521	541
Social security	608	533
Share-based compensation <sup>1</sup>	3'784	3'568
<b>Total compensation</b>	<b>11'631</b>	<b>10'141</b>

<sup>1</sup> The disclosed value corresponds to the regulation of the Compensation Report.

A total of 17'827 shares (previous year: 16'604) were held by the Board of Directors, the Executive Committee, as well as parties related to them, corresponding to 0.4% of issued shares (previous year: 0.4%).

No Member of the Board of Directors or the Executive Committee or any persons related to them received any fees or other compensation for additional services to GF or its GF Corporate Companies in 2021 and in 2020.

Neither GF nor any GF Corporate Company granted any guarantees, loans, advances, or credit facilities to members of the Executive Committee or the Board of Directors or to any persons related to them in 2021 and 2020.

### Significant shareholders

An overview can be found in the [Corporate Governance Report \(GF share and shareholders\)](#).

### Transactions with pension funds and similar institutions

The GF Corporation holds current accounts with some of its related pension funds and similar institutions. As of the end of the financial year, it had a liability of CHF 2 million (previous year: CHF 3 million). As in the previous year, the current accounts bear an interest of 1%. Furthermore, contributions of CHF 2 million were made to similar institutions (previous year: CHF 1 million).

## 5 Other information

This section provides other information and disclosures not included in other sections, for example, information about employee benefits obligations and other non-current financial assets. It also includes an overview of the balance sheet-related deferred tax assets and liabilities and the events occurring after the reporting date.

### 5.1 Employee benefit obligations

The table shows the employee benefit obligations as well as the employee benefit expenses.

						2021
CHF million	Employee benefit plans					Total
	Patronage funds	Without surplus/deficit	With surplus	With deficit	Without own assets	
<b>Balance at 1.1.2021</b>				16	36	52
Contributions to employee benefit plans		2	26	1	1	29
Increase/decrease in economic benefit of surplus/deficit				-7	3	-4
Payments of contributions to employee benefit plans		-2	-26	-1	-1	-29
Translation differences				0	-2	-1
<b>Balance at 31.12.2021</b>				<b>10</b>	<b>37</b>	<b>47</b>
Surplus/deficit according to FER 26	29		99	-8		119
Employee benefits within personnel expenses		2	26	-6	4	25
						2020
Employee benefits within personnel expenses		5	22	4	3	34

Employee benefit plans in Switzerland are overfunded by CHF 99 million (previous year: CHF 24 million). This is mainly due to the good performance of the investments and the change in the technical parameters from BVG 2015 to BVG 2020 (BVG: federal law on pension benefits).

The employee benefit plan in the UK is underfunded by the amount of CHF 8 million (previous year: CHF 20 million). The amount of the underfunding depends significantly on the value of the securities and on the discount rate and the expected mortality rate used in the calculation of the pension liabilities. The total economic obligation, which represents the expected cash outflow in the medium term, amounts to CHF 10 million (previous year: CHF 16 million).

The recognized economic obligation from the employee benefit plan with no assets of their own, i.e. unfunded plans, amounted to CHF 37 million (previous year: CHF 36 million) and concerns primarily plans in Germany and Sweden. The CHF 3 million increase in the economic obligation is included in the pension fund expenses for the period.

Changes in the recognized economic obligations from employee benefit plans and the employer-paid contributions for the year under review amounted to CHF 25 million (previous year: CHF 34 million) and are included in "Personnel expenses".

### Accounting principles

The employee benefit plans of the GF Corporation comply with the legislation in force in each country. Employee benefit plans are mostly institutions and foundations that are independent of the GF Corporation. They are usually financed by both employee and employer contributions.

