Annual Report 2020

Steady on course, ready for the future

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Key figures 2020

Sales
in CHF million
3’184

2020	3’184
2019	3’720
2018	4’572

EBIT
in CHF million
166

2020	166
2019	235
2018	382

EBIT margin
in %
5.2

2020	5.2
2019	6.3
2018	8.4

EBIT
before one-offs
in CHF million
185

2020	185
2019	281
2018	382

EBIT margin
before one-offs
in %
5.8

2020	5.8
2019	7.6
2018	8.4

Net profit shareholders GF
in CHF million
116

2020	116
2019	173
2018	281

ROIC
in %
9.3

2020	9.3
2019	12.4
2018	22.4

Earnings per share
in CHF
28

2020	28
2019	42
2018	69

Free cash flow
before acquisitions/
divestments
in CHF million
230

2020	230
2019	137
2018	147

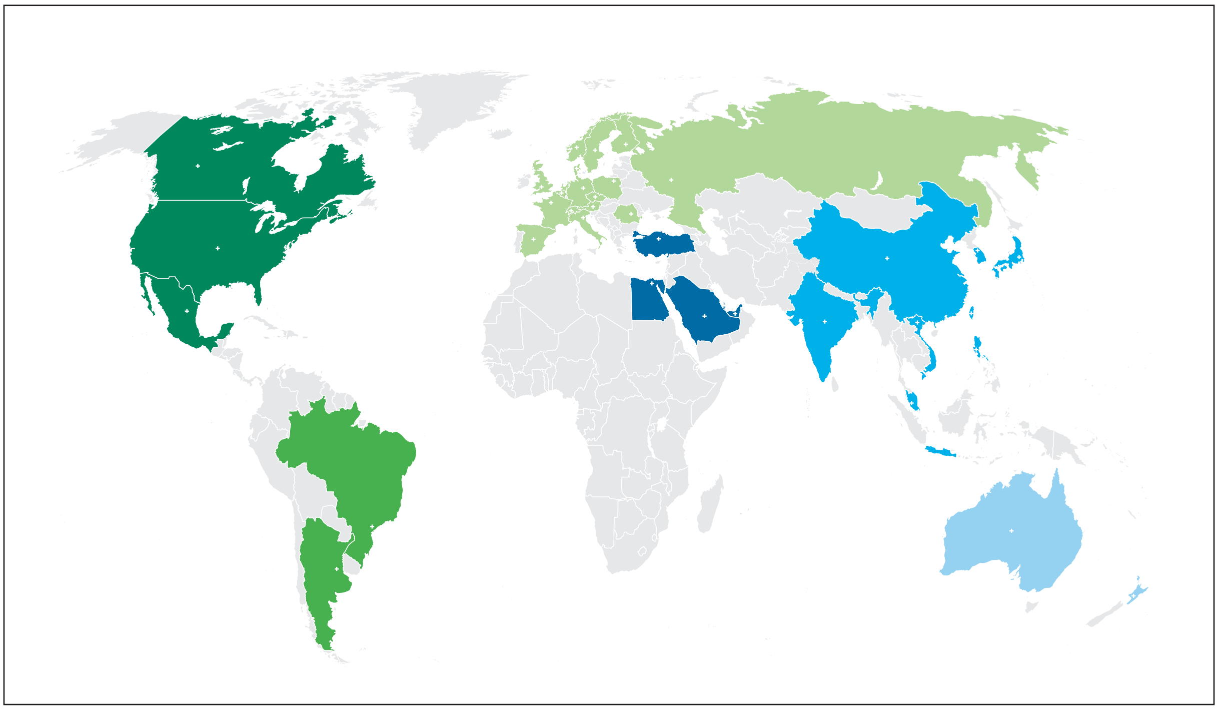
Number of employees
14’118

2020	14’118
2019	14’678
2018	15’027

	Corporation		GF Piping Systems		GF Casting Solutions		GF Machining Solutions	
CHF million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Order intake	3'160	3'692	1'716	1'788	740	953	706	954
Orders on hand at year-end	514	563	116	119	251	267	147	177
Sales	3'184	3'720	1'708	1'802	752	949	725	972
Sales growth %	–14.4	–18.6	–5.2	–1.0	–20.8	–43.7	–25.4	–8.8
Organic growth %	–8.4	–4.1	0.3	1.3	–11.9	–9.7	–21.6	–7.5
EBITDA	299	374	245	264	26	48	34	71
EBIT before one-offs	185	281	193	214	–15	22	20	57
One-offs	19	46			19	46		
EBIT	166	235	193	214	–34	–24	20	57
Net profit shareholders GF	116	173						
Free cash flow before acquisitions/ divestments	230	137						
Return on sales before one-offs (EBIT margin before one-offs) %	5.8	7.6	11.3	11.9	–2.0	2.3	2.8	5.9
Return on sales (EBIT margin) %	5.2	6.3	11.3	11.9	–4.5	–2.5	2.8	5.9
Invested capital (IC)	1'313	1'473	593	676	448	477	197	256
Return on invested capital (ROIC) %	9.3	12.4	24.2	26.1	–5.7	–4.4	7.8	18.4
Number of employees	14'118	14'678	6'893	6'892	3'919	4'336	3'192	3'358

Our Corporation

GF comprises three divisions: GF Piping Systems, GF Casting Solutions, and GF Machining Solutions. Founded in 1802, the Corporation is headquartered in Switzerland and present in 34 countries with 137 companies, 59 of them production facilities. GF's 14'118 employees generated sales of CHF 3'184 million in 2020. GF is the preferred partner of its customers for the safe transport of liquids and gases, lightweight casting components, and high-precision manufacturing technologies.



North America 19 Locations

South America 4 Locations

Asia 77 Locations

Europe 83 Locations

Middle East 16 Locations

Oceania 6 Locations

Find all places of GF at:

annual-report.georgfischer.com/20/en/our-corporation-2020/

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 system solutions and high-quality plastic and metal components for a diverse installed base. The portfolio of fittings, valves, pipes, automation, and jointing technologies covers all water cycle applications. Simultaneously, specialized solutions, including engineering, customizing, and prefabrication, provide expertise at every project phase.

Key figures

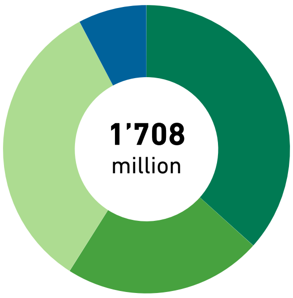
CHF million	2020	2019
Order intake	1'716	1'788
Orders on hand at year-end	116	119
Sales	1'708	1'802
Sales growth %	–5.2	–1.0
Organic growth %	0.3	1.3
EBITDA	245	264
EBIT	193	214
Return on sales (EBIT margin) %	11.3	11.9
Invested capital (IC)	593	676
Return on invested capital (ROIC) %	24.2	26.1
Number of employees	6'893	6'892

Number of employees

6'893

Sales per region

in CHF



37% Europe

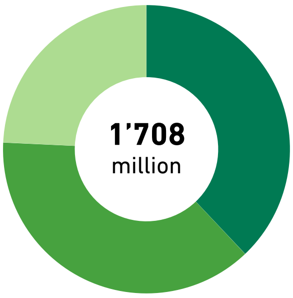
22% Americas

33% Asia

8% Rest of world

Sales per segment

in CHF



38% Utility

38% Industry

24% Building technology

Strategy review 2016–2020

In 2015, GF Piping Systems developed the Strategy 2016–2020 to foster profitable growth through differentiation. The division made good progress in all four thrusts of the strategy, increasing the focus on customer needs, introducing exciting innovations, focusing on high-value solutions, and further strengthening its global presence. Various new products and solutions have been successfully launched and new market segments are being developed.

Further strengthened global presence

GF Piping Systems invested significantly in its market-leading production facilities and expanded market presence in focus territories. In Canada, Indonesia, and Brazil, this has provided a key step change in market strength alongside expanding its prefabrication network across all regions. GF Piping Systems acquired a leading marine service provider in the USA to strengthen its presence in this important segment. In addition, the divisional headquarters and global training center in Schaffhausen (Switzerland) were expanded and refurbished with state-of-the-art office workstations.

Focus on high-value solutions

GF Piping Systems continues to benefit from global megatrends driving the growth of several key market segments. The division enjoys leading positions in attractive global niche markets, including microelectronics, data centers, and marine. Big international players dominate these global markets and require partners like GF who can support their requirements globally. The high-value systems and specialized solutions of GF Piping Systems are often mission-critical to their success, providing the vast potential for differentiation and helping the customers' sustainability targets.

Exciting innovations introduced

Thanks to exciting developments, including the pioneering Hycleen Automation System and the COOL-FIT pre-insulated piping system, and the adoption of design thinking principles, customer-focused innovation at GF Piping Systems continues to grow. Winning the prestigious iF Design Award and Red Dot Design Award for the relaunched Ball Valve 546 Pro underscores the successful implementation of the highest design standards. Further to this, the Hycleen Automation System, Smart Actuator, and Weld Bead Inspection (WBI) Tool demonstrate the importance of digitalization in developing innovative solutions for our customers.

“We understand that everything is connected.”

Joost Geginat, President of GF Piping Systems

What was the biggest challenge for GF Piping Systems during the last strategy period?

Although we outperformed markets in terms of growth and profitability, driven by our strong global set-up, we faced currency, geopolitical, and, most recently, pandemic-related headwinds that have kept us from reaching our full sales potential.

How has COVID-19 influenced the five-year strategy of GF Piping Systems in 2020?

COVID-19 had a significant negative impact on our business in 2020, but thanks to our well-balanced portfolio, long-lasting customer partnerships, and important megatrends supporting our business, we could demonstrate a very high resilience against the pandemic. With an expected increase in hygienic and sanitary requirements, continued growth in emerging markets, and more focus on precious resources like water, we look optimistically in the future.

How is the demand for more sustainable solutions driving growth at GF Piping Systems?

We understand that everything is connected – if we provide energy-efficient, environmentally friendly products, and services, our customers can decrease their environmental footprint. What we do contributes to the efforts to create a more sustainable world. We support the SABESP water loss program in São Paolo, which aims to save 75 billion liters of water every year. State-of-the-art pressure management technologies such as the NeoFlow PRV can help utilities reduce non-revenue water, estimated to be USD 39bn annually, by preventing pipes from being over-pressurized while delivering stable flow capacity to utilities. Reducing water leakage by 5% alone can save up to 225’000 metric tons of CO_2 annually. A typical three-story building needs about 3’000 meters of piping to convey chilled water for air conditioning. Using a copper system equates to 17.5 tons of CO emissions. These emissions can be reduced to 5 tons when using our COOL-FIT System. These are just a few of many examples that highlight the sustainability impact of our solutions.

Are there any points that you are not satisfied with? What do you want to focus on in the next strategy cycle?

We will use our solid foundation and positive momentum to focus even more on the additional potential of our high-value solutions in Strategy 2025. Improving global collaboration with regard to innovation and operational excellence will further enable us to strengthen our market positions in the next strategy period.

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.

Key figures

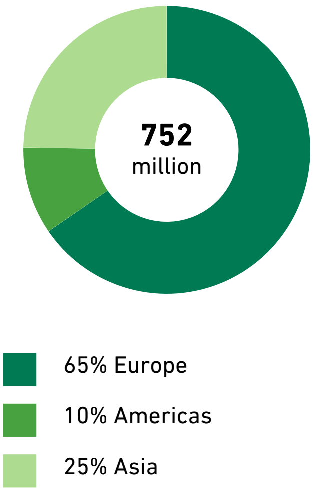
CHF million	2020	2019
Order intake	740	953
Orders on hand at year-end	251	267
Sales	752	949
Sales growth %	–20.8	–43.7
Organic growth %	–11.9	–9.7
EBITDA	26	48
EBIT before one-offs	–15	22
One-offs	19	46
EBIT	–34	–24
Return on sales before one-offs (EBIT margin before one-offs) %	–2.0	2.3
Return on sales (EBIT margin) %	–4.5	–2.5
Invested capital (IC)	448	477
Return on invested capital (ROIC) %	–5.7	–4.4
Number of employees	3'919	4'336

Number of employees

3'919

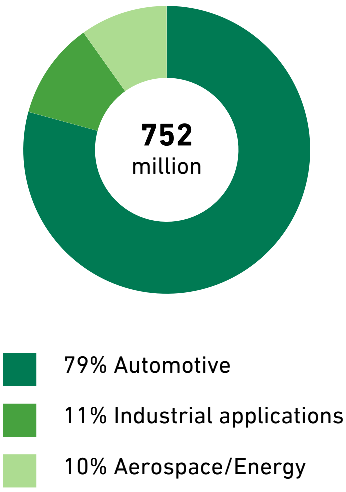
Sales per region

in CHF



Sales per segment

in CHF



Strategy review 2016–2020

GF Casting Solutions transformed into a solution provider with a focus on light metal components for the automotive industry and in new market segments such as aerospace and energy. Having adapted its global footprint, the division is well-positioned to support the future of sustainable mobility.

Fundamental footprint adapted

GF Casting Solutions embarked on a fundamental transformation. With the divestment of automotive iron casting in Europe, the acquisition of Eucasting in Romania, and the closure of the high-pressure die casting plant in Werdohl (Germany), GF Casting Solutions has fundamentally restructured its footprint in Europe. The entrance into the North American market and the planned expansion in northern China give GF Casting Solutions a truly global presence and a leading position in the high-pressure die casting market. Further to this, the company has balanced its technology portfolio with the addition of precision casting and additive manufacturing in the aerospace and industrial gas turbine markets.

Reducing costs and environmental impact through artificial intelligence

GF Casting Solutions has been pushing ahead with its digital transformation for a number of years. The Research & Development department in Schaffhausen (Switzerland) has set up a project with GF's die casting plant in Altenmarkt (Austria) and artificial intelligence pioneer Microsoft, in Switzerland. The aim of the project is to speed up the production process during a component's ramp-up phase to improve quality, enhance customer satisfaction, and reduce the impact on the environment.

Innovative design concepts support new powertrain technologies

Reducing CO_2 emissions is the key challenge faced by the global automotive industry, which is experiencing a large-scale transformation. Lightweight solutions help car manufacturers to compensate or reduce vehicle weight, especially for fully electric concepts among the alternative powertrains. Completely new products are also in demand and additional functions need to be integrated into lightweight solutions: For several projects, GF Casting Solutions succeeded in integrating complex cooling systems into the walls of cast battery housings. New approaches in die casting technology as well as comprehensive research and development support in the area of product design are key elements of the support GF Casting Solutions provides for the further development of e-mobility.

“We are ready for the future of sustainable mobility.”

Carlos Vasto, President of GF Casting Solutions

What was your key learning from the last strategy period?

The transformation has left its mark on the organization and the financial performance of GF Casting Solutions did not meet expectations. Adjustments to the organization and disciplined attention to operational excellence are necessary to tap the full potential of the business.

How did COVID-19 influence the five-year strategy of the GF Casting Solutions division in 2020?

In 2020, markets were subdued and the outlook was uncertain. The automotive industry is going through a fundamental transformation as it is facing pressure to re-invent mobility in sustainable ways. The COVID-19 crisis accelerated the situation, and sent the aerospace industry into an unprecedented decline. The general call for energy efficiency in all components increased, which benefited GF Casting Solutions in its capacity as a specialist for lightweight structural components in the automotive, aerospace, and industrial markets.

Where does GF Casting Solutions stand today, after this major transformation?

GF Casting Solutions is now a lightweight specialist, well-positioned to face the challenges of the future. Its technology and product portfolio, as well as its geographic presence are better balanced than ever before. The most important product segments are now body & structure as well as large complex drivetrain components. High-pressure die casting has become the dominant technology, complemented by precision casting and iron casting in selected market segments in Europe and China.

What do you want to focus on in the next strategy cycle?

With the expertise and the global footprint in place, we will focus our attention on building up leading production facilities with a dedicated global team. We want to grow globally through innovative solutions and help our customers empower sustainable mobility.

GF Machining Solutions at a glance

GF Machining Solutions is one of the world’s leading providers of complete solutions for the tool and mold making industry and manufacturers of precision components. The portfolio includes milling and EDM machines. The division also offers spindles, laser texturing, laser micromachining, additive manufacturing, automation and tooling, as well as digitalized solutions.

Key figures

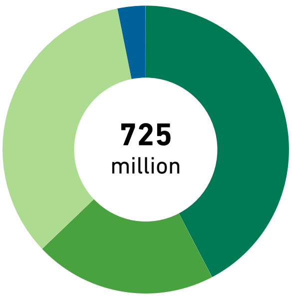
CHF million	2020	2019
Order intake	706	954
Orders on hand at year-end	147	177
Sales	725	972
Sales growth %	–25.4	–8.8
Organic growth %	–21.6	–7.5
EBITDA	34	71
EBIT	20	57
Return on sales (EBIT margin) %	2.8	5.9
Invested capital (IC)	197	256
Return on invested capital (ROIC) %	7.8	18.4
Number of employees	3'192	3'358

Number of employees

3'192

Sales per region

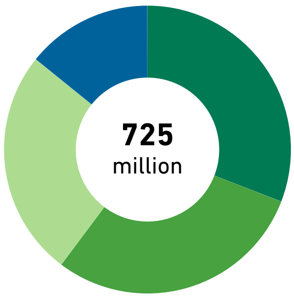
in CHF



- 42% Europe
- 21% Americas
- 34% Asia
- 3% Rest of world

Sales per segment

in CHF



- 31% Customer service
- 29% Milling
- 26% EDM
- 14% Advanced manufacturing/Automation & Tooling

Strategy review 2016–2020

GF Machining Solutions increased its profitability as a result of differentiation through dedicated solutions in milling, laser, and electrical discharge machining for the aerospace and medical industries. The first business-relevant rConnect products were launched on the market in 2019. The division also expanded its digital services and products, for example through life remote control and Spark Track.

Streamlined footprint

In December 2019, GF Machining Solutions moved into its new 32'000-square-meter plant on 51'550 square meters of land in Changzhou (China), with dedicated assembly lines for milling machines and a team of 200 employees. GF Machining Solutions inaugurated its new headquarters in Biel (Switzerland) in September 2019. Approximately 450 employees work at the new site, which also integrates the former Ipsach Center of Competence, Nidau milling production site, and Luterbach Step-Tec facilities under one roof. In Canada, Mexico, and Italy, new locations with showrooms have opened, which are also shared with colleagues from GF Piping Systems.

Extended technology portfolio

With the acquisition of Microlution Inc. in Chicago, Illinois (USA), GF Machining Solutions has gained remarkable expertise in micro-machining producing tiny features with extreme accuracy. After the full integration of Liechti Engineering, a five-axis milling machine specialist that produces machines for blades and bladed disks for aircraft engines and power-generating turbines, the portfolio was further expanded to fulfill customers' requirements in many aerospace subsegments.