The economic impact of the employee benefit plans is assessed each year. Surpluses or deficits are determined by means of the annual statements of each specific benefit plan, which are based either on Swiss GAAP FER 26 (Swiss benefit plans) or on the accepted methods in each foreign country (foreign plans). An economic benefit is capitalized if it is permitted and intended to use the surplus to reduce the employer contributions. Any employer contribution reserves are also capitalized. An economic obligation is recognized as a liability if the conditions for a provision are met. They are reported under "Employee benefit obligations". Changes in the economic benefit or economic obligation, as well as the contributions incurred for the period, are recognized in "Personnel expenses" in the income statement.

## 5.2 Other financial assets

CHF million	31.12.2021	31.12.2020
<b>Investments in associates</b>	<b>2</b>	<b>0</b>
Non-current loans and receivables	80	83
Securities for the settlement of pension liabilities	3	3
Other securities	8	12
<b>Other financial assets third parties</b>	<b>90</b>	<b>98</b>
<b>Total</b>	<b>93</b>	<b>98</b>

In 2021, GF acquired a further stake of 16.67% in Oxford Flow Utility & Industries Ltd. As of 31 December, the stake amounted to 22.96%. Significant influence was assumed and the investment was reclassified from other securities to investment in associates. The acquired goodwill has been offset within equity.

The reduction in non-current loans was mainly due to currency effects. The former iron foundry in Austria drew down an additional CHF 3 million under an existing credit line granted by GF at the time of the divestment.

In 2020, GF supported an operational and financial restructuring of the other divested iron foundries in Germany (Fondium group). The financial restructuring included the sale of all remaining investments in these associates. In addition to the sale of the investments in the Fondium group, the loan terms were modified in 2020. CHF 72 million of subordinated loans before value adjustments were converted into mezzanine financing. For other subordinated loans over CHF 8 million before value adjustments, the maturity was extended to the end of 2024 and the interest was waived. Based on the original restructuring agreement, another CHF 8 million of subordinated loans were converted to mezzanine financing in 2021. As in the previous year, the mezzanine financing bears a conditional interest of up to 5% and the expected maturities remain at 7 to 10 years.

Other securities consist mainly of investment securities held in the captive insurance, non-consolidated investments without significant influence, as well as non-current prepayments.



**Management assumptions and estimates**

The recoverability of non-current loans and receivables is assessed based on the debtors' ability to repay on time and in full. In order to build this assessment, management regularly observes the debtors' adherence to the interest payments and principal amortization schedule. In the case of investments in associates, management also assesses the debtor's ability to continue as a going concern. Assessing the going concern assumptions requires management to assess the risk and opportunities of the debtors' business models, which are inherently subject to a higher level of estimation uncertainty. Such assessments may change in the following year depending on the future development of the debtors' businesses.

**Accounting principles**

Non-current loans and receivables are recognized at amortized cost. In addition, an impairment is recorded in case the assumed present value of expected cash flows is below the carrying value of the non-current loans and receivables.

Associates are companies over which the GF Corporation exercises significant influence. Investments in associates are accounted for under the equity method. Any acquired goodwill is offset within equity. The share of results of associates is reported in the financial result.

## 5.3 Deferred tax assets and liabilities

CHF million	Tax assets	Tax liabilities	2021 net	Tax assets	Tax liabilities	2020 net
Investment properties		20	-20		20	-20
Property, plant, and equipment	24	40	-16	28	45	-17
Intangible assets	8	3	6	10	2	8
Tax loss carryforwards	11		11	12		12
Inventories	29	12	17	28	15	13
Provisions	10	6	4	11	6	5
Other interest-bearing liabilities	1	2	-1	3	2	1
Other non-interest-bearing liabilities	21	2	19	22	6	16
Other balance sheet items	9	2	7	11	8	3
<b>Total</b>	<b>112</b>	<b>86</b>	<b>26</b>	<b>125</b>	<b>104</b>	<b>21</b>
Offsetting	-41	-41		-55	-55	
<b>Deferred tax assets/liabilities</b>	<b>71</b>	<b>44</b>	<b>26</b>	<b>70</b>	<b>49</b>	<b>21</b>

The effect of offsetting at the GF Corporate Company level amounted to CHF 41 million (previous year: CHF 55 million). Deferred tax assets and liabilities are calculated based on the actually expected income tax rates for each GF Corporate Company. For further information on the recognition of tax loss carryforwards, see [note 1.6 Income taxes](#).

Temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities have been recognized, amounted to CHF 557 million as of 31 December 2021 (previous year: CHF 459 million).

### Accounting principles

Deferred tax assets and liabilities are offset within GF Corporate Companies when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes related to the same fiscal authority. No deferred tax is provided for temporary differences on investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the GF Corporation and where it is probable that the temporary difference will not be reversed in the foreseeable future.

## 5.4 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 22 February 2022. They must also be approved at the Annual Shareholders' Meeting.

There were no events between 31 December 2021 and 22 February 2022 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

# Report of the statutory auditor

to the General Meeting of Georg Fischer Ltd

Schaffhausen

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Georg Fischer Ltd and its subsidiaries (the Group), which comprise the consolidated income statement for 2021, the consolidated balance sheet as at 31 December 2021, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### 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 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 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.

### Our audit approach

#### Overview



Overall Group materiality: CHF 12,000,000

We performed full scope audit work on 48 reporting units. These companies contribute 66% of the Group's sales and comprise 72% of the Group's total assets. In addition, specified procedures were performed on a further three reporting units representing 13% of the Group's sales and 5% of the Group's total assets.

As key audit matter, the following area of focus has been identified:

Valuation of remaining financial assets from divestments

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### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	CHF 12,000,000
<b>Benchmark applied</b>	Profit before taxes
<b>Rationale for the materiality benchmark applied</b>	We chose profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. Additionally, profit before taxes is a generally accepted benchmark for materiality considerations.

### Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three divisions, GF Piping Systems, GF Casting Solutions and GF Machining Solutions, which operate across three geographical regions – Europe, North/South-America and Asia. The Group's financial statements are a consolidation of 137 reporting units, including the Group's operating businesses as well as central service functions. Each unit is considered a component for audit purposes.

We identified 48 reporting units that, in our view, required a full scope audit and three reporting units that required specified procedures owing to their size and risk characteristics. These 51 reporting units contribute 79% of the Group's sales and comprise 77% of the Group's total assets.

The remaining 21% of the Group's sales and 23% of the Group's total assets are represented by a large number of smaller reporting units. None of these units individually contributes more than 2.5% to the Group's sales or more than 5% to the Group's total assets.

Where the work was performed by component auditors, we determined the necessary level of our further involvement in the audit work in addition to providing our instructions. This consisted of inquiries of component audit teams, inspecting their work in selected areas, conducting planning and closing calls, or reviewing their final reporting.

Further specific audit procedures on central service functions, Group consolidation and areas of significant judgement (including M&A transactions, taxation, treasury and litigation) were carried out under the direct supervision of the Group audit team.

### 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 judgement, 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.



### Valuation of remaining financial assets from divestments

#### Key audit matter

The Group had disposed of automotive iron foundries in Germany (Singen and Mettmann) and in Austria (Herzogenburg) in prior years. To finance the transactions, the new owners in Germany and in Austria were granted loans in the amounts of CHF 61 million and CHF 10 million, respectively.

The financing of the divested companies was adjusted in subsequent years and has a carrying amount of CHF 75 million as at 31 December 2021. The loans are recorded under other financial assets.

Impairment testing of other financial assets arising from the financing of the divestments in Germany and Austria requires estimates and assumptions regarding the borrowers' ability to repay the loans and whether the interest rates attached to the loans are in line with market conditions.

For further details, please refer to note 5.2 'Other financial assets'.

#### How our audit addressed the key audit matter

We performed the following audit procedures:

- We assessed Management's assumptions and the calculation it performed in connection with the impairment testing of other financial assets. The significant assumptions concern the assessment of the borrowers' ability to repay the loans and whether the interest rates applied to the loans are in line with market conditions. We used observable market data in our assessment of whether the interest rates attached to the loans are in line with market conditions.
- We examined whether the presentation and disclosure were in accordance with the requirements of Swiss GAAP FER.