Innovation processes improved

GF Machining Solutions has developed many new and innovative solutions for its customers in recent years. One of these is Spark Track, GF Machining Solutions' latest EDM software monitoring system that adjusts the rate and intensity of sparks along the length of the wire, and, in doing so, prevents heavy wear from occurring at any point on the wire – thus extending its life and preventing breaks. These innovations were possible thanks to the design thinking process.

“Our diversified structure has helped us to successfully navigate the pandemic.”

Ivan Filisetti, President of GF Machining Solutions

What is the key learning for GF Machining Solutions from the past strategy period?

We were on track to achieve our strategic goals until the combination of a trade war and a pandemic dampened the global economy. However, our diversified structure and strong presence in China have helped us to successfully navigate the pandemic.

How has COVID-19 influenced the five-year strategy of GF Machining Solutions in 2020?

Despite the challenges, our approach to the market has been validated. The strength and spirit of the entire GF organization has kept us in a strong position. We reacted quickly and with decisive measures to ensure uninterrupted customer service and employee safety.

Which of your market segments surprised you during the past strategy cycle?

During the last strategy period, we learned that no industry is 100% safe. For many years, the aerospace segment seemed invulnerable, but the almost complete halt of travel over an extended period proved otherwise. Some subsegments of aerospace, such as solutions for helicopters or projects for new engines, continued to thrive during the crisis, and we are confident about the potential of this segment overall, since individual and more sustainable mobility will remain a priority for many people.

What do you want to focus on in the next strategy cycle?

We will take the challenges for the Strategy 2025 into consideration, and will focus on the opportunities in the medical, digital, and services segments. Overall, we strongly believe that our offerings that replace the need for chemicals and our energy-efficient machine tools will successfully establish themselves in the market.

Our employees

The true strength of a company becomes apparent in challenging circumstances such as the COVID-19 pandemic. GF employees at all management levels and in all production areas worldwide showed strong team spirit, passion, and flexibility during this time: Virtual trade fairs, impressive innovations in production processes, and new ways of addressing market segments and customers were among the solutions that were found for staying strong and successful.

Thanks to the implementation of the HR measures contained in the Strategy 2020, GF continues to offer good prospects and development opportunities to motivate and support employees, and attract new talent.

Teamwork and a learning culture are key success factors at GF.

HR Strategy 2020 successfully implemented

In accordance with GF's Strategy 2020, targets for the HR Strategy were set in 2016. These focused on the following areas:

Structural adjustments to market presence

Adjusting portfolios toward higher-value areas of business and structural adjustments needed to preserve long-term competitiveness also resulted in a shift in jobs between locations. Social responsibility was considered at all stages of this decision: In the event of a divestiture, GF considered transferring existing employment contracts or supported employees in finding new jobs.

Attracting new talent

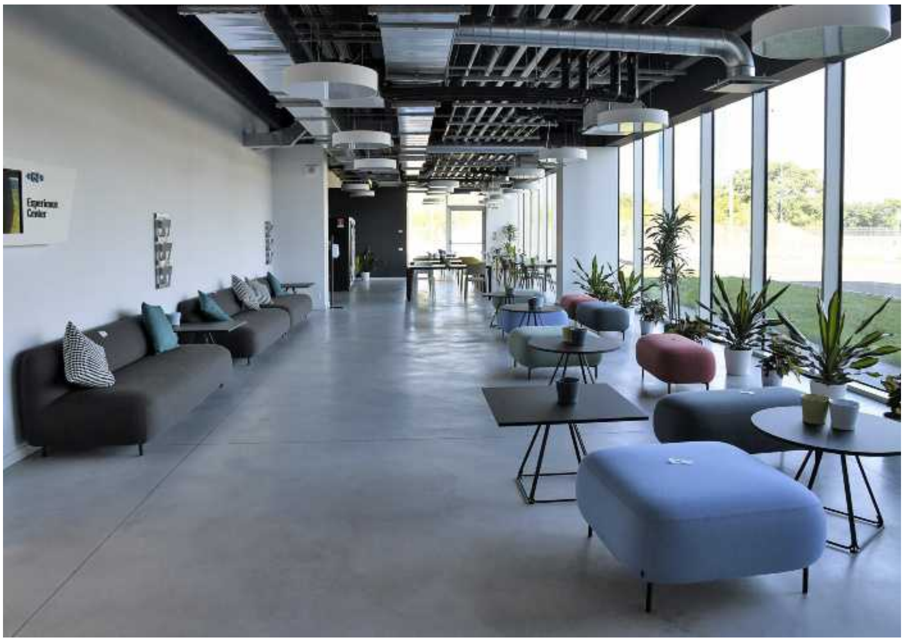
The shortage of skilled workers and the accelerating pace of technological developments are affecting the recruitment and onboarding of new employees at GF, and making these more complex. GF uses various channels for talent acquisition, including job and career fairs around the world, to introduce itself to university and college students as an attractive and forward-looking employer. New technologies such as digitalization and 3D printing, and innovative solutions such as design thinking, as well as the optimization of sales processes and lean management are taking on an increasingly important role at GF. In recent years, new employees have been specifically recruited with this in mind and existing staff have received corresponding training.

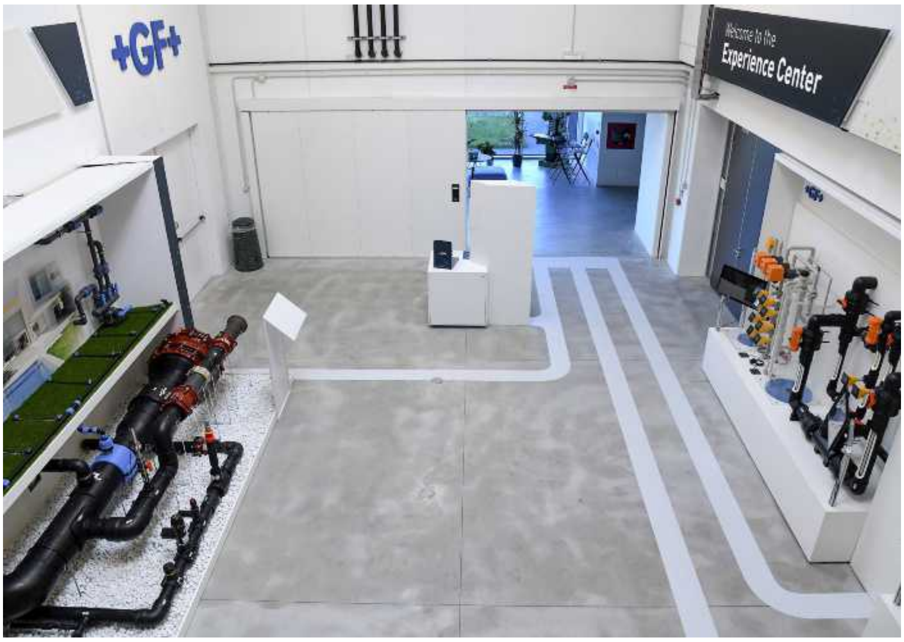
Implementation of design thinking and introduction of value selling

In the 2016–2020 strategy period, GF has trained 1'500 employees in design thinking, a process that is primarily used in research and development to stimulate new ideas for solving clients' problems. Design thinking teams set up specifically for this purpose participate in innovation projects and support the practical implementation of this process. GF has also introduced value selling across the Corporation with a view to enabling the development of additional business potential in areas with higher added value. Moreover, with both of these initiatives, GF is promoting corporation-wide collaboration across functions and divisions.

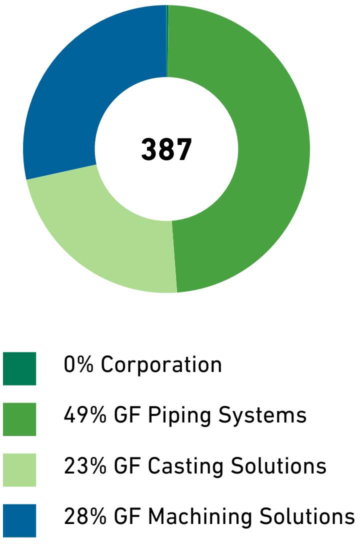
Positioning as an attractive employer

GF's values include a team-oriented corporate culture and competitive employment conditions. In addition, the Corporation focuses on offering an innovative working environment that facilitates interaction and collaboration. During the last strategy period, GF invested in modern workstations at various locations in Switzerland and around the world. GF had already formalized and introduced a working from home model for employees in Switzerland in 2017. Thanks to the positive experience during the lockdown in spring 2020, when many employees had to work from home, the remote working policy was once again expanded significantly. To incentivize students, who are a source of new talent, GF offers internships or project work for undergraduates and master's students. The Corporation also maintains close relationships with universities, technical colleges, and specialist higher education providers around the world.

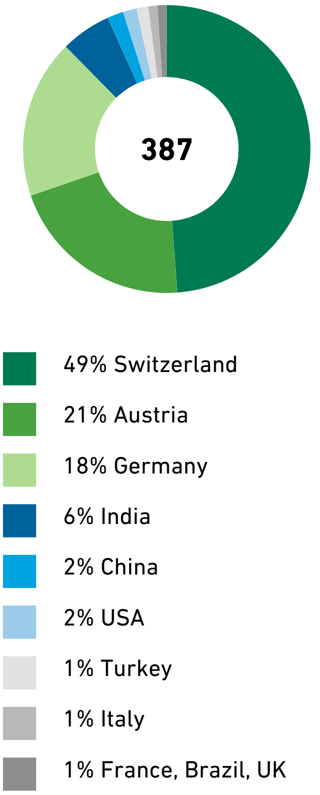



+GF+
Welcome to the
Experience Center

Number of apprentices
in % (100% = 387)



Number of apprentices per country
in % (100% = 387)



A global HR strategy process

Key strategic HR processes such as talent management, performance development, management by objectives, as well as internal and external recruiting have been harmonized worldwide and transferred to a modern digital system called Me@GF. In 2020, work continued on developing a learning management platform, which is to be rolled out in spring 2021.

Training and CPD as success factors

GF places great importance on training and continuing professional and personal development (CDP) for its employees. To create a common basis for international collaboration, the five GF values are conveyed through regular training sessions, ensuring that all employees worldwide embody these on a daily basis. These values form the foundation of GF's corporate culture and foster a respectful environment characterized by openness, trust, and helpfulness.

Employee trainings at GF 2020

4DX
(5 trainings worldwide)

40 Total participants 2020

7Habits
(8 trainings worldwide)

149 Total participants 2020

Design Thinking
(1 training worldwide)

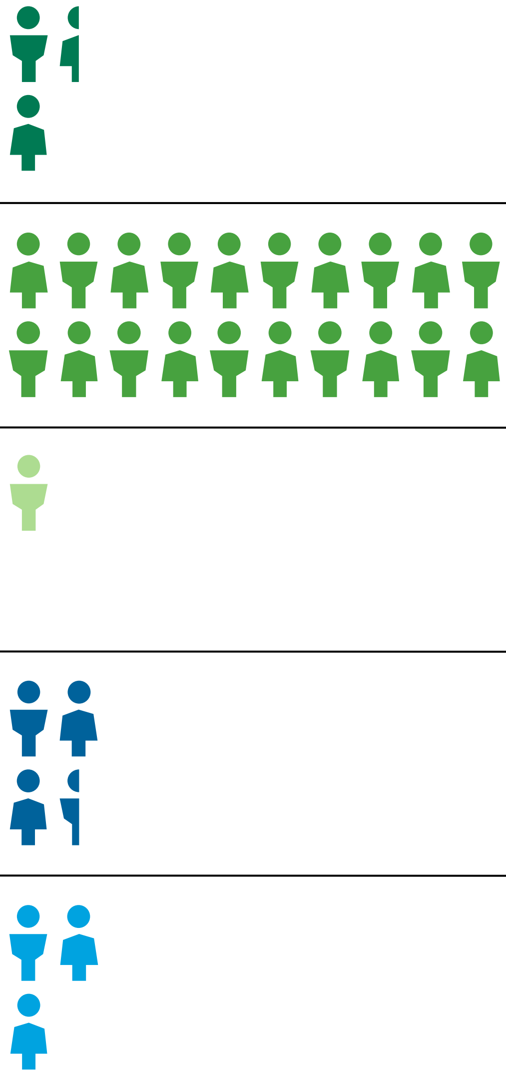
12 Total participants 2020

Value Selling
(6 trainings worldwide)

54 Total participants 2020

GF Academy
(3 trainings worldwide)

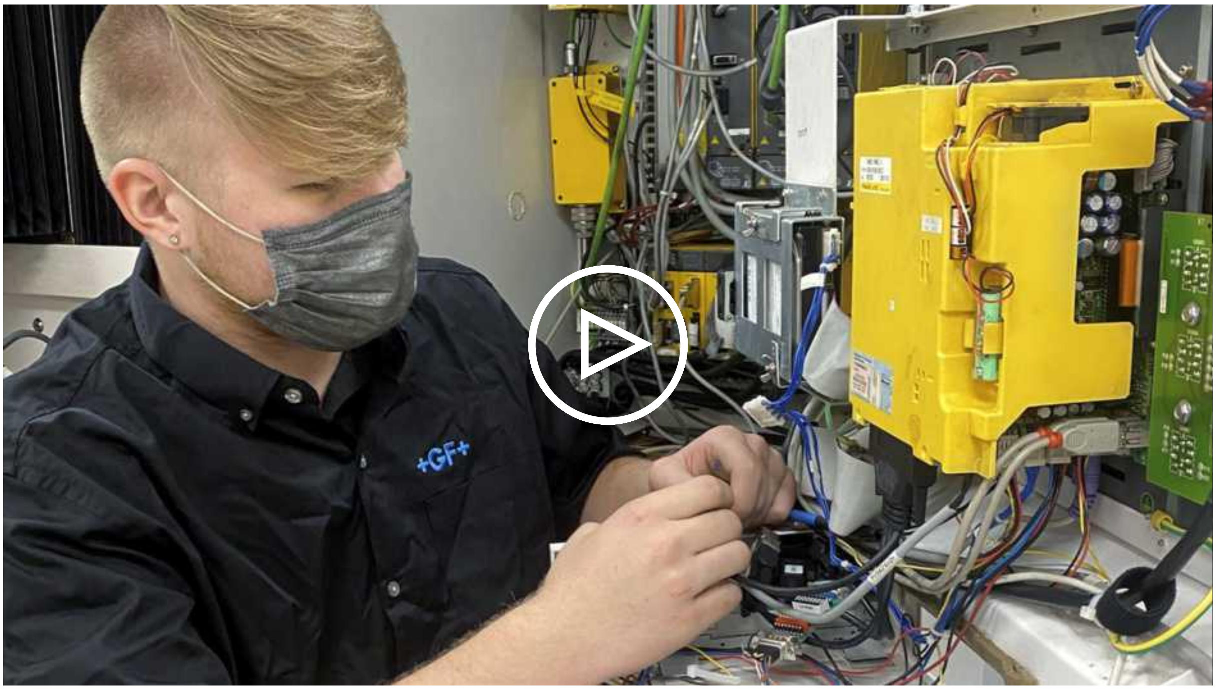
44 Total participants 2020



The low number of trainings carried out compared to the previous year is due to the pandemic-situation in 2020.

GF as a training organization

For over 100 years, GF has trained students in Switzerland for various technical and commercial occupations. Its locations in Germany and Austria follow the same dual education approach. GF is also expanding the successful Swiss apprenticeship model to other countries that do not have such an educational system in place. In 2017, GF Machining Solutions in Lincolnshire, IL (USA), for example, developed its own apprenticeship program for technical customer service in partnership with a local college. The program lasts three years, and in 2020, the first two trainees successfully completed their training.



https://youtu.be/5KDF-xB7frg

Investing in employees

The GF Academy is responsible for developing company-wide training measures and programs at the corporate level. It supports management and employees in all divisions and regions so that they can further develop their technical and interpersonal skills. As a result of the COVID-19 pandemic, the development of digital and new online training has been accelerated. In the coming years, the GF Academy will also increase its focus on blended, or self-managed learning. This comprises learning on demand, incentives to apply knowledge in day-to-day work, as well as progression through further reflection and studying.

Promoting self-reliance

Employees at GF receive support in the form of a number of CPD measures. These are designed to encourage self-reliance so that employees can take their CPD into their own hands. To this end, talent management was reorganized as part of the MyNextBigStep@GF initiative in 2020. This program enables employees to start their CPD process themselves, while giving GF the ability to discover talented individuals who, on their own initiative, further their own development responsibly and proactively. The new digital process will be widely implemented in summer 2021, following the pilot phase in 2020.

Gaining experience abroad

Employees with above-average potential can gain work and life experience beyond national and cultural borders. This gives expats and inpats the possibility to acquire the skills needed to take on international responsibility within the company. In 2020, 22 employees were on a multi-year secondment abroad.

https://youtu.be/q6qfKfMecGU

Digitalization facilitates collaboration

Digital workplaces and processes have been a focus at GF for some time. 2020 saw the introduction of an online communication and collaboration tool as well as a platform via which workshops can be held virtually. Both measures support modern forms of work such as working from home, as well as online meetings, digital workshops, webinars, and e-learning – and facilitate collaboration. An electronic recruitment module, MyJob@GF, which creates a unified recruitment process, was launched company wide. The outbreak of the coronavirus pandemic at the start of the year significantly accelerated the introduction and implementation of new digital processes, and these were swiftly adopted by employees around the world.

An act of solidarity by management

During the lockdown, it was necessary to introduce short-time work at some GF locations. In response to this measure, the Board of Directors, Executive Committee, and entire Senior Management worldwide waived part of their salaries for a three-month period in an act of solidarity. The voluntary salary reductions were used to set up the Solidarity Fund to support employees around the world who had to take pay cuts of 20 percent or more. Additionally, in countries with below-average wages, salaries for short-time work were increased to 90 percent of the normal level. As a result, several hundred thousand Swiss francs were distributed to employees who were particularly hard hit.

Promoting and fostering diversity

Diversity in terms of nationality, culture, religion, gender, and age has always been a hallmark of GF and is a valuable source of creativity and innovation.

Family-friendly working

In recent years, GF has taken measures, particularly in Switzerland, to ensure a better balance between family and professional life. As a result, fathers can take up to four weeks' parental leave, expecting mothers receive a job guarantee for twelve months after the birth of their child, and the options for working from home have been broadened. GF supports the advancement of women in a targeted manner with a view to improving the proportion thereof who work in technical professions. The Corporation offers women in particular the chance to gain experience in a technical environment through internships and project work for undergraduates and master's students, which has proven successful. Two GF Board members, Eveline Saupper and Jasmin Staiblin, invite women who are employed at the Corporation to an annual discussion. Further measures such as flexible working options, monitoring equal pay, a fair hierarchy, and networking to build professional development opportunities for women have been introduced at GF to improve its gender ratio.