The evidence we obtained from our audit supports the valuation of the remaining financial assets made by the Board of Directors and Management and the related disclosures.

### Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER 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 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/wirtschaftspruefung-revisionsbericht>. This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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.

PricewaterhouseCoopers AG



Beat Inauen  
Audit expert  
Auditor in charge



Tobias Handschin  
Audit expert

Zurich, 22 February 2022

# Georg Fischer Ltd income statement

CHF 1'000	Notes	2021	2020
Dividend income		150'525	156'504
Income from GF Corporate Companies	3.1	58'363	50'077
Commission income from GF Corporate Companies	3.2	8'002	8'466
Other income		1'790	2'061
<b>Total income</b>		<b>218'680</b>	<b>217'108</b>
Value adjustment on investments			-67'610
Other expenses for investments		-2'585	-3'316
Cost of services provided by GF Corporate Companies		-2'604	-3'166
Personnel expenses		-27'574	-21'104
Other operating expenses	3.3	-19'600	-15'459
Depreciation on tangible and intangible fixed assets		-348	
<b>Operating result</b>		<b>165'969</b>	<b>106'453</b>
Financial income	3.4	5'784	10'088
Financial expenses	3.4	-8'352	-22'111
<b>Profit before taxes</b>		<b>163'401</b>	<b>94'430</b>
Direct taxes		-2'903	-391
<b>Net profit for the year</b>		<b>160'498</b>	<b>94'039</b>



# Georg Fischer Ltd balance sheet

CHF 1'000	Notes	31.12.2021	31.12.2020
Cash and cash equivalents	3.5	423'190	407'031
Other current receivables GF Corporate Companies		11'111	16'850
Other current receivables third parties		2'181	3'269
Accrued income and prepaid expenses		6'632	2'623
<b>Current assets</b>		<b>443'114</b>	<b>429'773</b>
Financial assets GF Corporate Companies	3.6	133'811	93'010
Financial assets third parties	3.6	61'460	67'672
Investments	3.7	1'415'249	1'355'749
Tangible fixed assets		79	153
Intangible fixed assets		1'167	
<b>Non-current assets</b>		<b>1'611'766</b>	<b>1'516'584</b>
<b>Assets</b>		<b>2'054'880</b>	<b>1'946'357</b>
Short-term interest-bearing liabilities GF Corporate Companies		124'874	121'266
Short-term interest-bearing liabilities third parties		1'697	
Other current liabilities third parties		5'840	2'449
Deferred income and accrued expenses		16'096	11'502
<b>Current liabilities</b>		<b>148'507</b>	<b>135'217</b>
Long-term interest-bearing liabilities GF Corporate Companies		7'232	7'561
Long-term interest-bearing liabilities third parties	3.8	401'965	403'920
Provisions	3.9	24'408	22'887
<b>Non-current liabilities</b>		<b>433'605</b>	<b>434'368</b>
<b>Liabilities</b>		<b>582'112</b>	<b>569'585</b>
Share capital	3.10	4'101	4'101
Legal capital reserves			
– Other capital reserves		89'506	89'506
Legal reserves			
– Other legal reserves		59'234	59'234
Statutory retained earnings			
– Available earnings carried forward		1'169'644	1'136'371
– Net profit for the year		160'498	94'039
– Result from treasury shares		1'256	660
Treasury shares	3.12	–11'471	–7'139
<b>Equity</b>		<b>1'472'768</b>	<b>1'376'772</b>
<b>Liabilities and equity</b>		<b>2'054'880</b>	<b>1'946'357</b>

# Notes to the financial statements

## 1 General information

These annual financial statements were prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations. The main principles applied that are not prescribed by law are described below.

Georg Fischer Ltd (GF), Schaffhausen (Switzerland), reports its consolidated financial statements on the basis of a recognized standard (Swiss GAAP FER) and has therefore, in accordance with the legal provisions, decided to not to provide a management report, a cash flow statement or a note on the audit fees.