Demographic change as an opportunity

GF is also affected by demographic change and the associated skill shortages, particularly when it comes to recruiting. GF tackles skill shortages through the long-term development of its own specialists, the global expansion of the dual education system, and the provision of internships or other entry-level opportunities. GF actively supports and promotes constructive and close collaboration across different generations. Younger employees benefit from the long-standing professional experience and know-how of their older colleagues, who in turn look to younger employees in technical and digital matters.

Company strategy

GF is a worldwide business player operating in an environment of global competition. All three divisions of GF are among the market and technology leaders in their segments and main markets. The following key events have shaped the strategy period from 2016 to 2020:

The GF Strategy 2016–2020 focuses on three key pillars:

- Expanding into growth markets and adjusting the portfolio in Europe
- Relocating the divisional portfolios to business areas with higher margins
- Increasing sales and innovation strength

From 2016 to 2020, GF invests around CHF 1 billion in long-term capital goods (CAPEX) and CHF 570 million in research and development.

During the same period, around 11’500 employees are trained in various initiatives, including design thinking, value selling, and Stephen Covey’s “7 Habits”.

2016

GF Strategy 2020

GF Piping Systems **acquires PT Eurapipe Solutions in Indonesia,** strengthening the division’s position in South East Asia as part of its strategy to expand in growth markets.

GF Machining Solutions **acquires US-based Microlution Inc.,** a specialist in micromachining using laser technology. The acquisition enables GF Machining Solutions to expand its technology portfolio to cover the aerospace and medical industries.

Acquisition of **Shuchang Co. Ltd** and **Lingyun Jingran Gas Valve Co. Ltd in China**, two companies specializing in connectors and valves, **by the GF Joint venture Chinaust.** The two acquisitions facilitate the further expansion in this key market for GF.

At the **5th Technology Day** for analysts and journalists, GF presents a sample of innovations, including new components for e-vehicles, which will support its profitable growth in attractive business segments.

2017

GF **acquires Urecon Ltd. (Canada)**, a specialist in pre-insulated piping systems for freeze protection and chilled water, thus expanding its footprint in North America.

GF Automotive acquires **Eucasting Ro SRL,** a high-pressure aluminum die casting specialist with two productions sites in Romania. GF thus expands its presence in the growing light metal components business.

GF Machining Solutions **acquires the German company symmedia GmbH,** which specializes in software for machine connectivity solutions. Through this partnership, GF Machining Solutions broadens its digital solutions offering.

2018

GF Automotive announces it will **acquire Precicast Industrial Holding SA,** the Swiss precision casting specialist, to increase its presence in the industrial sector, in particular in the promising aerospace business. GF Automotive becomes GF Casting Solutions.

GF Machining Solutions and US-based 3D Systems, a leader in additive manufacturing, announce their **strategic cooperation for jointly developed, integrated manufacturing solutions based on 3D printing.**

GF Casting Solutions receives orders for a large number of lightweight components for **electric vehicles** in China. The new orders placed by Chinese and European automobile manufacturers total approximately CHF 370 million.

As part of its strategic transformation, GF Casting Solutions is placing an increased focus on light metal casting and reducing its presence in iron casting in Europe. The **iron casting plants located in Singen and Mettmann (Germany)** are divested to members of the management of GF Casting Solutions.

2019

GF Piping Systems enters into a cooperation with the Brazilian water management company Sabesp, which supports the company's water loss improvement program. The program includes the replacement of more than 760 kilometers of piping networks in the coming years, with expected water savings of 7'400 liters per second in the São Paulo region.

GF Piping Systems receives an honorable mention at the Red Dot Award 2019, one of the world's most coveted design awards, for its innovative Hycleen Automation System. The system addresses the need for safe and hygienic water solutions in large buildings.

Due to a large number of new orders, GF Casting Solutions' new light metal joint venture in the USA, GF Linamar, expands its existing facility. The joint venture was founded in 2015.

GF's 15th Sustainability Report is published. More than every second GF product or solution supplied to customers provides a social or environmental benefit. All three divisions exceed their energy efficiency targets and the accident rate decreases.

GF Machining Solutions inaugurates its new innovation and production center in Biel (Switzerland) – with more than 300 guests in attendance. GF invested approximately CHF 100 million in the new building, which brings three former sites together under one roof. It provides space for around 450 workstations. Among other things, new solutions for laser texturing are produced at the location.

At its Capital Market Day for analysts and journalists, GF provides detailed insights into the status of innovation projects that are underway in the company's three divisions. The projects focus on digitalization and sustainability.

At EMO, the leading international machine tool fair, GF Machining Solutions launches **new digitalized and tailor-made solutions** that will pave the way for further growth. The new product Spark Track prevents wire breaks, and innovative digital services enable customers to stay constantly connected to their machine park and receive instant remote support from GF.

As part of its strategic transformation, GF Casting Solutions **divests its iron foundry in Herzogenburg (Austria)** to former GF executives.

Following its official inauguration on 30 October 2018, **the new tooling shop in Suzhou (China)** begins to swiftly ramp up production. The first projects have since been successfully launched. With this investment in the Chinese automotive industry, GF can respond to customer needs even more swiftly.

GF Piping Systems inaugurates its **modernized headquarters and the new customer training center** in Schaffhausen (Switzerland). The open working environment is designed to encourage employees to work together, with a view to strengthening innovation within the company.

2020

GF Piping Systems announces a **joint venture with Corys Investments LLC, located in Dubai (United Arab Emirates), and Egypt Gas in Cairo (Egypt).** The joint venture, in which GF will take the industrial lead, will invest in in a new production site for plastic pipes in Egypt in order to participate in the high-growth Egyptian gas and water distribution market.

GF largely completes the **relocation of around 300 jobs from its site in Werdohl (Germany)** to Romania and Austria, thus safeguarding its competitiveness in Europe.

GF Piping Systems signs a partnership agreement with Oxford Flow Ltd., Oxford (UK), and acquires a stake in the company. Its innovative pressure-regulating valve enables utility companies to reduce water loss, a major problem around the globe.

GF and SwissShrimp AG sign a multi-year partnership agreement. The startup from Rheinfelden is a pioneer in local and sustainable shrimp breeding in Switzerland. GF will support SwissShrimp with its expertise and technical know-how with regard to water treatment.

The **Wall Street Journal** examines over 5'500 publicly traded companies with regard to their sustainability. **GF ranks among the top-10** of a list of the 100 most sustainably managed companies in the world.

GF receives accolades from the London-based **CDP (Carbon Disclosure Project)** for its globally implemented measures to reduce energy consumption, as well as for its transparent disclosure of greenhouse gas emissions.

GF Piping Systems announces the **acquisition of FGS Brasil Indústria e Comércio Ltda. (FGS), Cajamar (Brazil),** which serves the local water and gas distribution market and other industrial segments. The acquisition provides GF Piping Systems with a unique platform for further growth in Brazil and South America.

2021

Good performance in challenging times

Letter to the shareholders

COVID-19-secure conferencing became established throughout the GF Corporation within a short period of time in March 2020.

Dear shareholders,

2020 has brought about an unprecedented level of uncertainty, with a raging global pandemic that also worsened the already challenging economic environment. People, societies and companies were required to re-invent the way they live and do business – GF was no exception. While the COVID-19 pandemic is still disrupting daily life across the world, GF can count on its strategic positioning, financial stability and innovation focus to overcome the crisis.

Against this rapidly shifting backdrop, the commitment and determination of our employees has been a key success factor. They showed perseverance, dedication, teamwork, as well as a willingness to be there for our customers even in difficult times. All our employees – whether in production, logistics or in their offices – have quickly adapted to the new situation. With great agility, they adjusted to more challenging working conditions and new digital tools. This deserves our utmost gratitude and recognition. Our thanks also go to our customers, who are breaking new ground in the way they interact and communicate, together with us.

GF reported a clearly stronger performance in the second half of 2020, compared with the first half and in spite of the fact that some of the challenges of the previous year persisted. Among these were the trade tensions between the US and China and more political turmoil, including in the US and Europe, as well as the ongoing transformation of the automotive industry. GF reacted quickly to the new risk landscape, diversifying activities and further increasing its resilience.

GF sales in 2020 amounted to CHF 3'184 million (2019: CHF 3'720 million). The difference when compared with the previous year mostly reflects the impact of the continued tightening of COVID-19 restrictions in many countries around the world. Organically, sales decreased by 8.4%, despite a resilient piping market and the recovery of the global automotive market in the second half of the year. Negative currency effects weighed heavily on sales, with an impact of more than CHF 170 million. GF Piping Systems was mostly affected (CHF 103 million).

GF can count on its strategic positioning, financial stability and innovation focus to overcome the crisis.

The operating result (EBIT) before one-off items amounted to CHF 185 million (2019: CHF 281 million) and the reported EBIT was CHF 166 million (2019: CHF 235 million). The corresponding EBIT margins were 5.8% (2019: 7.6%) and 5.2% (2019: 6.3%). The one-off items in 2020 of CHF 19 million (2019: CHF 46 million) are exclusively related to the partial relocation of a foundry in Werdohl (Germany), which is mostly finished at year-end. In 2020, the EBIT before one-off items and the reported EBIT included the gain from the sale of a building by GF Machining Solutions of CHF 10 million.

The return on invested capital (ROIC) reached 9.3%, with a remarkable 24.2% achieved at GF Piping Systems. At the end of 2020, GF employed 14'118 people, compared with 14'678 employees at year-end 2019, with the largest change occurring in GF Casting Solutions as a consequence of the strategic transformation of the division.

In 2020, GF secured liquidity through both its global business activities and financing transactions, resulting in a high level of liquidity and a low net debt ratio below 0.5 at the end of the year. GF also reported a strong balance sheet, with a solid equity ratio of 40%.

Net profit attributable to shareholders amounted to CHF 116 million (2019: CHF 173 million). Free cash flow before acquisitions reached a very strong level at CHF 230 million, CHF 93 million above last year's result. Earnings per share were CHF 28 (2019: CHF 42). At the upcoming Annual Shareholders' Meeting, the Board of Directors will propose a dividend per share of CHF 15 (2019: CHF 25 per share), also in light of the strong free cash flow and the good position of GF in its markets.

GF is continuously shifting its focus on less cyclical market segments, thus increasing its resilience to economic slowdowns. All three divisions address needs stemming from global mega-trends, such as having enough clean water to cater to a growing global population, lighter car components to reduce carbon emissions, or high precision parts to reduce energy consumption.

GF Piping Systems

As a leading flow solutions provider enabling safe and sustainable transport of fluids, GF Piping Systems was able to maintain operations at a high level also during the COVID-19 pandemic, as most of the division's sites were declared essential businesses. The ongoing focus on higher value businesses and digitalized solutions, together with a broad customer base in diversified market segments, have further increased the division's resilience. Sales at GF Piping Systems amounted to CHF 1'708 million, a reduction of CHF 94 million compared with the previous year. Adjusted for the negative currency effects of CHF 103 million, organic growth was positive at 0.3%. EBIT was CHF 193 million, compared with CHF 214 million in the previous year. EBIT margin came in at a strong 11.3%, slightly below last year's EBIT margin of 11.9%.

Sales of the division's customized solutions, data center as well as its microelectronic segments remained strong globally. Sales were also strong in Asia, in particular China, Korea and Japan, while in the Americas, sales were impacted by the low activity in the utility business.

GF Piping Systems continued to build on this strategy to expand its global presence. Another promising step into the large South American market is the acquisition of the leading piping systems manufacturer FGS Brasil Indústria e Comércio Ltda. (FGS), based in Cajamar (Brazil).

With two production sites now in the country and an already existing partnership, GF Piping Systems can benefit not only from the government initiative to improve water and gas distribution across Brazil, but also from growth opportunities in neighboring markets.

GF Casting Solutions

2020 saw GF Casting Solutions become a true global player, with an international production footprint, and a focus on lightweight components as part of the division's increasingly important role in the area of sustainable mobility.

The performance of GF Casting Solutions was impacted, however, by several lockdowns during the pandemic, which led to a slump in orders in both the automotive and the aerospace business. During the first pandemic peak in early 2020, the division faced a complete production standstill lasting several weeks.

On the other hand, the ongoing transformation of the automotive industry to hybrid and e-vehicles supported the business, together with other structural and operational measures that were quickly implemented. Orders for hybrid and e-vehicles reached 32% of total orders, a clear reflection of GF Casting Solutions' competence in this area. Orders in the last quarter of 2020 increased rapidly, an indication of the recovery of the business.

Sales were down by 11.9% (organically) to CHF 752 million from CHF 949 million in the previous year. The significant reduction of the business led to a negative EBIT before one-off-items of CHF -15 million (2019: CHF 22 million) and a negative reported EBIT of CHF -34 million (2019: CHF -24 million). The relocation of the casting site in Werdohl (Germany) was mostly finished at year-end and the related one-off items amounted to CHF 19 million (2019: CHF 37 million). The ramp-up of the new light metal foundry in Mills River (US) was negatively affected by the lockdown measures. With the construction of the new light metal foundry in Shenyang (China), GF Casting Solutions is clearly expected to benefit from the positive development of the Chinese automotive market, especially in light of the growing hybrid and e-vehicle demand. The construction is proceeding according to schedule, with the start of production foreseen for 2022. The division also already won its first orders for this site.

GF Machining Solutions

The 2020 global machine tool business was hit by the general downturn in the capital goods market, which began in the second half of 2019 and further deteriorated with the COVID-19 impact. In 2020, the demand for machine tools sank to a minimum in Europe, as well as in several markets in the Americas. Most of the orders from the aerospace sector were postponed, and new orders remained at a very low level. The attractiveness of this market segment clearly remains high from a long-term perspective.

The second semester of 2020 showed signs of recovery, especially in China, with an increase in orders after the lockdown was lifted. Projects in Europe increased in the last quarter of 2020, leading to higher order intakes than in the previous quarters.

Sales dropped to CHF 725 million, a decrease of 25% compared with the previous year. Taking into account the negative foreign currency impacts of CHF 36 million, the organic decline was 22%. The lower sales also affected the operating result, which stood at CHF 20 million (2019: CHF 57 million), resulting in an EBIT margin of 2.8%, compared with 5.9% in 2019. Included in the operating result is the gain from the sale of a building in Switzerland of CHF 10 million. Med-tech and ICT remained relatively stable, while other segments lagged behind the levels of the previous year to a larger extent. With a growing backlog and increasing demand in important markets such as Germany and China, GF Machining Solutions showed clear signs of recovery in the last quarter of 2020.

Strategy 2016–2020 cycle ends

GF withstood the impact of COVID-19 thanks to its successful multi-year portfolio transformation and solid financing situation. GF Piping Systems now accounts for more than a half of GF's sales. In the course of the last strategy cycle (2016–2020), several acquisitions and partnerships in all divisions, but in particular the strategic transformation of GF Casting Solutions, increased the resilience of the business portfolio. In line with the strategic targets, GF also reduced its dependency on the European market to a share of less than 50% of sales and improved its customer-centric innovation approach. GF ended the strategy cycle with a strong rebound in China for all three divisions and an outstanding contribution of GF Piping Systems. The Corporation is well positioned to benefit from positive long-term market trends. We also see positive momentum for sustainability-driven segments and durable applications, such as safe water distribution, lightweight structural parts for passenger cars, and laser technologies replacing, for example, harmful chemical solutions.

Sustainability is a concrete opportunity to reshape our industry and drive profitable growth.

Strategy 2025 to accelerate profitable growth with sustainable innovations

The Strategy 2025 will build on the promising path pursued over the last five years and will address profitable growth, portfolio resilience, and a “go for the full potential” spirit within the Corporation, in line with GF’s overall strategic objective to grow through superior customer value. These are GF’s s**trategic focus areas:**

- **Drive profitable growth** through intelligent and sustainable solutions: Accelerate product/solution development through more focus, firm resource commitments, and effective collaboration with customers and business partners. With our intelligent solutions, we will address the pain points and, in particular, the sustainability needs of our customers in a comprehensive way. For example, GF Piping Systems will develop automated flow solutions to reduce non-revenue water or enable safe hygiene processes; GF Casting Solutions will design and produce complex lightweight casting components; GF Machining Solutions will focus on intelligent multi-technology process integration to serve the demanding automation and precision needs of tomorrow.
- **Increase robustness** through portfolio additions and operational excellence: Intense focus on resilient segments such as water treatment, data centers, hybrid/electric vehicles, medical devices, and more.
- **Evolve** into a **performance and learning culture**: To shift towards a more “performance” and “learning”-driven mind-set. Agility and adaptability become a prerequisite for success in a rapidly changing world. Dedicated programs will support this important cultural shift.

In terms of financial targets, the strategic ambition is to achieve **sales of CHF 4.4** (organic) **to 5 billion** (incl. acquisitions) **with an EBIT margin of 9–11% and a return on invested capital (ROIC) of 20–22%** by 2025. The share of GF Piping Systems will remain at least 50% and GF will continue to invest predominantly in growth markets.

A more sustainable future

At GF, we believe that sustainability is not just about doing the right thing. It is a concrete opportunity to reshape our industry and drive profitable growth. That is why GF is set to become a leader in the sustainability and innovation fields in its business, and use its products and solutions to support clients on their own journeys. For example, GF’s lightweight components enable the automotive industry to reduce carbon emissions while increasing energy efficiency; GF’s piping systems mitigate water losses. The company’s efforts were also recognized externally. In 2020, a leading newspaper ranked GF as one of the ten most sustainable companies worldwide. The rating, based on the examination of 5’500 companies, considers aspects such as business model and innovation, social and human capital, and the environment. GF scored high in the human capital dimension.

The successful rating underscores GF’s efforts to meet its Sustainability Targets 2020. Sustainability is an integrated key pillar of our new strategy cycle. To better embed sustainability into our management, we formed a new Sustainability Committee within our Board of Directors, strengthening our Environmental, Social and Corporate Governance (ESG) focus at the highest company level.

GF is well positioned to continue its recovery trend in 2021, building on the positive momentum of the last quarter of 2020.

2021 Outlook

GF is well positioned to continue its recovery trend in 2021, building on the positive momentum of the last quarter of 2020. The current year already saw a good order intake and a promising rebound in key markets, especially in China. Despite the persistent uncertainty due to the COVID-19 pandemic, we expect sales growth in the mid to high single digits, as well as an increase in profitability, barring unforeseen circumstances and provided the stringent lockdown measures across the world will be relaxed in the course of the first half of 2021.

Changes in the Executive Committee

As of 1 July 2020, Ivan Filisetti, an executive with a long and successful track record at GF, succeeded Pascal Boillat at the helm of GF Machining Solutions when Pascal Boillat retired after eight years in the position. We would like to thank Pascal Boillat for his outstanding contributions to GF and wish him all the best for the future.

Together for success

At GF, we believe that collaboration is key to achieving success. That is why we would like to thank our customers for their trust, their enthusiasm for finding solutions together, and their positive spirit of collaboration. Our heartfelt thanks also go to our shareholders for placing their trust in us.

Yves Serra
Chairman of the Board of Directors

Andreas Müller
CEO

Highlights 2020

2020 was an extraordinary year for everyone, including GF. The global pandemic led to major changes and required a high degree of flexibility. This extraordinary situation also gave rise to extraordinary highlights for GF.

Management change
At the Annual Shareholders' Meeting in April 2020, shareholders elected Yves Serra as Chairman of the Board of Directors and Hubert Achermann as the new Vice Chairman. Hubert Achermann also serves as Independent Lead Director. Yves Serra took over the position from Andreas Koopmann, who after a decade in office, did not stand for re-election. Yves Serra was CEO of GF from 2008 until 2019, and became Vice Chairman of the Board of Directors in 2019. Peter Hackel, CFO and a member of the Group Executive Management Board of Straumann AG, was nominated as a new member of the Board of Directors to replace Roman Boutellier, who had reached retirement age. The Executive Committee also underwent a change: effective 1 July 2020, Ivan Filisetti (in the photo on the right) succeeded Pascal Boillat (in the photo on the left) as the new President of GF Machining Solutions and as a member of GF's Executive Committee.

COVID-19 sets new benchmarks
The outbreak of the coronavirus pandemic at the start of the year brought major changes to various areas. The introduction and implementation of new digital processes accelerated significantly, with tools such as online meetings, digital workshops, webinars, and e-learning being used much more frequently and becoming standard at GF in a matter of days. At the same time, working from home also became the norm. Thanks to the significant efforts of GF employees at all management levels and in all production areas worldwide, sometimes under very difficult conditions, GF navigated the crisis well considering the virus's global impact.

Focusing on sustainability

GF published its Sustainability Report in July. Several sustainability goals for 2020 had already been met or exceeded. The importance of ESG (environmental, social, governance) for GF was also reflected in the creation of a new sustainability committee as part of the Nomination Committee. ESG topics are therefore addressed at the highest level of the company. GF's strong focus on sustainability in all aspects was also recognized outside the company: in October 2020, the Wall Street Journal ranked GF as the most sustainably managed Swiss company and one of the ten best companies in this area worldwide. Additionally, the independent rating agency CDP recognized GF for its efforts to reduce energy consumption.

Important international awards

Research and development is a top priority at GF. Product and system solutions are continuously developed and frequently win international awards. In 2020, GF Piping Systems won the bautec.INNOVATION AWARD for its Hycleen Innovation System and received the International Design Award for its newly reissued classic, the 546 Pro Ball Valve. GF Casting Solutions was given the Volvo Cars Quality Excellence (VQE) Award in October (photo). In addition, GF Linamar received the Silver Certificate of Safety Achievement from the state of North Carolina (USA) for its health and safety at work program.

Taking advantage of synergies

In Agrate Brianza (Italy), GF invested a total of EUR 10.5 million in new, state-of-the-art office buildings for around 120 employees across all three GF divisions. Spanning 4'000 square meters, the site comprises a center of competence, office space, a conference room, showroom, and training center. It is jointly managed by GF Piping Systems and GF Machining Solutions to harness synergies in the development of systems and complete solutions.

Strengthening presence in growth markets

Expanding its presence in high-growth markets was one of the key pillars of the GF Strategy 2020. A number of new sites also became operational in 2020: GF Piping Systems started in Yangzhou (China) with the construction of a new production facility, which is to serve as a model for GF production facilities in China (photo). GF Signet, a GF Piping Systems brand, began construction of the new process automation center in Irwindale, California (USA). In Ratnagiri (India), GF Piping Systems also opened a further production facility and moved into a new site in Apodaca (Mexico) in March together with GF Machining Solutions. GF Casting Solutions is investing in a new light metal die casting plant in Shenyang (China). Production will start in 2023. In Canada, GF Machining Solutions' employees moved to a new site with a showroom that will be shared with GF Piping Systems. The Changzhou plant of GF Machining Solutions in China also reached a major milestone in 2020: The delivery of the 3'000th milling machine. They also achieved a record number of order intakes, despite the pandemic.

Strong partnership

The 20th anniversary of the joint venture between GF and Chinaust was celebrated in 2020. Chinaust is a leading manufacturer in the field of high-performance technology for the utility and automotive industry.

An innovative partner

In March 2020, GF signed a partnership agreement with the up-and-coming UK-based startup Oxford Flow Ltd. Oxford Flow operates in the field of water supply infrastructure. Its innovative pressure regulation valves make a significant contribution to reducing water loss in utility companies' distribution networks. Oxford Flow thereby supports its customers' efforts in the sustainable and sparing use of this key resource.

United against the virus

GF Piping Systems supported the non-profit organization Water Mission in its water treatment efforts at a hospital in Kasulu (Tanzania). Thanks to strong teamwork, its employees also ensured that the construction of a hospital in Indonesia planned for the COVID-19 pandemic could continue without interruption. The HDPE pipes required for construction were delivered within a record time of 24 hours required by the customer. GF Machining Solutions also demonstrated its commitment to service delivery: 24/7 availability was in place so that its more than 100 customers in medical technology could meet the surge in demand related to the pandemic. Customers who were making an important contribution to combating coronavirus were given preferential treatment.

Long-term funding secured

In August, GF raised CHF 200 million on the Swiss capital market with a new bond with a term of 9.5 years. By issuing this bond, the company took advantage of the significant improvement in capital market conditions that had begun in April 2020. The transaction increases GF's financial flexibility: It can be used to implement long-term strategic goals and to potentially repay existing bank loans.

Fundraising for clean drinking water

Thanks to the exceptional efforts of GF employees, the CHF 500'000 raised through Walk for Water were donated to the GF Clean Water Foundation. In 2020, it was therefore possible to implement four drinking water projects via the non-profit organization Water Mission. As a result, clean water was ensured for many people in Indonesia (photo), Malawi, Peru, and Uganda through the creation of water distribution and supply points, safe water tanks, infrastructure, sanitary systems, and hygiene solutions.

GF expands its presence in South America

GF Piping Systems announces the acquisition of FGS Brasil Indústria e Comércio Ltda., the leading manufacturer of polyethylene piping systems in Brazil, and in doing so, expanded its global presence in the world's fifth most populous country. The company serves the local water and gas distribution market as well as other industrial segments. FGS and GF previously worked together on a large water loss improvement program by sustainably replacing the São Paulo region's piping network. The acquisition provides GF Piping Systems with a unique platform for further growth in Brazil and South America.

GF Casting Solutions and ZF agree on long-term technology partnership

GF Casting Solutions has been a supplier of transmission components to the global technology corporation ZF for decades. In 2020, the two partners agreed on a technical cooperation in the area of manufacturing and further development in aluminum die casting. Best practices are to be exchanged and joint further development is being sought in areas such as production processes, quality, supply chain, and digitalization. GF Casting Solutions supplies ZF with transmission housings for hybrid vehicles, the number of which has increased in recent years and will continue to do so in the future.

Sustainability at the heart of GF’s business

Sustainability is a long-standing part of GF’s culture and business. 58% of GF’s products or solutions enable a social or environmental benefit, thus helping customers all over the world to move towards a more sustainable future.

GF Piping Systems ensures that less water is lost as it travels from source to household taps. GF Casting Solutions develops new lightweight components making mobility more CO_2 efficient. GF Machining Solutions and its smart technologies offer customers a more efficient use of resources by reducing the consumption of materials and energy.

A recent example of sustainability in GF's business is the multi-year partnership agreement with SwissShrimp AG. The startup is a pioneer in local and sustainable shrimp breeding in Switzerland, and GF supports it with its expertise and technical know-how on water treatment.

In this sustainability chapter, GF provides a high-level overview of environmental, social, and governance (ESG) topics. GF's Sustainability Report 2020 will be published in June 2021.

Grinding away sharp mold burrs is a monotonous and physically demanding job that requires constant concentration.

The new grinding cell is a closed, soundproof room. Fully automated with three digitally controlled robots, the machine grinds and fettles the castings pallet by pallet without noise or dust emissions.

Our stakeholders

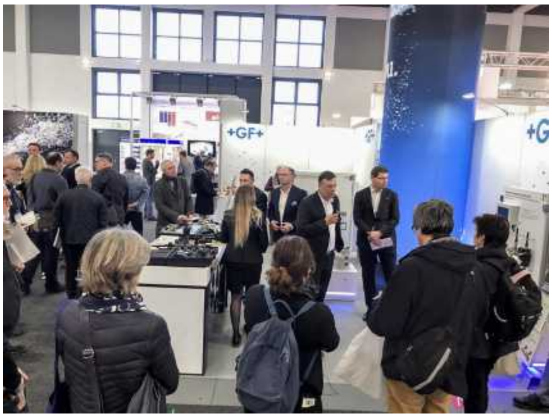
GF keeps an ongoing dialogue with its internal and external stakeholders, enabling key issues to be proactively recognized and resolved. This exchange is fostered by a range of activities and measures.

Employees

More than 14'000 employees in 34 countries contribute to GF's sustainability efforts in a number of ways, such as designing products and solutions with more sustainable features, reducing the consumption of natural resources, and operating in a safe and healthy way in their daily activities.

Investors

GF is in regular contact with its investors via roadshows, events, meetings (including its Annual Shareholders' Meeting), and through active ESG-focused dialog sessions with sustainability analysts and stewardship teams.



Customers

GF conducts targeted workshops on sustainability with customers from key market segments to jointly develop forward-looking products, solutions, and services.

GF's product and solutions specialists build lasting customer loyalty by maintaining continuous contact with customers, including at trade fairs or in-house events, as well as by offering customized training sessions.

Suppliers

Long-term successful partnerships with GF's procurement and logistics partners are essential for business continuity. Ensuring that they comply with the standards that GF applies to itself is of the highest importance to GF.

GF regards suppliers as crucial partners to ensure increased environmental efficiency of GF's own operations (for example with production equipment), as well as to reduce social and environmental risks throughout GF's value chain.

Universities and research institutes

GF maintains close contact with universities and research institutes. Cooperation takes place on a number of levels, with GF offering internships and junior work opportunities to students at technical colleges and universities, in addition to other specific projects.

One such example is when GF entered into an agreement with Oxford Flow, based in Oxford (UK), to develop innovative products and solutions, such as a novel control valve to prevent pressure and water loss.

Regulators

As an international company, GF strictly follows the relevant rules and regulations of each country in which it operates. To facilitate this, GF is a member of a number of chambers of commerce.

Local communities

GF supports and promotes cultural and social programs at its various locations. It also aims to have an overall positive impact on the local communities where it operates.

Media and general public

GF regularly publishes media releases on relevant topics and maintains a continuous exchange of information with journalists. Traditional media conferences are supplemented by the active presence of GF on social media channels Twitter, Facebook, YouTube, LinkedIn and Xing.

Industry associations and NGOs

As an international company with Swiss roots, GF cultivates an ongoing exchange with international and national associations and organizations. GF is involved in Swiss trade organizations and since 2015, has been committed to the UN Global Compact's ten principles in the areas of human rights, labor, environment, and anti-corruption.

→ Homepage – UN Global Compact

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 2020, the COVID-19 pandemic posed challenges for businesses and society. GF responded with numerous initiatives to ensure that employees remain safe and healthy. At the same time, GF was confronted with volatile demand for its products, which led to short-time work models. In parallel, GF managers volunteered to temporarily reduce their monthly compensation. These savings were collected in a solidarity fund and distributed during the year to selected cases of hardship among GF employees.

Several other initiatives to ensure employees' health included extending the existing home-office policy, providing hygiene training and personal protective equipment, enforcing physical distancing, and frequent communication during the crisis.

The interdisciplinary gsund@life team designs needs-based offerings for the mental and physical stability of GF's employees.

GF regards ethical business conduct, resource-efficient and environmentally friendly production, eco-design in products and solutions, as well as respect for our employees and all other GF stakeholders as part of the Corporation's responsibility in society.

Consequently, GF is committed to sustainable development. The Corporation takes economic, environmental, and social responsibility for its activities at all levels. To focus its efforts, GF conducts a periodic materiality assessment of topics within the sphere of its influence to identify those that carry the highest relevance for GF and its key stakeholders.

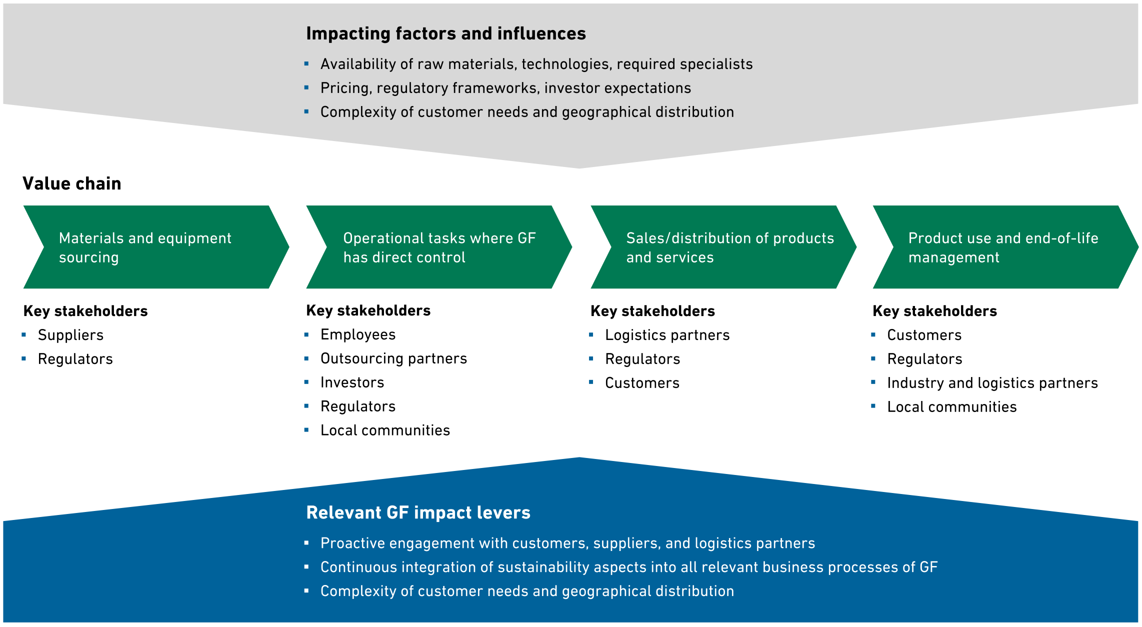
Sustainability program management

The ultimate responsibility for sustainability at GF resides with the Board of Directors. To facilitate the strategic direction provided by the members of the Board, a Sustainability Committee was established in 2020. The Chairman of the Board of Directors is the chair of the Sustainability Committee. The roles and responsibilities of the Committee are defined in the Charter of the Nomination and Sustainability Committee and published on the GF website.

The Executive Committee has operational responsibility for the topic of sustainability and for ensuring that GF meets the defined targets, with progress discussed every six months. The annual performance objectives of the Executive Committee members include at least one MBO related to sustainability. The specific objectives match and support the strategic efforts of each division and are being cascaded into the organization.

Responsibility for the integration of sustainability aspects into the daily operations of GF lies with each department and division. The Corporate Sustainability unit[1], in close contact with the dedicated sustainability teams within the three divisions, ensures tracking of progress for individual locations, business units, and divisions towards achieving the set targets. Corporate Sustainability also actively works with senior and executive managers to ensure a robust and aligned sustainability program.

GF developed Sustainability Targets 2020 along its entire value chain. These targets are closely linked with GF's Strategy 2020 and the respective activities contribute to the key strategic thrusts of the Corporation. At the end of the current five-year strategy period, GF achieved progress on all of its sustainability goals. The company publishes a detailed Sustainability Report in the first half of each year.



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.

For GF Piping Systems, this means leak-free and safe transport of water, gas, and chemicals, energy-efficient process water solutions for industrial applications, as well as hygienic water for private homes and commercial buildings. An example that provides significant energy savings is the COOL-FIT system, which reduces energy consumption by up to 30%, reversing the trend of rising energy demands. GF Piping Systems constantly innovates solutions to reduce so-called non-revenue water (NRW) – this is water that has been produced and is lost due to leakages before it reaches the customer.

For **GF Casting Solutions**, sustainability in its product portfolio means developing solutions for the future of mobility, both in the automotive and aerospace segments, which in turn help customers on their sustainability journey. The division's core expertise lies in applying innovative design solutions and production technologies to create components with a weight reduction of more than 50%[2] – thus helping its customers to reduce fuel consumption and CO_2 emissions during the vehicle's usage. Lightweight castings manufactured by GF Casting Solutions, such as shock towers, realize weight reductions ranging from 17 to 45%. This is essential in electric or hybrid cars to reduce weight. Today, approximately one-third of orders relate to e-mobility.

For **GF Machining Solutions**, sustainability translates into more innovative, integrated and connected high-precision machines and solutions that significantly improve the energy efficiency of product manufacturing. 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 this regard, GF Machining Solutions successfully piloted the re-use of copper and brass wires – so-called EDM wires from EDM machines[3]. Every year, roughly the same amount of scrap wire is taken back from the customer as was originally sold. Both GF and its customers benefit from this system, as the scrap wire retains its value and the customer does not have to be concerned about disposal. This pilot proved how GF could close the loop and realize the benefits of a circular economy.

Cross Car Beam

Today, the cast cross car beam in magnesium can replace many single steel or aluminum sheet metal parts or aluminum profiles. The complex cast solution is developed, produced and tested by GF Casting Solutions. For manufacturers of light vehicles and commercial vehicles, the cross car beam offers maximum functional integration and a significant weight reduction while meeting all required properties.

* Calculation using the example of a Mercedes S-Class with an annual production of 80'000 vehicles over 7 years and a total distance driven of 300'000 km per vehicle.
** While integrating more functions, e.g. Navigation, Head-up display, etc.

Communication about sustainability

To embed sustainability into its daily activities, GF renewed its internal policy on sustainability management. GF communicates with employees about sustainability through a variety of channels, including a global quarterly sustainability newsletter and an online collaboration group. In the second half of the year, continuing an annual tradition, GF conducted a sustainability conference (this time virtually), bringing together around 60 environmental and health and safety specialists from GF's locations in the Americas to present site-specific projects in energy efficient and safer work environments.

Planning for the next strategy cycle

In 2019, GF launched an initiative to define its sustainability framework for 2021–2025 and a longer-term sustainability ambition for 2030. Dialog with GF's key stakeholder groups formed part of this process: input from customers and suppliers of the three divisions, as well as GF's investors and employees was collected in a series of interviews.

Based on this input, three cross-divisional work streams in the areas of products and solutions, climate and resources, and people and well-being were formed, with the aim to develop ambitious yet realistic sustainability targets. These targets were proposed to the Executive Committee and the Board of Directors in the second half of 2020 as part of the overall business strategy discussion, and all nine targets were approved. These targets were integrated into the business strategy as sustainability at GF is not considered a separate strategy, but vital to GF's overall strategic direction. Further details regarding the Sustainability Framework 2025 will be communicated soon.