In 2021, Georg Fischer Ltd employed 104 full-time equivalents on average (previous year: 90).

## 2 Significant accounting principles

### 2.1 Financial income and expenses

Financial assets and interest-bearing liabilities from GF Corporate Companies in foreign currencies are valued at year-end exchange rates. Realized currency gains and losses, and all unrealized losses are recognized, whereas unrealized gains are not recognized.

### 2.2 Financial assets

The valuation is carried out at nominal values, taking into account any value adjustments required.

### 2.3 Investments

Investments are valued according to the principle of individual valuation. In addition, further overall value adjustments can be made.

### 2.4 Interest-bearing liabilities

Interest-bearing liabilities are recognized at nominal value. Placement costs of bonds and bond premiums are accrued over the duration of the bond.

### 2.5 Derivative financial instruments

Derivative financial instruments are used for hedging purposes. These instruments are measured at actual value together with the underlying transaction. Changes in actual value are recognized in the income statement.

### 2.6 Treasury shares

Treasury shares are recognized at cost and deducted from shareholder's equity. The gain or loss from the sale or transfer of treasury shares is recognized in shareholder's equity as an increase or reduction in retained earnings.

## 3 Disclosure on income statement and balance sheet positions

### 3.1 Income from GF Corporate Companies

The income from GF Corporate Companies consisted primarily of licensing income for the use of the corporate brand as well as income for other services provided centrally.

### 3.2 Commission income from GF Corporate Companies

This position contains commission income from GF Corporate Companies for guarantees issued.

### 3.3 Other operating expenses

The main expense items relate to external consulting services, marketing expenses, compensation for the Board of Directors, and IT costs.

### 3.4 Financial income and expenses

The financial income mainly includes interest income on the loans granted to GF Corporate Companies. The financial expenses includes interest expenses for the outstanding bonds of CHF 400 million, interest expenses for the interest-bearing liabilities granted from GF Corporate Companies as well as losses on foreign currencies.

### 3.5 Cash and cash equivalents

This balance sheet item includes bank accounts in the amount of CHF 108 million (previous year: CHF 102 million) and fixed-term deposits in the amount of CHF 315 million (previous year: CHF 305 million).

### 3.6 Financial assets GF Corporate Companies and third parties

Financial assets GF Corporate Companies contain long-term loans.

Financial assets third parties include subordinated loans in the form of mezzanine financing in the amount of CHF 60 million (previous year: CHF 64 million). The reduction was mainly due to currency effects.

### 3.7 Investments

Direct and indirect investments in GF Corporate Companies include the companies listed in [note 4.2 Affiliated companies](#) in the consolidated financial statements.

### 3.8 Long-term interest-bearing liabilities third parties

This balance sheet item contains a 10-year bond in the amount of CHF 200 million with a coupon of 1.05% and a maturity date of 20 April 2028, as well as a 9.5-year bond issued on 25 September 2020 in the amount of CHF 200 million with a coupon of 0.95% and a maturity date of 25 March 2030.

### 3.9 Provisions

The provisions mainly concern currency risks.

### 3.10 Share capital

As of 31 December 2021, the share capital comprised 4'100'898 registered shares with a par value of CHF 1 each. Total dividend-bearing nominal capital amounted to CHF 4'100'898.

Until 14 April 2022, the maximum authorized share capital is CHF 400'000 divided into 400'000 registered shares, each with a par value of CHF 1. The conditional capital consists of a maximum of 400'000 shares divided into 400'000 registered shares, each with a par value of CHF 1.

The maximum amount of the authorized or conditional capital is reduced by the amount of authorized or conditional capital created through the issue of bonds or similar debt instruments or new shares.