Anchored in the social environment

GF supports and promotes cultural and social programs at its various locations as well as activities that contribute to the common good. In 2020, around CHF 2 million were spent at the Corporation level on social involvement activities. The biggest contributions in 2020 went to the Corporation-owned foundations **Clean Water, Klostergut 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, no contributions were made to any political parties or to individual politicians.

Improved access to clean drinking water

Through its Clean Water Foundation, GF has supported a total of 155 drinking water projects worldwide since 2002. To date, GF has invested more than CHF 11 million and improved the lives of more than 300'000 people through better access to safe drinking water. In 2020, the Clean Water Foundation granted funds to projects in Indonesia, Malawi, Uganda, Tanzania, Honduras, and Peru. Most of the projects focus on the improvement of infrastructure for water filtration and water distribution in rural communities and for hospitals. The non-profit organization Water Mission in Charleston (USA), a trusted partner of GF's Foundation for the past ten years, executed most of these projects.

Annually, 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.

Klostergut Paradies and Iron Library Foundation

The Klostergut Paradies in Schlatt (Switzerland) has been owned by GF since 1918. Today, this historical building serves as the main seminar and training center for the Corporation. In addition, since its foundation in 1948, the Iron Library Foundation has been located at the Klostergut Paradies. 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 the historical and cultural heritage of the GF Corporation, whose roots go back to the 18th century. In 2020, the digital offering included over 1'000 digitized volumes with a total of more than 60'000 pages.

The Iron Library, Schlatt (Switzerland)

Partnerships to drive GF's sustainability engagement

Reforestation of 14'000 trees

GF has partnered with Land Life Company to offset its US carbon footprint by planting 14'000 trees in California, Texas, and Oregon. Employees from all respective GF sites participated in the activities held at their local facilities. Land Life's mission is to restore 2 billion hectares of degraded land in the world. The reforestation project will reduce CO_2, help to restore important ecosystems, improve biodiversity, and create social and economic benefits for local communities.

https://youtu.be/lW5VyrcF_CA

Expertise for sustainable shrimp breeding in Switzerland

GF and SwissShrimp AG have signed a multi-year partnership agreement. The startup from Rheinfelden (Switzerland) is a pioneer in local and sustainable shrimp breeding in Switzerland. Besides avoiding the use of medication in breeding, SwissShrimp also does away with long transit routes to regional distributors or end customers. The company uses the waste heat from the neighboring Schweizer Salinen saltworks to heat their infrastructure. GF will support SwissShrimp with its expertise and its technical know-how with regard to water treatment, among other activities.

Next generation of lightweight components

To take advantage of emerging new technologies such as artificial intelligence (AI), the GF Casting Solutions Research & Development team based in Switzerland has partnered with AI pioneer Microsoft. The objective of the joint efforts was to establish a solid, data-driven understanding of GF Casting Solutions' complex multi-step casting processes. Environmental impact as well as manufacturing costs increase with every process step. Hence, it is desirable to determine as early as possible whether a produced part will make it all the way to the customer or whether it will need to be sorted out in a later process step due to defects.

Herbicide-free weed removal

In order to make agriculture more sustainable, ETH Zurich promotes projects that contribute to achieving the UN environmental goals. One of these is the Rowesys project (Robotic Weeding System), which addresses the challenge of herbicide-free weed removal. The result is an agricultural robot that removes weeds mechanically, automatically, and without herbicides. For its complex chassis components, a cooperation between the Rowesys team and GF's R&D department in Schaffhausen was established. The wheel suspension with integrated components from GF makes it possible to overcome all obstacles through the spring-damper system and to not get stuck between stones or holes.

Sustainability awards for GF

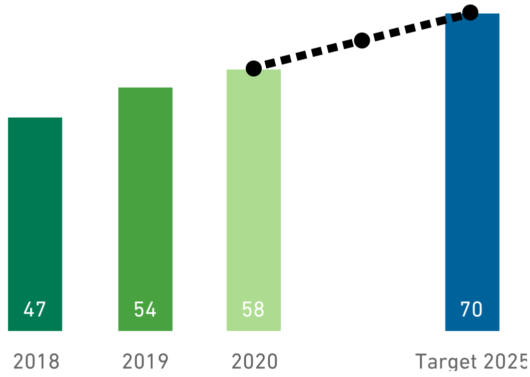
WSJ 100
MOST SUSTAINABLY MANAGED COMPANIES 2020

In 2020, The Wall Street Journal examined 5'500 publicly traded companies with regard to their sustainability program. GF ranked among the top-10 in a list of the 100 most sustainably managed companies in the world. The ranking is based on sustainable aspects such as environment, social and human capital, or business model and innovation. The successful rating reflects GF's years of efforts in the area of sustainability and the quality of ESG-related information that the company provides to its stakeholders.

CDP ranking

In December 2020, the London-based CDP awarded GF an A– rating (Leadership level) for its worldwide measures to reduce energy consumption, as well as for its transparent disclosure of greenhouse gas emissions. GF also scored higher than the European and the Powered Machinery sector averages. The CDP 2020 reporting cycle covers activities from 2019. Environmental management is a core pillar of GF's sustainability program. During 2019, the company implemented about 30 measures worldwide to reduce greenhouse gas emissions, which contributed to total savings of 3'000 CO_2e metric tons.

Sales with social and environmental benefits
% of total sales



[1] Positioned within the CFO organization and reports to the Head of Investor Relations/ Sustainability.

[2] As compared to applying sheet metal technology.

[3] EDM stands for Electrical Discharge Machining.

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 eight members of the Board of Directors are nonexecutive, seven 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
Corporate 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 chapter.

GF organization structure

As of 31 December 2020

Board of Directors
Chairman: Yves Serra
8 members

Executive Committee
CEO: Andreas Müller
5 members

GF Piping Systems
President: Joost Geginat

Finance, IT & Procurement
Thomas Hary

Human Resources
Noel Schreiber

Industry/Utility
Jens Frisenborg

Building Technology
Christopher Dühnen

Europe
Dominique Van Ackere

Americas
James Jackson

Asia
Michael Toh

GF Casting Solutions
President: Carlos Vasto

Finance & IT
Paul Czaj

Human Resources
Joerg Hannsen

Lightmetal Die-Casting Europe/USA
Michael Hagemann

China
Mujia Zhang

Investment Casting
Amadeo Torrens

Sales/Research & Development
Hans Zott

Business Development
Georg Neuschütz

Procurement
Oliver Teich

GF Machining Solutions
President: Ivan Filisetti

Finance & IT
Aitor Bustinduy

Human Resources
Nathalie Isautier

Operations
Stefan Dahl

Sales & Marketing
Scott Fosdick

Customer Services
Antonio Faccio

Quality
Blaise Mahieu

Digital Business
Andreas Rauch

Finance & Controlling
CFO: Mads Joergensen

Corporate Controlling & Investor Relations [1]
Daniel Bösiger

Corporate Treasury
Holger Henss

Internal Audit
Thorsten Schittges

Risk Management & Tax
Daniel Vaterlaus

Corporate Shared Service Center
Petra Dinkeldein

Corporate Development
Head: Andreas Müller

Law, Compliance, Patent & Trademark
Marc Lahusen

Corporate Planning/IT [2]
Helmut Elben

Corporate Human Resources
Peter Ziswiler

Corporate Communications
Beat Römer

Corporate Secretariat
Roland Gröbli

[1] New functions as of 1 January 2021: Gian Franco Bieler becomes Head of Corporate Controlling and Daniel Bösiger Head of Investor Relations/Sustainability.

[2] As of 1 February, 2021, the corporate staff headed by Helmut Elben will be renamed "Corporate Strategy, M&A and IT".

Clarity on carbon footprint seals the deal in Finland

Finland's commitment to the environment is no secret: the "land of a thousand lakes" is a world leader in sustainability, ranking among the top ten countries in the Environmental Performance Index developed by Columbia and Yale universities. This nationwide commitment is reflected in the business approach of organizations like the Helsinki Region Environmental Services Authority HSY, which signed a new agreement with GF Piping Systems in 2020.

HSY has set an array of environmental goals on issues such as recycling rate and carbon-neutral operations as part of its vision to make Helsinki the world's most sustainable urban region. The municipal body supplies drinking water as well as wastewater treatment and waste management services for the Finnish capital, and maintains the area's water piping network.

With its focus on eco-optimized design across its entire product range, GF Piping Systems also has sustainability in its DNA. This shared grasp of the importance of environmental responsibility underpins the relationship of mutual trust that has flourished since GF Piping Systems began supplying piping products and services to HSY in 2008.

This was just the start of an extensive collaboration, encompassing workshops, intensive meetings, as well as technical support and training in PE piping installation for HSY personnel and subcontractors. This period of active cooperation culminated in the three-year "preferred partner" agreement signed in June 2020, under which GF Piping Systems will supply HSY with polyethylene (PE) piping fittings for its water network maintenance and upgrade program.

"GF's products are of high quality, and their ease of installation has proven to be excellent."

Hannu Toivonen, Procurement Specialist at HSY

GF Piping Systems will supply HSY with polyethylene (PE) piping fittings for its water network maintenance and upgrade program.

The HSY in brief

Helsinki Region Environmental Services Authority HSY, the largest public environmental body in Finland, produces waste management and water services for over one million residents throughout the Helsinki Metropolitan Area. HSY's responsibilities include treatment of wastewater generated by households and businesses, ongoing maintenance and upgrading of the region's 3'000 kilometers of water supply piping, and 4'900 kilometers of sewers, as well as waste management for residents and local government. The company is also responsible for air quality information and provides geographic information about regional development and promotes climate work. In the past few years, tens of kilometers of water and sewage networks across the Helsinki region have been renovated, and sewer re-lining works have been carried out. Notable innovations that directly benefit local residents and businesses include displaying the latest air quality data on screens in local trams and metro trains. A pioneering commitment to environmental responsibility and the efficient use of resources underpins every aspect of HSY's operations. Purified water is returned to the natural cycle after treatment, while organic matter and nutrients separated from wastewater are converted into soil or soil conditioner. The authority's sustainability goals include achieving carbon-neutral operations by 2030, saving energy by boosting energy efficiency and heat recovery, protecting the Baltic Sea waters, and raising its recycling rate to 60%.

Unique transparency on emissions

GF Piping Systems was the only bidder to meet HSY's challenging requirement to provide a comprehensive breakdown of CO_2 emissions generated during the entire manufacturing and supply process, from the production of raw materials to delivery of finished products.

HSY Procurement Specialist Hannu Toivonen – the lead contact for bidders, and responsible for drawing up HSY's invitations to tender – highlights how pivotal GF's ability to meet this challenge was in winning the bid, while also outlining the importance of the existing relationship: "GF's support for HSY so far has been fast and of high quality. We chose GF's products because of their ease of installation, and because of GF's ability to reliably document its carbon footprint." Following the partners' first meeting on the carbon issue 18 months previously, GF Finland looked carefully at the best way to utilize its technical advantages to gain an edge in the tender process.

GF Piping Systems' Finland sales company cooperated extensively with other GF teams (Global Quality & Sustainability, Global Sales Support, and Global Product Management Utility) to win against fierce local competition. GF Piping Systems' Head of Sales (Finland), Hannu Vihervaara, puts this into context: "Finland has three big pipe manufacturing companies who import PE pipes and fittings from different suppliers, so the competition is quite tough. But our technical support and training for installers, and the quality of our products helped us to win."

The successful bid, which the GF Piping Systems' team worked on between February and June 2020, will boost sales volumes and make GF Piping Systems the number one supplier in the Finnish market.

Eco-design products

GF Piping Systems will supply HSY with fittings from the ELGEF Plus system, specially designed for water, gas, and some industrial piping networks. The lightweight polyethylene components (including pipes and different fittings) enable customers to build flexible solutions that meet their practical needs. Even large-diameter piping joints are reliably leak-proof, ensuring the security of supply for customers and minimizing repair costs.

GF faced stiff competition during the bid process. However, a combination of technical quality, ease of installation (thanks to “pipe-in-pipe” construction of the ELGEF couplers), and active technical support helped secure the business win. The broad, locally available product portfolio also enabled GF Piping Systems to cope with the potential challenge to stocks arising from the sheer volume of products required.

Both HSY and GF Piping Systems see scope for increased collaboration in the future, especially in large dimension PE fittings, an area in which HSY’s requirements are growing, and non-destructive testing (NDT), offered as part of the service package. GF’s Hannu Vihervaara welcomes the ongoing relationship: “It’s great to work with professionals who are always interested in new solutions.” HSY’s Hannu Toivonen – who has ten years of experience in his role – shares that confidence: “I see the cooperation with GF Piping Systems continuing at the same good level in future. In fact, I hope it will even increase.”

https://youtu.be/Fqulx_cA1u8

“Overall, GF’s activities are inspiring.”

Hannu Toivonen
Procurement Specialist, HSY

What is your personal assessment of GF Piping Systems’ products?

They are of high quality, and their ease of installation has proven to be excellent. Components to be installed underground must have this level of quality because any problems they exhibit are difficult to detect and may give rise to costly inspection and repair measures. HSY has had very good experiences with the durability and the quality of GF’s products.

Were there any challenging moments?

I met Hannu Vihervaara, GF Piping Systems’ Head of Sales (Finland), about a year and a half ago, and we discussed how GF takes its carbon footprint into account in its operations. CO_2 emissions had become an increasingly important issue for HSY in recent years, and we were keen to test suppliers’ capabilities in terms of carbon footprint certification as part of the tender process. I wasn’t sure whether GF would be able to show the carbon footprint of its operations with reliable calculations. However, GF’s staff did great work and demonstrated the carbon footprint in their bid.

How would you describe your experience with GF Piping Systems and the level of cooperation?

Overall, GF’s activities are inspiring, and GF’s support for HSY has been fast and of high quality. I see the cooperation with GF continuing at the same good level in the future.

How environmentally friendly is PE piping?

Product lifecycle assessments are performed for polyethylene piping systems to determine their environmental impact, notably in terms of “cradle-to-grave” CO_2 emissions. Polyethylene piping has a lower carbon footprint than metal and is 100% recyclable, in addition to its long lifetime.

Building on a sustainable partnership

In recent years, the global rise of electric cars has led to an increasing demand for lightweight solutions. As a pioneer in the field, GF Casting Solutions is supporting Volvo Cars with its broad development know-how to combine multiple parts into one, decreasing the carmaker's costs as well as reducing its carbon footprint.

As global car sales begin to recover, electric cars are gaining momentum. To capture future opportunities, Volvo Cars is manufacturing its best-selling models, namely SUVs such as the XC60 and the XC90, as fully electric vehicles. The company is scheduled to introduce the new generation of the XC90 as well as the Polestar 3 in the coming years and has also announced that by 2025, fully electric vehicles will account for 50% of its total sales.

Volvo Cars' commitment to electric cars is supported by GF Casting Solutions – its exclusive global partner for developing lightweight structural parts. With its advanced high-pressure die casting technologies, GF can directly help Volvo reduce car body weight and indirectly help it improve battery life while still maintaining its first-class safety performance.

"Since Volvo started to localize manufacturing in China, we've had a very satisfying partnership with GF."

Aaron Zhou, Senior Supplier Quality Management Engineer at Volvo Cars China

Volvo has become a very important customer for GF Casting Solutions' Suzhou plant since the car manufacturer started to produce in China for the local market.

Volvo Cars in brief

Founded in 1927, Volvo Cars is one of the most well-known and respected premium car brands globally. With roots in Scandinavia, the company today manufactures and operates in Europe, Asia, and the Americas and has more than 41'000 employees worldwide. The compact luxury crossover SUV XC60 was the brand's top-selling model in 2019. Its operating profit in 2019 was SEK 14.3 billion. China is one of Volvo's largest and fastest-growing markets. In the first ten months of 2020, Volvo sold more than 100'000 cars in the country, about 7% more than during the same period in 2019. China now accounts for about 26% of the company's new sales. Volvo Cars' largest plant in China is in the city of Chengdu. The site is 100%-powered by renewable electricity.

Azim Sood is global Key Account Manager for Volvo Cars at GF Casting Solutions. In his opinion, GF is one of Volvo Cars' preferred partners because of its experience, stability, and global footprint.

A truly sustainable partnership

"Since its founding in 1927, Volvo has been known for its innovative strength in safety, with a track record ranging from the invention of the modern three-point safety belt to side airbags. Consumers also favor Volvo for its robustness and durability. Today, with the support of GF Casting Solutions, the company is applying this advantage in the electric light vehicle business. According to Azim Sood, global Key Account Manager for Volvo Cars at GF Casting Solutions, they are doing so by integrating several components and functions into one casting part. The solutions complement the new modular architecture, on which future generations of the XC60, XC90, and Polestar will be based. Research and development departments at both companies are working very closely together to achieve weight and cost-reduced parts. "Since Volvo started to localize manufacturing in China, we've had a very satisfying partnership with GF," says Aaron Zhou, Senior Supplier Quality Management Engineer at Volvo Cars China. "The new development is progressing well."

Recalling a good start

"A few years ago, Volvo Cars started to look for global partners who could work with them in all major markets, which ensures consistency in quality and reduces overhead," says Sood. The collaboration started in 2015, when GF began to make frontal shock towers for the S90 and V90 models; and later, the project was expanded to the XC60 and S60 models. "Since 2015, the partnership with Volvo has grown steadily," says Sood. In his opinion, GF is one of Volvo Cars' preferred partners because of its experience, stability, and global footprint. "Wherever Volvo produces its cars, we have one or more die casting plants in that region."

Another of GF's competitive advantages is its ability to meet Volvo Cars' strict sustainability requirements . As the carmaker aims to be climate neutral by 2040, it has listed progressive goals for its suppliers, including the percentage of renewable energy used by the plant as well as the recycling level of metal scraps, says Sood, adding that GF Casting Solutions will be able to reach the goals by making related investments. "Not every supplier can afford to do that, especially in the middle of a pandemic."

Recognition for collaboration

"I'm very happy with the partnership," says Aaron Zhou. "GF is a trusted partner; it puts my mind at ease because I can always count on them to deliver quality products on time." To attest to the successful collaboration GF received a "Quality Excellence Award" from Volvo on 19 October 2020 in Suzhou, recognizing the company's long-standing support of Volvo's core values.

Volvo has become a very important customer for GF Casting Solutions' Suzhou plant since the car manufacturer started to produce the XC60 and S60 in China for the local market, and with the new mold shop in China, time to market has been significantly shortened, says Harry Wang, Head of Sales of light metal at the facility. "In terms of our pursuit of quality and sustainability, the two companies have a lot in common, and that's what makes the partnership a joyful ride."