### 3.11 Allocated treasury shares

	2021		2020	
	Allocated treasury shares	Total in CHF 1'000	Allocated treasury shares	Total in CHF 1'000
Board of Directors	1'247	1'538	1'396	1'297
Executive Committee	594	641	1'189	1'058
Senior Management	5'012	4'690	4'971	4'561
<b>Total</b>	<b>6'853</b>	<b>6'869</b>	<b>7'556</b>	<b>6'916</b>

### 3.12 Treasury shares

	2021			2020		
	Number of shares	Transaction price (Ø) in CHF	Total in CHF 1'000	Number of shares	Transaction price (Ø) in CHF	Total in CHF 1'000
<b>Balance at 1.1.</b>	<b>7'682</b>	<b>929</b>	<b>7'139</b>	<b>7'173</b>	<b>918</b>	<b>6'585</b>
Purchases	8'472	1'322	11'201	8'065	926	7'470
Transfers (share-based compensation)	-6'853	1'002	-6'869	-7'556	915	-6'916
<b>Balance at 31.12.</b>	<b>9'301</b>	<b>1'233</b>	<b>11'471</b>	<b>7'682</b>	<b>929</b>	<b>7'139</b>

## 4 Additional information

### 4.1 Contingent liabilities

CHF 1'000	31.12.2021	31.12.2020
Guarantees and pledges to GF Corporate Companies in favor of third parties	1'511'095	1'526'280
Guarantees to third parties	90'266	90'222
<b>Guaranteed maximum amount</b>	<b>1'601'361</b>	<b>1'616'502</b>
Thereof utilized	755'381	651'009

In addition, Georg Fischer Ltd bears joint liability with regard to the Swiss Federal Tax Administration for the amounts due of value-added tax of all the Swiss GF Corporate Companies.

### 4.2 Pension fund obligations

At year-end 2021, pension fund obligations amounted to CHF 1.7 million (previous year: CHF 2.2 million).

### 4.3 Residual amounts of lease liabilities

As in the previous year, there are no material lease liabilities which cannot be terminated within twelve months.

### 4.4 Significant shareholders

An overview can be found in the [Corporate Governance Report \(GF share and shareholders\)](#).

## 4.5 Shareholdings of Members of the Board of Directors and Executive Committee

As at 31 December 2021 and 2020, Members of the Board of Directors as well as parties related to them held the following number of Georg Fischer shares:

Member	Function	31.12.2021	31.12.2020 <sup>1</sup>
Yves Serra	Chairman Board of Directors Chairman Nomination and Sustainability Committee	9'045	8'745
Hubert Achermann <sup>2</sup>	Vice Chairman Board of Directors Independent Lead Director Chairman Audit Committee Member Compensation Committee Member Nomination and Sustainability Committee	889	989
Riet Cadonau	Member Compensation Committee	855	705
Peter Hackel	Member Audit Committee	257	107
Roger Michaelis	Member Nomination and Sustainability Committee	1'456	1'306
Eveline Saupper	Chairwoman Compensation Committee	1'517	1'367
Jasmin Staiblin	Member Audit Committee	1'634	1'484
<b>Total Board of Directors</b>		<b>15'653</b>	<b>14'703</b>

1 The number of Georg Fischer registered shares amounted to 15'592 in 2020 and included the registered shares of Zhiqiang Zhang (Member Compensation Committee until 21 April 2021), which amounted to 889.

2 Member Compensation Committee since the Annual Shareholders' Meeting 2021 (since 22 April 2021).

As at 31 December 2021 and 2020, Members of the Executive Committee as well as parties related to them held the following number of Georg Fischer shares:

Member	Function	31.12.2021	31.12.2020
Andreas Müller	CEO, Head of Corporate Development	608	410
Mads Joergensen	CFO, Head of Corporate Finance & Controlling	440	440
Joost Geginat	President of GF Piping Systems	457	259
Carlos Vasto	President of GF Casting Solutions	49	112
Ivan Filisetti	President of GF Machining Solutions	620	680
<b>Total Executive Committee</b>		<b>2'174</b>	<b>1'901</b>

As at 31 December 2021, a total of 17'827 shares (previous year: 16'604) were held by the Board of Directors and the Executive Committee, corresponding to 0.4% of issued shares (previous year: 0.4%).

Neither Georg Fischer Ltd nor its GF Corporate Companies granted any guarantees, loans, advances, or credit facilities to Members of the Board of Directors or of the Executive Committee or related parties.

# Proposal by the Board of Directors

## for the appropriation of retained earnings 2021

CHF 1'000	2021	2020
Net profit for the year	160'498	94'039
Earnings carried forward	1'169'644	1'136'371
Result from treasury shares	1'256	660
<b>Available retained earnings</b>	<b>1'331'398</b>	<b>1'231'070</b>
Proposed/paid dividend <sup>1</sup>	-82'018	-61'426
<b>To be carried forward</b>	<b>1'249'380</b>	<b>1'169'644</b>

1 No distribution will be made for treasury shares held by Georg Fischer Ltd.

The Board of Directors will propose to the Annual Shareholders' Meeting of 20 April 2022 to pay a dividend of CHF 20 per registered share (previous year: CHF 15) out of retained earnings.



# Report of the statutory auditor

to the General Meeting of Georg Fischer Ltd

Schaffhausen

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Georg Fischer Ltd, which comprise the income statement for the year 2021, the balance sheet as at 31 December 2021 and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 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.

### Our audit approach

#### Overview



Overall materiality: CHF 2'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matters the following areas of focus have been identified:

Valuation of investments

Impairment testing of financial assets Corporate Companies

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**Materiality**

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 2'000'000
<b>Benchmark applied</b>	Total assets
<b>Rationale for the materiality benchmark applied</b>	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which a holding company can be assessed, and it is a generally accepted benchmark.

**Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Valuation of investments

#### Key audit matter

As at 31 December 2021, the Company had investments in Corporate Companies in the amount of CHF 1'415 million (prior year: CHF 1'356 million). These investments are stated at acquisition cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations.

The investments are valued on an individual basis. Where necessary, impairment charges are recognised for a loss in value. Moreover, general impairment allowances may be created in addition (see significant accounting principles in the notes to the financial statements and note 3.7 Investments).

We consider the valuation of investments in Corporate Companies as a key audit matter due to its significance on the balance sheet.

#### How our audit addressed the key audit matter

Management calculates the valuation of each Corporate Company based on the value of the underlying net assets at book value (for one third of the valuation) and the value of capitalised earnings (for the remaining two thirds). To verify the appropriateness of the assessment, we performed the following:

- We compared the book value of the investments in Corporate Companies as at year-end 2021 to the companies' valuations as determined by Management.
- We compared the underlying value of the net assets with the value of the shareholder's equity of the company concerned.
- We compared the earnings used for the capitalised earnings estimate with the prior year's figures and with the actual figures.
- We verified the capitalisation rate used against country-specific, long-term interest rate forecasts and a company-specific risk premium.

We consider Management's approach to value the investments as acceptable and reasonable.

### Impairment testing of financial assets Corporate Companies

#### Key audit matter

As at 31 December 2021, the Company had long-term loans to Corporate Companies of CHF 134 million (prior year: CHF 93 million). These loans to Corporate Companies were stated at nominal value in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations.

The loans are valued on an individual basis. Where necessary, impairment charges are recognised for a loss in value (see significant accounting principles in the notes to the financial statements and note 3.6 Financial assets Corporate Companies and third parties).

We consider the impairment testing of loans to Corporate Companies to be a key audit matter due to the significance of these assets.

#### How our audit addressed the key audit matter

Management checks whether the Corporate Companies concerned have positive equity. If this is not the case, an impairment test is performed on the individual asset concerned and, if necessary, an impairment charge is recognised.

We compared the companies' equity values as used by Management with the values used for Group consolidation purposes. We reperformed the individual impairment tests, discussed them in detail with Management and checked them for plausibility.

We consider Management's approach to value the loans to Corporate Companies as acceptable and reasonable.