More on the horizon

According to Azim Sood, as GF and Volvo work on the functional integration of several parts, the two companies are also exploring opportunities to collaborate on more projects, including a new design for several structural parts. He adds that he's very confident that Volvo's sales will continue to grow as they have done over the past few years. For example, in China, the world's largest auto market, Volvo has steadily gained traction. In 2019, sales grew 18.2% annually, according to the company. By October 2020, China was the best performing market for Volvo in terms of growth rate (5.2%), accounting for more than 25% of the company's total sales globally. "As our new plant in Shenyang is expected to be ready by 2023, GF will be able to better support Volvo's future ambitions in China," says Harry Wang. He also explains that compared to Suzhou, Shenyang is closer to Volvo's factory in the city of Daqing, which will translate into fewer logistics costs for the carmaker. "I'm excited and looking forward to building on our trusted partnership."

https://youtu.be/Bgbzn53z4mc

“I never worry about meeting our targets on time.”

Aaron Zhou

Aaron Zhou is Senior Supplier Quality Management Engineer at Volvo Cars China. Zhou joined Volvo Cars five years ago. He oversees the quality of products from R&D to final delivery. Zhou spends the majority of his time traveling and visiting suppliers across China.

Why is the new rear side member important to Volvo’s new models?

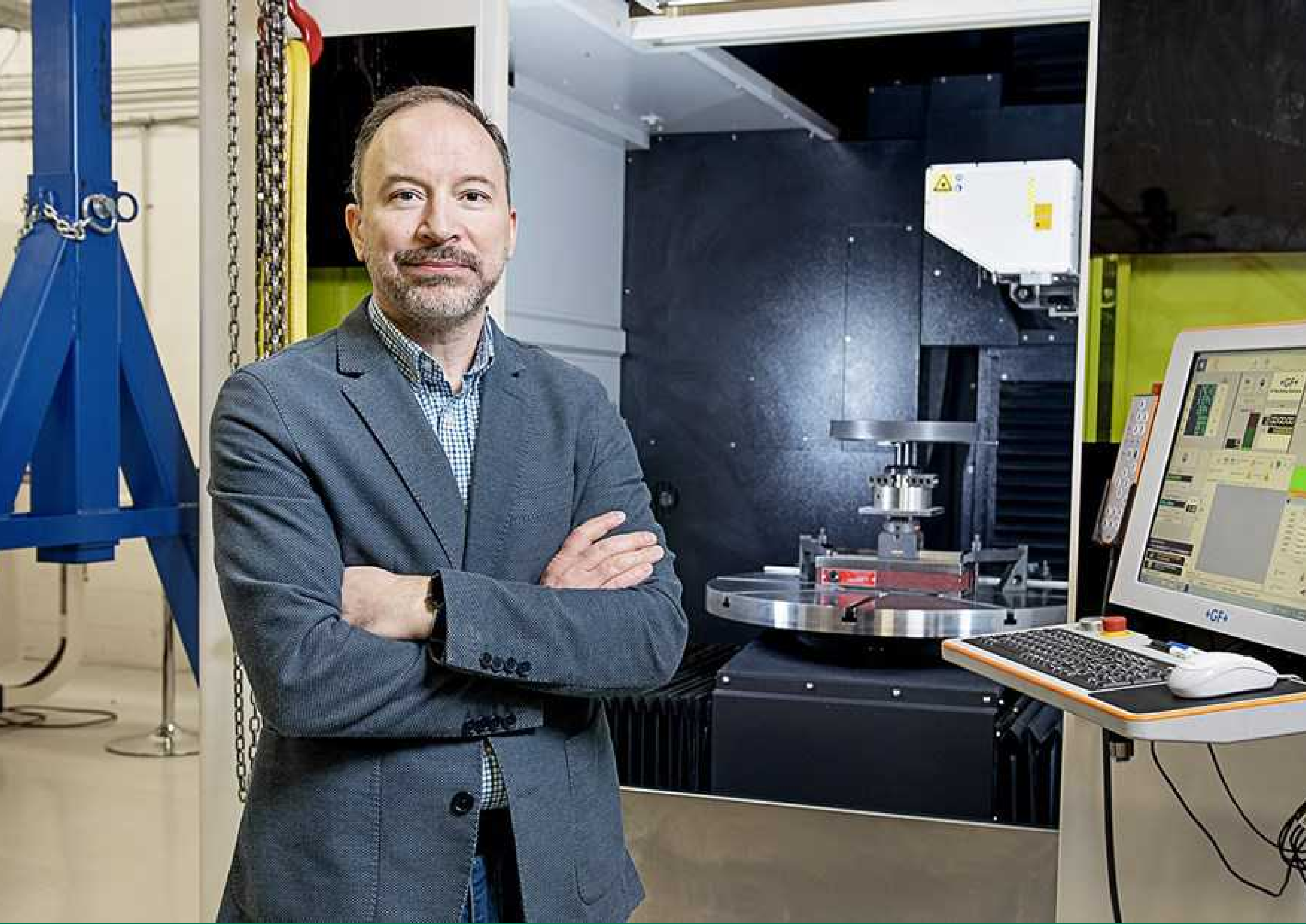
The new integrated part is a much lighter and cost-efficient solution for our new modular platform, on which future generations of the XC60, XC90, and Polestar will be based. But since it’s a collision part, it also has to be strong enough to meet our high safety standards. During manufacturing, the part, which is thin-walled and big, is prone to distortion in the thermal treatment process, and thus very difficult to produce. GF is still in the part development phase, but the results so far are very promising.

Which qualities of GF Casting Solutions do you value most?

I think both companies are very focused on quality and sustainability, so, figuratively we speak the same language given the shared values. GF has a very long history of excellence, and their team is very reliable and responsive throughout the R&D process. With GF I never worry about meeting our targets on time.

Were there challenges or memorable events? The new project started amid a pandemic, after all.

Of course, the pandemic caused a little delay. But GF made the investment on new manufacturing equipment as planned, and we are able to proceed successfully. For me, that’s actually what I desire from an excellent supplier – that everything goes smoothly forward as scheduled.



Molding the future

A customer who thrives on innovation and environmentally friendly manufacturing, a market that never stands still, and a product line that excels at precision and speed: How GF Machining Solutions and Providence Texture grow into new markets together.

Matt Melonio, CEO and President of Providence Texture, a laser service company, set out to change the US manufacturing industry from Smithfield, RI (USA), 90 kilometers southwest of Boston. Providence Texture machines parts so intricate and precise, ranging from 1’700-kilogram items to details at micron level, that only a handful of companies worldwide can keep up. The 500-square meter facility is pristine. Its white interior reminds visitors of a futuristic lab – to a low humming, a robot loads and unloads parts for processing. “When customers come in, they always notice how clean our shop is,” says Melonio.

“The constant improvements benefit us both.”

Matt Melonio, CEO of Providence Texture

Matt Melonio, CEO of Providence Texture, in discussion with Lindsay Lewis, Head of Sales at GF Machining Solutions Advanced Manufacturing North America.

Providence Texture in brief

- Laser service company, headquartered in Smithfield, Rhode Island (US).
- Products range from textured, marked, and engraved surgical instruments to orthopedic implants, molds for plastic housings that encase electronic testing equipment, molds for emergency vehicle lights and suitcases, caps and closure molds for beverages and medical supplies.
- Industries: medical, aerospace, electronics, packaging, defense, sports equipment, lighting, consumer products, jewelry, automotive, universities, and research institutions.
- Customers: Arthrex, Medtronic, Stryker, Zimmer Biomet, NASA, Whelen Engineering.
- Newly certified under the rigorous ISO 13485:2016 medical standard for its quality management system. It tells potential medical customers that the company follows the same standards they do in ensuring quality, traceability, and handling.

Overcoming barriers in design and efficiency

With Providence Texture, which was founded in 2016, Melonio wanted to explore new opportunities that were difficult to seize with traditional processes. Compared to chemical texturing methods, which require the use and disposal of non-environmental friendly chemicals, laser technology is safer for employees and not harmful for the environment. The digitalized production processes, together with automation, are accurate, efficient and can be freely designed. Melonio recalls how it all began in late 2015. During a business trip to Europe, he scheduled a training session with GF Machining Solutions in Geneva (Switzerland). He wanted to review the new laser technologies and applications, especially the AgieCharmilles Laser P 400 U, a dual-source machine with a 20-watt femtosecond laser and a 30-watt nanosecond flexible pulse. The hands-on experience left him excited: “After that week, I knew that femtosecond lasers would play a prominent role in manufacturing,” Melonio says.

Lindsay Lewis, Head of Sales at GF Machining Solutions Advanced Manufacturing North America, explains the company’s approach: “We work with customers to identify critical manufacturing opportunities within their organization that can most benefit from one or more of our Advanced Manufacturing solutions. From there, the relationship with our customers quickly turns into a close collaboration where everyone grows together in the ebb and flow of the technology and application changes.”

Breaking into the medical industry

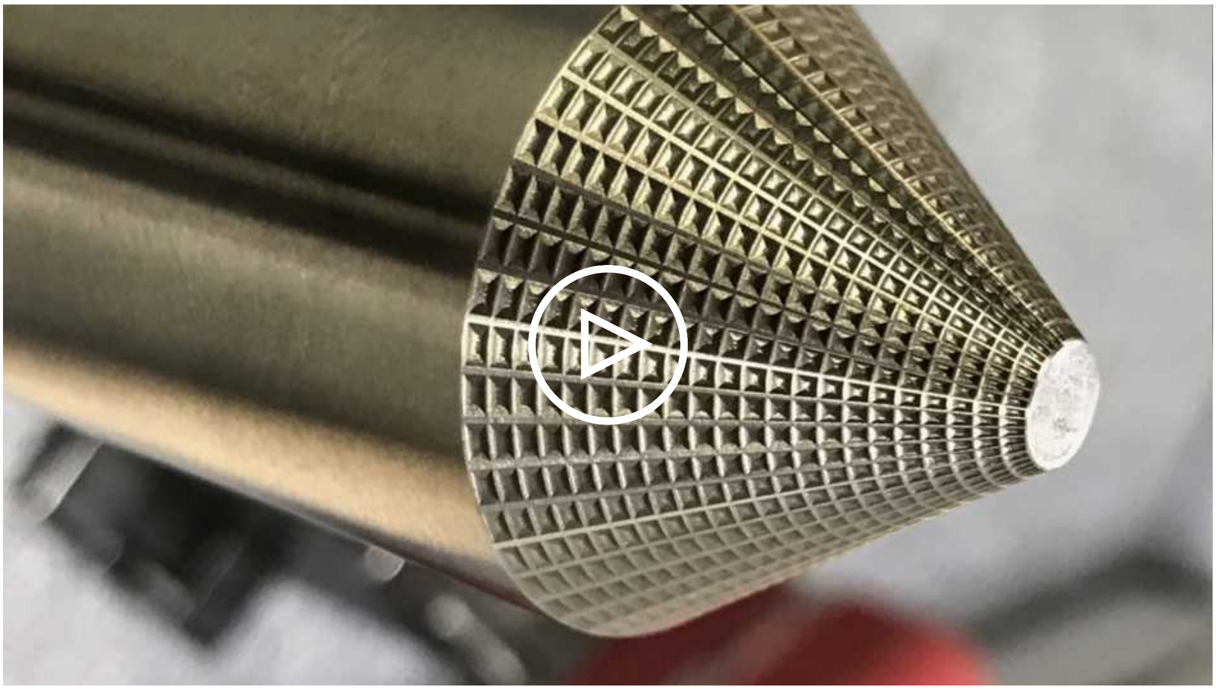
Melonio’s business plan was to break into the medical and aerospace markets. The growth numbers were promising, and developing new and highly precise micromachining and laser texturing techniques could make his company stand out. In September 2016, the young company purchased three AgieCharmilles Laser P series: a Laser P 1200 U, a Laser P 1000 U, and the first dual-source laser in a North American job shop, the Laser P 400 U. The ultrashort pulses reduce heat absorption and compromise effects, like burr formation. Post-process is outdated. “There’s no need for sandblasting. It’s all integrated into the laser process,” explains Melonio. The Laser P 400 U’s nano source produces high-quality, near-polish finishes, and vibrant colors on metals, for instance, for unique anti-counterfeiting marks. The machine not only enables Melonio and his team of five employees to create the micro features his customers keep requesting, like micron-level dimples on aerodynamics test parts. Two laser sources also allow him to produce liquid silicone rubber molds or implants on one single machine.

Melonio chose GF Machining Solutions because of its product quality and versatility, but also because he knew he could count on a good collaboration. Even before the Laser P 400 U had been delivered, Providence Texture’s first medical customer had an urgent request. Melonio reached out, explained his situation, and GF Machining Solutions offered him full access to the demo center in Geneva. “I visited twice, each visit lasting a full week, and was able to fulfill the complete order,” recounts Melonio.

Dedicated service for a strong partnership

In the first eight months after the lasers were delivered, the company experienced some issues. “But the US laser technicians and apps teams from GF were here as often as needed and were virtually always available by phone,” says Melonio. He appreciates that GF Machining Solutions truly understands what is at stake for a new company whose lasers are their only revenue source. “It is about them standing behind their equipment and supporting the companies that build their business using that equipment,” says Melonio. This dedicated service and support strengthened the partnership between Providence Texture and GF Machining Solutions. “Our relationship with Matt is heavily weighed on trust,” confirms Lewis. “That trust has developed into adopting additional, new solutions, all while providing him with the tools he uses to make it a success.”

Part of that trust is GF Machining Solutions recommending Providence Texture to customers interested in femtosecond technology. “Sometimes, companies aren’t looking into buying the machine so much as having access to the process, and they become customers,” says Melonio. His company is already taking steps towards the future, with a keen interest in moving forward with a Microlution ML-5. The interest in the laser developed as Providence Texture encountered niche opportunities in industries like medical, defense, aerospace, and life science. In addition to broadened capabilities for 5-axis micro-hole drilling and cutting, Melonio also plans to market to OEMs, contract manufacturers, and mold builders who have the occasional need but lack the volume that warrants a laser purchase. “Advanced manufacturing is special. Every customer requires an evolving mindset, and Matt absolutely takes those necessary leaps from a business standpoint to grow and adapt and move with technology. We’re excited to see how he will grow from this technology,” Lewis says .



https://youtu.be/0YWZ3UfYQBY

“GF Machining Solutions’ lasers are energy-efficient.”

How competitive is the medical technology market?

Many medical technology manufacturers try to cover as many processes as possible. They tend to be our biggest competition, but also our customers. The challenge isn’t really with these other companies. It’s more with the education: educating prospective customers and the industry about new ways to approach manufacturing challenges in the medical field. One of the initial challenges was also the long developing life cycles for medtec products. It can take three to five years to get approval from the responsible US authority, a rude awakening. But once successful, you are rewarded with product life cycles from five to eight years.

What are the advantages of sustainable manufacturing?

Compared to older processes, we don’t require chemicals. The lasers’ environmental footprint is much smaller. GF Machining Solutions’ lasers are energy-efficient, with the operational cost in the range of a large home appliance. They do not consume shielding gasses or require any regular part replacement. Once the laser is placed and operational, that’s it.

How do you benefit from the open communication with GF Machining Solutions?

Changes in the user interface, for instance, benefit us. GF, on the other hand, gets an insight into what’s happening in the different markets. I want to see the constant improvements because it benefits us as it helps them.

Matt Melonio, CEO of Providence Texture

Matt Melonio grew up around the chemical texturing industry. In 1982, his family started Custom Etch in New Castle (PA). He joined in 1991, right out of high school. In 2010, Custom Etch decided on Laser technology from GF Machining Solutions for a project with PET bottles to decrease labor costs and increase production speed. It took a while to become comfortable with the new technology, but Melonio remembers GF Machining Solutions being by their side during the transition. A few years later, the idea to open a branch of Custom Etch in Rhode Island and establish a laser R&D center morphed into starting his own company: Providence Texture. Building on his texturing experience, Melonio wanted to evolve into a laser service company with various technologies and broad capabilities.

Corporate Governance

Corporate Governance

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 2020 Corporate Governance Chapter.

A proactive dialogue with our stakeholders

In 2020, the governance dialogue with our shareholders and proxy advisors was intensified. More than 25 virtual and in-person meetings with a focus on environmental, social and governance (ESG) matters were held. These were led by our Chairman and attended by our Independent Lead Director, the Chairwoman of our Compensation Committee, and the Head of Investor Relations/Sustainability.

We will continue to proactively engage in and pursue this dialogue with our shareholders. It gives us the opportunity to explain our ESG priorities and programs, as well as providing us with an invaluable outside-in perspective and welcome input so that we can continue to improve.

A year marked by the COVID-19 pandemic

The consequences of the ongoing COVID-19 pandemic were far-reaching in 2020, starting in China and then unfolding worldwide. Quick decisions had to be taken by our Executive Management in order to address employee safety and customer concerns, as well as secure supply chains and manage costs and liquidity. To assess the rapidly evolving situation and better support the Executive Committee with regard to the measures to be taken, extraordinary Board meetings were held in March and May 2020.

The 2020 individual (non-financial) objectives of the Executive Committee were adapted at mid-year with a view to aligning all efforts to successfully navigate the pandemic.

For safety reasons, our Annual Shareholders' Meeting in April had to be held without in-person attendance of our shareholders.

The COVID-19 pandemic has clearly resulted in added urgency with regard to social issues in the population at large but also within our investor community. In fact, during our meetings, most institutional investors showed a great interest in our response to the COVID-19 pandemic, and on a more general level, in all aspects of sustainability in addition to matters relating to Board refreshment, diversity, and compensation.

Sustainability Committee established at Board level

In order to support our Board of Directors on ESG topics, the Nomination Committee purview has been enlarged to encompass sustainability, and in July 2020, it became the Nomination and Sustainability Committee. The Committee's responsibilities as they relate to sustainability involve discussing all ESG-related matters, including climate change, integrating sustainability into the strategy, monitoring progress on sustainability goals, adherence to standards, and setting sustainability objectives for the Executive Committee. Two quarterly meetings have been held to date: one in September and one in December 2020.

2025 strategy and risk management

The Strategy 2025 was prepared by the Executive Committee during 2020 and discussed with the Board in November. It places a clear emphasis on profitable growth as well as integrating sustainability into the strategy, including the introduction of science-based targets. This five-year strategy will be communicated by our CEO in early March 2021.

As risk management is also within the Board's remit, an extensive risk workshop was organized in September. All members of the Board of Directors and the Executive Management participated. This workshop will be repeated on a yearly basis.

Board refreshment and diversity

At the Annual Shareholders' Meeting in April 2020, Yves Serra, CEO until April 2019 and therefore classified as non-independent, was elected Chairman of the Board, succeeding Andreas Koopmann. On the same occasion, the Board nominated Hubert Achermann as Independent Lead Director, in accordance with corporate governance best practice. In his new role, Hubert Achermann held separate meetings with the CEO and CFO, and with all Board members without the presence of the Chairman.