### Responsibilities 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

#### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and 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.

PricewaterhouseCoopers AG



Beat Inauen  
Audit expert  
Auditor in charge



Tobias Handschin  
Audit expert

Zurich, 22 February 2022

# Five-year overview of the GF Corporation

CHF million	2021	2020	2019	2018	2017
Order intake	4'058	3'160	3'692	4'521	4'274
Orders on hand at year-end	814	514	563	623	773
<b>Income statement</b>					
Sales	3'722	3'184	3'720	4'572	4'150
EBITDA	412	299	374	529	491
Operating result (EBIT) before one-offs	278	185	281	382	352
One-offs		19	46		
Operating result (EBIT)	278	166	235	382	352
Net profit shareholders GF	214	116	173	281	252
<b>Cash flow</b>					
Cash flow from operating activities	288	342	318	397	410
Depreciation on tangible fixed assets	127	127	133	142	131
Amortization on intangible assets	7	6	6	5	8
Additions to property, plant, and equipment	-135	-137	-178	-234	-207
Cash flow from acquisitions and divestments	-41	-6	-5	-154	-74
Free cash flow before acquisitions/divestments	151	230	137	147	204
Free cash flow	110	224	132	-7	130
<b>Balance sheet</b>					
Current assets	2'459	2'142	1'999	2'128	2'277
Non-current assets	1'308	1'303	1'345	1'316	1'333
Assets	3'767	3'445	3'344	3'444	3'610
Current liabilities	1'318	986	1'012	1'124	1'418
Non-current liabilities	953	1'070	894	892	823
Equity	1'496	1'389	1'438	1'428	1'369
Net working capital	781	707	856	926	899
Invested capital (IC)	1'355	1'313	1'473	1'494	1'466
Net debt	54	117	232	238	183
<b>Asset structure</b>					
- Current assets %	65.3	62.2	59.8	61.8	63.1
- Non-current assets %	34.7	37.8	40.2	38.2	36.9
<b>Capital structure</b>					
- Current liabilities %	35.0	28.6	30.3	32.6	39.3
- Non-current liabilities %	25.3	31.1	26.7	25.9	22.8
- Equity %	39.7	40.3	43.0	41.5	37.9
<b>Key figures</b>					
Return on equity (ROE) %	13.8	7.9	12.0	19.9	20.1
Return on invested capital (ROIC) %	16.4	9.3	12.4	22.4	20.3

Return on sales before one-offs (EBIT margin before one-offs) %	7.5	5.8	7.6	8.4	8.5
Return on sales (EBIT margin) %	7.5	5.2	6.3	8.4	8.5
Asset turnover	2.8	2.3	2.5	3.1	3.0
Cash flow from operating activities in % of sales	7.7	10.7	8.5	8.7	9.9
<b>Employees</b>					
Employees at year-end	15'111	14'118	14'678	15'027	15'835
Europe	7'941	7'792	8'373	8'721	9'658
– Thereof Germany	1'153	1'177	1'490	1'450	3'392
– Thereof Switzerland	3'412	3'344	3'397	3'406	2'783
– Thereof Rest of Europe	3'376	3'271	3'486	3'865	3'483
Asia	3'814	3'604	3'545	3'725	3'807
– Thereof China	3'246	3'055	2'997	3'199	3'287
– Thereof Rest of Asia	568	549	548	526	520
Americas	2'554	1'938	1'922	1'740	1'503
Rest of world	802	784	838	841	867

# Contact



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# Disclaimer

The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties, and other factors beyond the control of the company.

The Annual Report 2021 of GF is also available in German. In the event of any discrepancy, the English version shall prevail.

We thank our customers for their consent to publish the joint success stories.

# Company information

Represented by Andreas Müller, CEO

Legal form: Company Limited by Shares (Art. 620 et seqq. CO)

Business Identification Number (UID): CHE-108.778.486

Registered in the commercial register of the Canton of Schaffhausen

Value added tax number: CHE-116.293.044 MWST