In addition, the Audit Committee was strengthened with the election of a financial expert, Peter Hackel, CFO of the Straumann Group.

At the end of the year, the Board of Directors conducted its self-assessment, which confirmed that the Board committees fulfill their advisory role in a very satisfactory manner. The collaboration between the Board of Directors and the Executive Committee is characterized by mutual respect, trust, and transparency. In the years to come, diversity in terms of nationality, gender and experience/skills shall be pursued in line with investor and proxy guidelines. Starting in 2021, the Board of Directors will conduct its self-assessment annually.

We trust that you will find this report interesting and informative. We are looking forward to continuing the dialogue with you as our shareholders and stakeholders.

Sincerely,

Yves Serra
Chairman of the Board of Directors

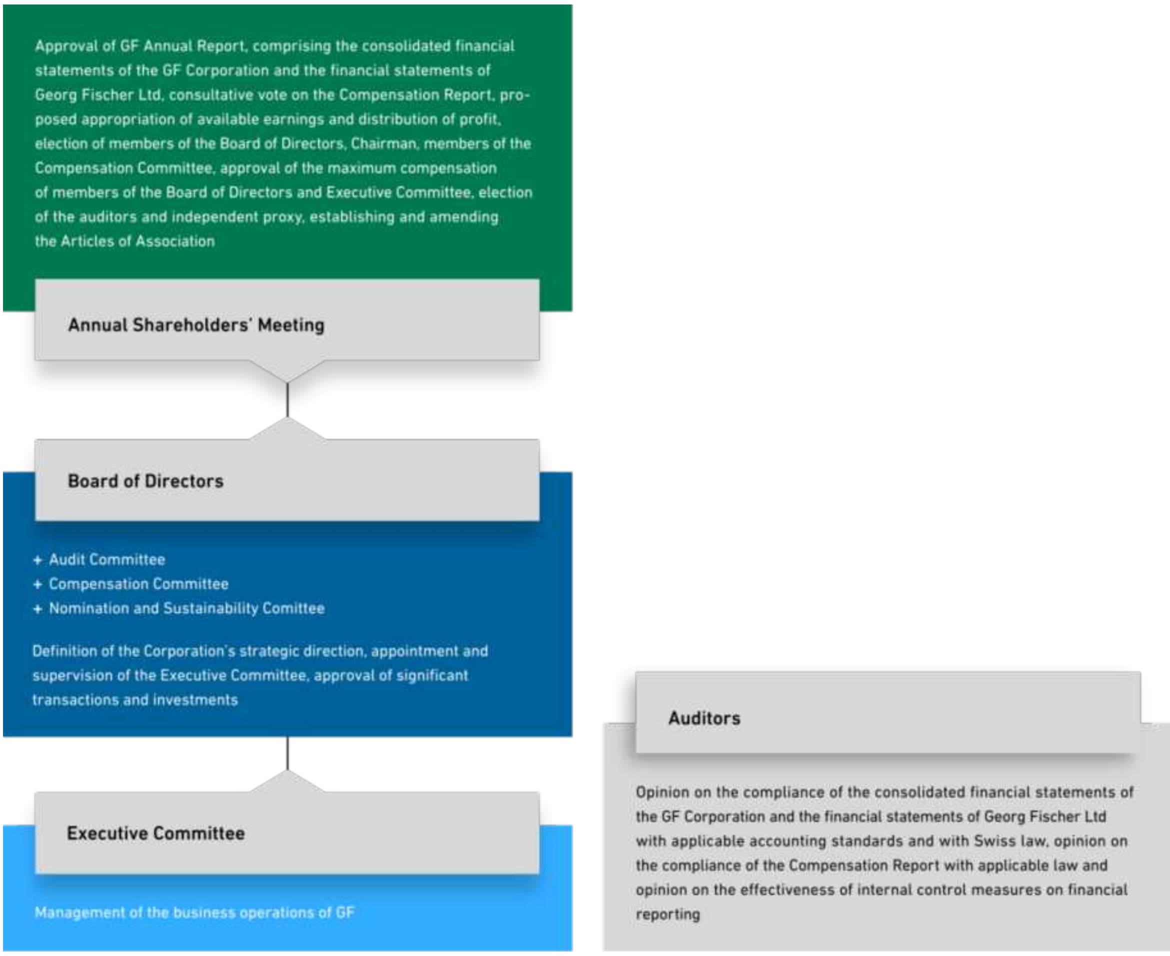
Content of the report

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 2020, unless otherwise noted. Any changes occurring before the editorial deadline on 25 February 2021 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/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. Seven Members of the Board of Directors are independent and one Member of the Board of Directors has been a Member of the Executive Committee less than three years ago. 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

The Board of Directors is composed of eight Members, with diversity of background, experience, nationalities, skills and knowledge. 25% of the Members of the Board of Directors are female. The three committees each consist of three Members, with every Member belonging at least to one committee. The Members of the Board of Directors have different nationalities, professional experience and skills. More information on the Members of the Board of Directors' backgrounds can be found in 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 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 the note 6 Compensation and shareholdings of the financial statements of Georg Fischer Ltd.

Corporate structure and affiliated companies

The parent company of all 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 4’675 million as of 31 December 2020 (previous year: CHF 4’031 million).

The Corporation has the 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 with annual membership fees in the amount of less than CHF 0.1 million. In the year under review, no contributions were made to any political parties or to individual politicians.

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 Corporate Companies. As of 31 December 2020, 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/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	2020	2019	2018	2017	2016
Share capital					
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
Number of registered shareholders	**18'518**	**19'767**	**15'521**	**12'562**	**12'651**
Share prices of registered share in CHF					
Highest (intraday)	1'150	1'059	1'420	1'317	901
Lowest (intraday)	518	734	730	811	601
Closing	1'140	983	787	1'288	834
Earnings per registered share in CHF	**28**	**42**	**69**	**62**	**53**
Price-earnings ratio	**41**	**23**	**11**	**21**	**16**
Market capitalization					
CHF million	4'675	4'031	3'225	5'282	3'420
As % of sales	147	108	71	127	91
As % of equity attributable to shareholders of Georg Fischer Ltd	346	289	233	401	296
Cash flow from operating activities per registered share in CHF	**84**	**77**	**97**	**100**	**98**
Equity attributable to shareholders of Georg Fischer Ltd per registered share in CHF	**331**	**341**	**337**	**322**	**283**
Dividend paid (proposed) in CHF million	**62**	**103**	**103**	**94**	**82**
Dividend paid (proposed) per registered share in CHF	**15**	**25**	**25**	**23**	**20**
Pay-out ratio in %	**53**	**60**	**36**	**37**	**38**

Ticker symbols

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

Share price 2016–2020

Market capitalization and earnings per share

As of 31 December 2020, the market capitalization stood at CHF 4'675 million and earnings per share at CHF 28 (previous year: CHF 42).

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 15 per registered share (previous year: CHF 25).

Shareholders

Significant shareholders and shareholder groups

As of 31 December 2020, 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. Credit Suisse Funds AG, Zurich (Switzerland), had shareholdings of 3.00%, according to the last disclosure notification published on 31 December 2020.

In the year under review, 24 disclosure notifications were published, with 12 of the filings relating to Norges Bank (the Central Bank of Norway), Oslo (Norway), 11 to Credit Suisse Funds AG, Zurich (Switzerland), and one to Impax Asset Management Limited, London (United Kingdom).

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

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 39’737 Georg Fischer shares were held by Members of the Board of Directors, the Executive Committee, and the Senior Management as of 31 December 2020 (previous year: 44’992 Georg Fischer shares):

	Number of Georg Fischer registered shares as of 31 Dec. 2020	Number of Georg Fischer registered shares as of 31 Dec. 2019
Members of the Board of Directors	15’592	22’429
Members of the Executive Committee	1’901	1’782
Members of the Senior Management	22’244	20’781
Total	**39’737**	**44’992**
In % of issued shares	**0.97%**	**1.10%**

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 2020

Number of shares	Number of registered shareholders	Shares in %
1–100	16'411	10.8%
101–1'000	1'875	12.2%
1'001–10'000	214	10.5%
10'001–100'000	15	11.0%
> 100'000	3	11.2%
Total registered shareholders/shares	**18'518**	**55.7%**
Unregistered shares		44.3%
Total		**100.0%**

Registered shareholders per type as of 31 December 2020

	Shareholders in %	Shares in %
Individual shareholders	93.9%	41.9%
Legal entities	6.1%	58.1%
Total	**100.0%**	**100.0%**

Registered shareholders per country as of 31 December 2020

	Shareholders in %	Shares %
Germany	7.1%	4.0%
United Kingdom	0.4%	12.7%
Switzerland	89.1%	75.2%
USA	0.3%	2.8%
Other countries	3.1%	5.3%
Total	**100.0%**	**100.0%**

Shareholders' rights

As of 31 December 2020, Georg Fischer Ltd had 18'466 shareholders with voting rights (previous year: 19'716), most of whom reside in Switzerland. 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 independent proxies electronically. Partnerships may be represented by a partner or authorized signatory, legal entities by a person authorized by law or the Articles of Association of Georg Fischer Ltd, 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

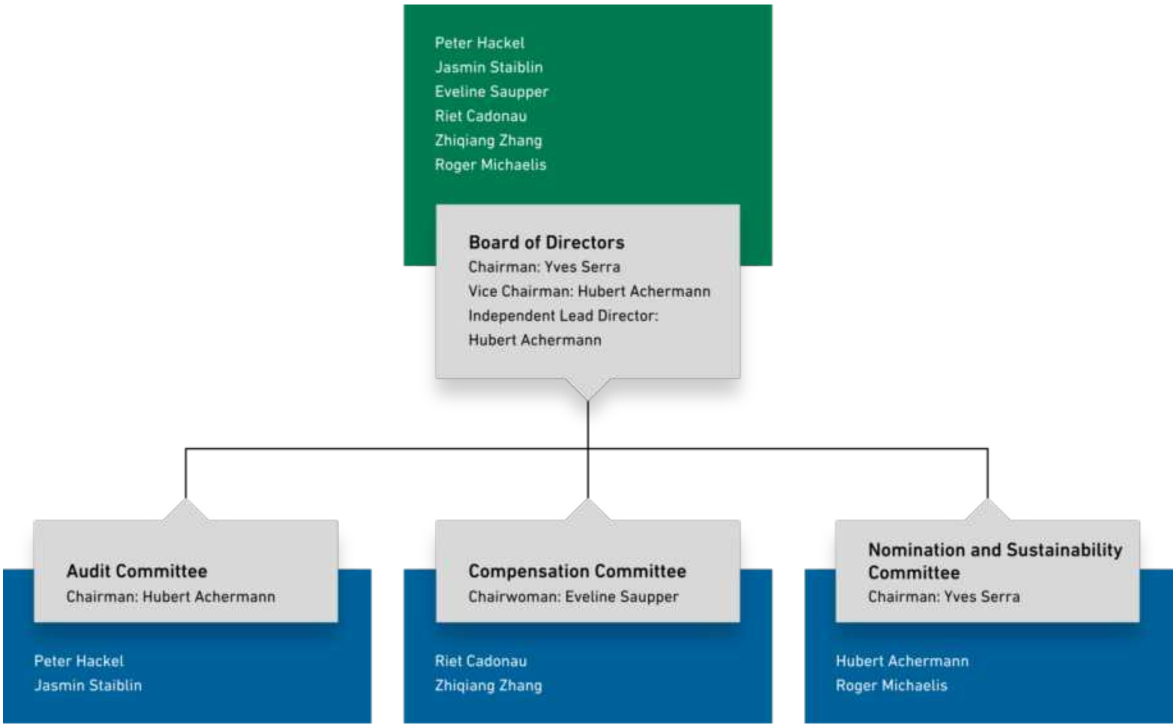
The deadline for entering shareholders in the share register with regard to attendance at the Annual Shareholders' Meeting is around ten days before the date of the Annual Shareholders' Meeting. The deadline is mentioned in the invitation to the Annual Shareholders' Meeting.

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.

Board of Directors

As of 31 December 2020



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/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 seven years. Seven of the eight Members of the Board of Directors (87.5%) have a term of office of less than twelve years. Members of the Board must resign their mandate at the Annual Shareholders' Meeting following their 70 birthday. The term of office and age limits for Members of the Board of Directors are set out in the Organizational and Business Regulations.

→ www.georgfischer.com/en/investors/corporate-governance.html

2020

At the 124th Annual Shareholders' Meeting on 15 April 2020, Peter Hackel was elected as new Member of the Board of Directors. Roman Boutellier, due to reaching GF's regulatory age limit, and Andreas Koopmann did not stand for re-election. After the Annual Shareholders' Meeting, the Board of Directors was composed of eight 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.

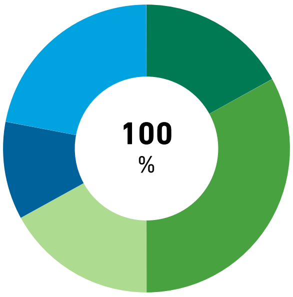
With the exception of the election of a Chairman of the Board of Directors, who is elected by the Annual Shareholders' Meeting, the Board of Directors constitutes itself by electing a Vice Chair from within its ranks once a year. Alongside the election of Yves Serra as Chairman of the Board of Directors, Hubert Achermann was elected by the Board of Directors as its Vice Chairman and Independent Lead Director on the day of the Annual Shareholders' Meeting on 15 April 2020.

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 and independence

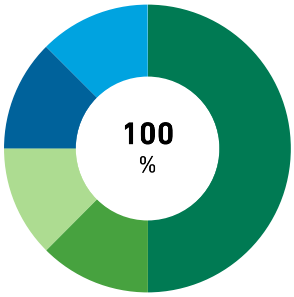
The Board of Directors consists of six to nine Members. Each Member normally belongs at least to one of the three standing committees. When Members are elected, the focus is not only on their experience in executive and management functions, industry and technology markets, innovation, finance and accounting, risk management and law, but also on specific international relationships and regional market knowledge. The Board of Directors also aims to achieve a proper balance of skills and knowledge, taking into account the main operational focus of the Corporation, its international orientation, and the accounting requirements of listed companies. The Board of Directors broadly covers the required skills and knowledge. Expert knowledge in innovation and digitalization is being gradually expanded. The Board of Directors consists of members from five different countries. Two of the eight Members of the Board of Directors are female (quota of 25%).

Expertise/Experience



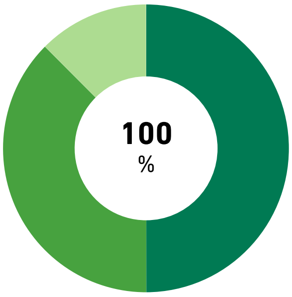
	17%	Industry/Technology/ Innovation
	33%	Leadership/Management
	17%	Finance/Accounting
	11%	Legal
	22%	International relationships/Markets

Nationality



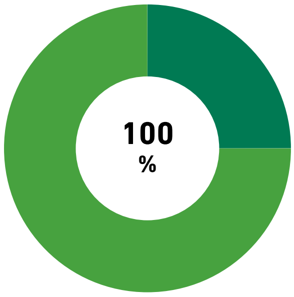
- 50.0% Switzerland
- 12.5% Germany
- 12.5% Brazil
- 12.5% China
- 12.5% France

Tenure



- 50.0% <6 years
- 37.5% 6 to 12 years
- 12.5% >12 years

Gender



- 25% Women
- 75% Men

Based on the Swiss Code of Best Practice for Corporate Governance from Economiesuisse all Members of the Board of Directors are non-executive. Seven 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. 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 Corporate Company.

Independent Lead Director

Following the election of Yves Serra as 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 will ensure 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 2020, 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/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.

Succession planning

For new nominations, a requirements profile is drawn up based on a competence matrix, and suitable candidates are sought and contacted with the help of an external executive recruiter. The Nomination Committee is responsible for preparing and drawing up the requirement profile as well as for pre-selection. A focus is placed on completing the required competencies (e.g. digitalization) in the Board of Directors. Candidates also meet the Chairman and other Members of the Board of Directors personally before any nominations are proposed.

All Members of the Board of Directors are non-executive. Seven Members of the Board of Directors are independent and the Chairman of the Board of Directors has been a Member of the Executive Committee until the Annual Shareholders' Meeting 2019. Zhiqiang Zhang (member of the Board of Directors since 2005) has been a Member of the Board of Directors for more than twelve years.

Areas of responsibility

The Members of the three standing Board Committees are listed at the beginning of this chapter and in the separate section Members of the Board of Directors. 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)	6:03
Meeting attendance	100%

Overview meetings	
Yves Serra, Chairman	8
Hubert Achermann	8
Riet Cadonau	8
Peter Hackel	8
Roger Michaelis	8
Eveline Saupper	8
Jasmin Staiblin	8
Zhiqiang Zhang	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. Of these, two were extraordinary meetings at which information was provided on the COVID-19 situation at GF and comprehensively on business developments. The annual strategy meeting lasted 1.5 days, five meetings lasted half a day, and two meetings lasted less than half a day. The average duration of the meetings was 6:03 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 or all of the meetings were held virtually. The attendance rate was 100%. The three standing Board Committees held a total of 17 meetings.

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

Evaluation

In 2020, the Board of Directors continued to work on implementing measures from the findings of the 2018 self-evaluation. A new survey was conducted in the fall of 2020, the results of which were discussed at the Board of Directors meeting in December 2020. Their findings will be implemented in the new reporting period.

Audit Committee

Number of meetings	5
Number of Members	3
Average duration (hours)	3:00
Meeting attendance	100%

Overview meetings	
Hubert Achermann, Chairman	5
Peter Hackel	5
Jasmin Staiblin	5

The Audit Committee consists of three Members of the Board of Directors (see separate section Members of the Board of Directors). It 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. The Audit Committee also decides whether the consolidated financial statements and those of Georg Fischer Ltd can be recommended to the Board of Directors for presentation to the Annual Shareholders' Meeting.

As a rule, the Chairman of the Board of Directors, the CEO, the CFO, the Head of Corporate Controlling and Investor Relations, the Head of Internal Audit, and a representative of the external auditor also take part in the meetings. At the request of the Audit Committee, the external auditor also provides information on current questions related to the financial reporting requirements and financial issues.

→ Audit Committee Charter

In the year under review, the Audit Committee held four ordinary and one extraordinary meetings, four of which lasted half a day, and one lasted two hours. The average meeting duration was 3:00 hours. As a focus topic for 2020, the Audit Committee has addressed the risks of cybercrime. All Members of the Audit Committee attended all five meetings.

Compensation Committee

Number of meetings	5
Number of Members	3
Average duration (hours)	1:36
Meeting attendance	100%

Overview meetings	
Eveline Saupper, Chairwoman	5
Riet Cadonau	5
Zhiqiang Zhang	5

The Compensation Committee consists of three Members of the Board of Directors (see separate section Members of the Board of Directors), who are elected on a yearly basis by the Annual Shareholders' Meeting. It 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 2020, adaptations to the Long-Term Incentive plan (LTI) and to the Short-Term Incentive plan (STI) were discussed to support the achievement of the new Strategy 2025 from 2021 onwards, while duly taking into account the wishes of GF's shareholders. 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

The Compensation Committee held four ordinary and one extraordinary meetings during the past fiscal year, each of which lasted one to two hours. The average meeting duration was 1:36 hours. All five Compensation Committee meetings were consistently attended by all of the Compensation Committee Members. Due to COVID-19, some meetings were conducted entirely or partially online.

Nomination and Sustainability Committee

Number of meetings	7
Number of Members	3
Average duration (hours)	1:21
Meeting attendance	100%

Overview meetings	
Yves Serra, Chairman	7
Hubert Achermann	7
Roger Michaelis	7

The Nomination and Sustainability Committee consists of three Members of the Board of Directors (see separate section Members of the Board of Directors). It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination and Sustainability Committee is kept informed annually about succession planning for the Senior Management levels, the talent pipeline within Senior Management and the diversity situation. For specific high-level recruitments, services of headhunters were hired.

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

The focus on sustainability is to advise the Board of Directors on the sustainability strategy, targets, initiatives and legislation regarding environment, social, and governance (ESG) topics and include the review of the annual Sustainability Report and supporting management in responding to stakeholders.

In the year under review, the Nomination and Sustainability Committee held three ordinary and four extraordinary meetings, which lasted 1:21 hours on average. All Members of the Nomination Committee attended all seven meetings. The meetings are held separately in two parts for the Nomination and Sustainability topics and are attended by members of the Executive Committee, the Head of Corporate Sustainability, and other specialists from the Corporation. Two meetings were held on the subject of Sustainability in the new form of the Nomination and Sustainability Committee. Due to COVID-19, some meetings were conducted entirely or partially online.

→ 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 Corporation, divisions, and 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 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 Corporation as a whole. Once a year, it discusses the Corporate Risk Officer's report, the 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 on the impact on operations and on 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 Strategy 2025 provided the Chairman of the Board of Directors and the Board of Directors with an additional opportunity for intensive exchange with management.

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, 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, 20 internal audits were conducted. The audit reports are reconciled with the management of the audited Corporate Companies or responsible functions and distributed to the line managers, the external auditor, the Executive Committee, the Chairman of the Board of Directors, as well as the Chairman of the Audit Committee. 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. 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 Corporate Companies comply with the law, internal directives, and the 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 Corporate Companies. The Executive Committee, in consultation with the CCO, defines priority issues. Furthermore, all GF employees have the possibility to report compliance violations anonymously through a special compliance e-mail address to the CCO. In line with the EU Directive on the protection of whistleblowers, appropriate systems will be implemented during the course of 2021. These systems will be accessible for all GF employees as well as any third party, and will replace the current e-mail address.

A number of compliance measures were implemented in 2020:

- Implementation of the revised “Compliance Agreement for Intermediaries” as a guideline for GF business partners who act in the name or interest of Corporate Companies within the GF Corporation
- Roughly 4’700 internal e-learnings were conducted on anticorruption, competition, and cartel law as well as for export controls and trade restrictions as well as for the first time on 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 with 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

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, directly reports 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 twice 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. Based on the results of the workshops, the risk report 2019 was prepared and approved by the Board of Directors in February 2020. A workshop of the Board of Directors was held in September 2020. The purpose of this workshop was to define the main risks to the 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 2020, which was approved by the Board of Directors in December 2020.

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

Assessment

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 2020

Committees

Audit Committee
Hubert Achermann, Chairman
Peter Hackel
Jasmin Staiblin

Compensation Committee
Eveline Saupper, Chairwoman
Riet Cadonau
Zhiqiang Zhang

Nomination and Sustainability Committee
Yves Serra, Chairman
Hubert Achermann
Roger Michaelis

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)

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 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 (since 2018)

Involvement in governing bodies of other listed corporations
Member of the Board of Directors at Zehnder Group (Switzerland)

Further professional activities and functions
–

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 and Purchasing (since 2014)

Involvement in governing bodies of other listed corporations
–

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
–

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 (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 Rolls-Royce Holdings plc (UK), Zurich Insurance Group (Switzerland) and NXP Semiconductors N. V. (Netherlands)

Further professional activities and functions
Member of the Board of Directors of Ammann Group Holding AG (Switzerland)

Zhiqiang Zhang
Member of the Board of Directors
1961 (China)
Bachelor of Science from Northern Jiatong University Beijing (China); MBA from Queen's University Kingston (Canada)

Board Member since 2005

Committees
Member of the Compensation Committee

Corporate Governance
Independent Member

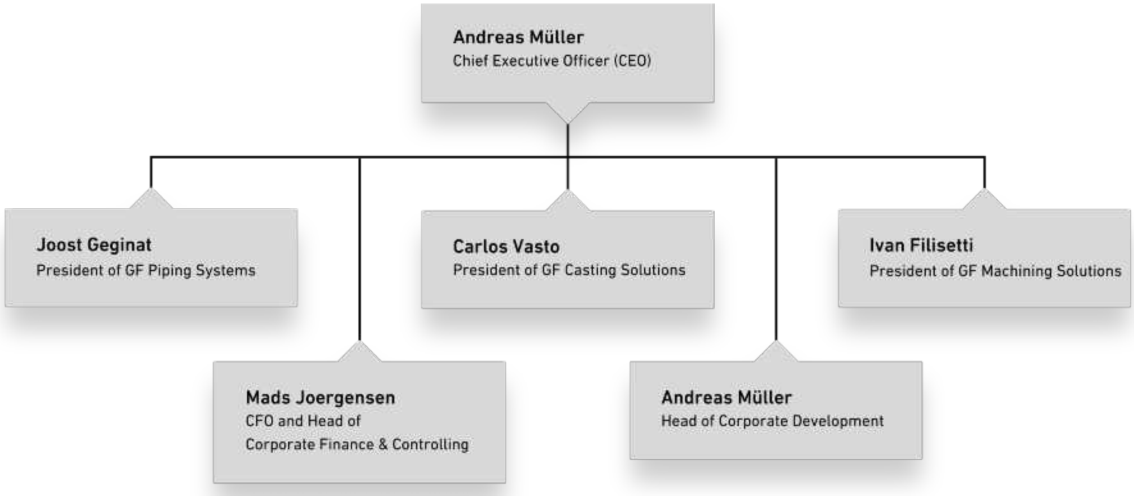
Professional background, career
Various positions at Siemens (1987–2012), including President of Siemens VDO Automotive China (1999–2005), President of Nokia Siemens Networks Greater China Region (2005–2012); Executive Vice President and Head of Emerging Markets of Sandvik Group (2012–2016), Head of APAC and President of Greater China Region (2016–2018); Senior Vice President of ABB Group and President of ABB China (since 2018)

Involvement in governing bodies of other listed corporations
Member of the Board of Directors of Dätwyler Holding AG (Switzerland)

Further professional activities and functions
–

Executive Committee

As of 31 December 2020



The 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. 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

CEO of GF is Andreas Müller. As of 1 July 2020, Ivan Filisetti succeeded Pascal Boillat as President of GF Machining Solutions and as a Member of the Executive Committee, who reached the retirement age of 65 years.

As of 31 December 2020, 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.

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 2020

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 Chapter Board "Doing Business in USA" of the Swiss American Chamber of Commerce (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

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
–

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 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 2020, the Corporation spent about CHF 2.51 million (previous year: CHF 2.68 million) worldwide in connection with the annual audits conducted by PricewaterhouseCoopers at Georg Fischer Ltd, the Corporation, and the Corporate Companies. For additional services, PricewaterhouseCoopers received in 2020 fees of approximately CHF 0.51 million (previous year: CHF 0.53 million), thereof CHF 0.05 million (previous year: CHF 0.02 million) for consulting mandates in connection with accounting and reporting, CHF 0.38 million (previous year: CHF 0.38 million) for services related to tax advice and CHF 0.08 million (previous year: CHF 0.13 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 Corporation. The auditor in charge of the external auditor attended the four ordinary meetings of the Audit Committee as well as the additional, extraordinary meeting.

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 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 the 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 Corporation and their costs. The costs for the annual audits of Georg Fischer Ltd, the Corporation, and of all 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 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 both the Corporation and the divisions. Communication with all GF stakeholders is active, open, and timely. If possible and permissible, employees are notified first.

GF employees were kept informed of COVID-19 pandemic developments in a timely manner through active communication. Outbreaks occurred in many regions of the world at different paces, prompting authorities to order national and regional lockdowns, as well as the uncertainty in view of the high number of infected people in the population triggered a stronger need for information among GF employees. A news blog and regular information from the CEO and the Executive Committee as well as coordinated internal communication, ensured that this need was met. In addition, the pandemic crisis team, which has been meeting regularly since March 2020, has drawn up a pandemic manual. This provides managers of GF sites worldwide with valuable information on how to deal with the impact of the pandemic on their areas of responsibility. The GF employee magazine "Globe", with its first completely digital edition, showed how many GF employees worldwide have adapted to the new situation and mastered it individually.

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 potential share-price-relevant information. 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 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

→ www.georgfischer.com/subscriptionservice

Investor Relations
Daniel Bösiger
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
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Changes after the balance sheet date

Between 1 January 2021 and the editorial deadline on 25 February 2021, the following changes occured.

On 25 February 2021 Zhiqiang Zhang announced not to stand for re-election at the upcoming Annual Shareholders' Meeting of 21 April 2021.

Compensation Report

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 2020 Compensation Report.

As in previous years, the Chairman of the Board and the Chairwoman of the Compensation Committee continued the dialogue with shareholders and proxy advisors. Based on their feedback and in the context of the new five-year strategy cycle 2025 starting in 2021, the Compensation Committee has conducted a thorough review of the compensation system. Further to this analysis, the Board of Directors decided to introduce the following changes:

- Environment – Social – Governance (ESG): In addition to the establishment of a sustainability committee (Nomination and Sustainability Committee) as per July 2020, the Board has decided to increase the weighting given to ESG objectives, which account for 10% of the short-term incentive (STI) as of financial year 2020. Consequently, the weight of the individual objectives (which include ESG) has been increased to 35% of the STI instead of 25% previously. The other individual objectives were adapted mid-year to take into account the unforeseen COVID-19 situation, in particular the measures required to cope with the pandemic. The financial targets set at the beginning of the year, which account for 65% of the STI, were not amended during the year.

- Short-term incentive (STI): Sustainability is an integral element of the Strategy 2025. Thus, starting with the financial year 2021 ESG objectives are now a dedicated separate component of the STI performance assessment, weighted 10% of the total STI.
  To further align the performance measurement of the STI with the new business strategy, the weighting of the financial objectives will be slightly adjusted, with an increase of the organic sales growth target from 20% to 30%.

- Long-term incentive (LTI): As of financial year 2021, the value of the LTI grant is based on a percentage of the fixed based salary instead of a fixed number of shares. In addition, the vesting schedule for the relative total shareholder return (rTSR) measure, as well as the vesting rules in the event of termination, have been adjusted in order to be better aligned with shareholders' interest and with the compensation philosophy of the company. These changes are based on a thorough analysis of peer company programs and follow best market practice in Switzerland.

The changes were discussed in detail with investors and proxy advisors at an early stage. The proposed changes have been supported and positively valued. Additional feedback from these conversations has been considered in the design and implementation of the new regulations. Details of the changes can be found in the Outlook section.

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. Additionally, your opinion will be valued in regards to the Compensation Report by a consultative retrospective vote.

We trust that the adjustments made to the compensation system will help us to achieve the ambitious strategy. We are looking forward to continuing the 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	Shares
Board Membership	CHF 70'000	150 shares
Board Chairmanship	CHF 200'000	150 shares
Independent Lead Director [1]	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Other Committee Chairmanship	CHF 40'000	
Other Committee Membership	CHF 20'000	

[1] As of 15 April 2020, the additional fee for the Independent Lead Director was introduced

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

Compensation awarded for 2020
The compensation awarded to the Board of Directors for the period from the Annual Shareholders' Meeting 2019 to the Annual Shareholders' Meeting 2020 is within the limits approved by the shareholders:

Compensation period	Amount approved	Effective amount
2019-2020	CHF 3'750'000 [1]	CHF 2'774'000 [2]
2020-2021	CHF 3'450'000 [1]	k.A. [3]

[1] Based on a share value of CHF 1'600.00
[2] Based on a share value of CHF 983.00 for the period in 2019 and CHF 1'140.00 for the period in 2020
[3] Compensation period not yet completed; a conclusive assessment will be provided in the Compensation Report 2021

Compensation for the Executive Committee

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

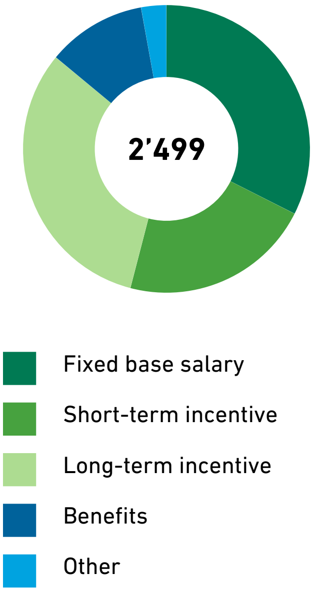
Performance in 2020
The COVID-19 pandemic impacted the business, which meant that the company and the divisions did not perform as well financially in 2020 compared with 2019. As a consequence, the STI payout for 2020 was significantly below the previous year's:

	STI payout for the year 2020
CEO	64% of target; 42% of maximum
EC	49% - 96% of target; 33% - 64% of maximum

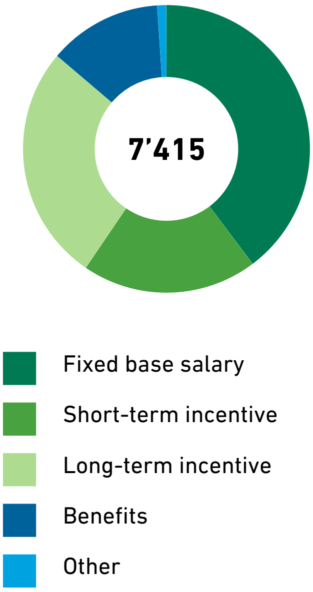
Compensation awarded for 2020
The compensation awarded to the Executive Committee (including CEO) for 2020 is within the limits approved by the shareholders at the 2019 Annual Shareholders' Meeting:

Compensation period	Amount approved	Effective amount
2020	CHF 10'531'000	CHF 7'415'000

CEO Compensation for 2020
Amounts in CHF 1'000



Executive Committee Compensation for 2020
Amounts 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 and 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 2020 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

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 2020 Annual Shareholders' Meeting, Eveline Saupper (Chairwoman), Riet Cadonau and Zhiqiang Zhang were elected as Members 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 the year 2020, the Compensation Committee performed the following regular tasks:

- Evaluated the business performance for the 2019 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;
- Reviewed the Compensation Report 2019 and prepared the compensation motions to be submitted to vote at the 2020 Annual Shareholders' Meeting;
- Proposed to the Board of Directors the adjustment of the Board remuneration policy which now includes the fee for the Independent Lead Director, replacing the fee for the Board Vice-Chairmanship;
- Determined the business objectives for the 2020 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 and discussed the voting results on the compensation motions at the 2020 Annual Shareholders' Meeting, as well as the proxy advisors' and shareholders' feedback received on compensation matters;
- In the context of the new five-year strategy cycle 2025 starting in 2021, reviewed the compensation model applicable to Executive Committee and management levels and decided on changes for the short-term and long-term incentive plans, as described further in the Outlook section;
- Engaged with proxy advisors and major shareholders on compensation matters in order to gather their feedback and comments;
- Prepared the Compensation Report 2020.

The Compensation Committee convenes as often as necessary, but at least twice per year. In 2020, the Committee held five meetings of approximately two hours, each according to the schedule below:

Overview of meetings' schedule 2020

February	June	September	November	December
Business performance 2019; STI 2019 for CEO and EC Approval LTI 2016 vesting Determination business objectives for the year 2020 Adjustment of the Board remuneration policy Approval of the Compensation Report 2019 Maximum amounts of compensation for the Board of Directors until the next Annual Shareholders' Meeting Maximum amounts of compensation for the EC for the financial year 2021	Analysis of the voting results on compensation motions at the Annual Shareholders' Meeting Review of proxy advisors' and investors' feedback on compensation Approval of the Board remuneration policy Review of the compensation policy and incentive design applicable to the CEO and EC	Review of the compensation policy and incentive design applicable to the CEO and EC	Review of the compensation policy and incentive design applicable to the CEO and EC Review and discussion of investors' and proxy advisors' feedback on planned changes to the incentive design	Approval of the compensation policy and incentive design applicable to the CEO and EC Review compensation for the Board of Directors for the next compensation period Review target compensation for the CEO and EC members for the coming financial year [1] Review draft of the Compensation Report 2020

[1] This regular agenda item was postponed to the first meeting in 2021

In 2020, all Compensation Committee members attended all meetings. The Chairman of the Board, the Independent Lead Director, 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, external compensation specialists provided advice on the review of the compensation policy and were involved in the new incentive design for the EC as well as for other executive compensation matters. 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 size in terms of market capitalization, sales, number of employees, complexity, and geographic scope. The benchmark for the Board of Directors includes the companies in the SMI MID: AMS, Aryzta, Baloise, Barry Callebaut, Clariant, Dormakaba, Dufry, EMS-Chemie, Flughafen Zurich, GAM, Helvetia, Kühne + Nagel, Lindt, Logitech, OC Oerlikon, Partners Group, PSP Swiss Property, Schindler, Sonova, Straumann, Sunrise, Swiss Prime Site, Temenos, VAT and Vifor Pharma and was last conducted in 2019. The benchmark for the Executive Committee comprises the following industrial companies listed in Switzerland: Arbonia, Autoneum, Bobst, Bucher Industries, Conzzeta, Datwyler, Dormakaba, Geberit, Huber + Suhner, OC Oerlikon, Rieter, Schweiter Technologies, SFS Group, Sika, Sulzer, and Sonova and was also performed most recently in 2019.

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 2019 (please refer to section Method of determination of compensation/Benchmarking for details of the peer group). No subsequent changes were made to this analysis and the compensation model of the Board of Directors has been unchanged since 2015, except for the Board Vice-Chairmanship fee that was discontinued after the 2019 Annual Shareholders' Meeting and the introduction of the Independent Lead Director's fee.

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 may be lifted at the discretion of the Board of Directors in the event of death and remains in place in all other instances of termination. The shares are disclosed at their market value based on the closing share price on the last trading day of the reporting year.

Responsibility	Fee	Restricted shares
Basis fee		
Board Membership	CHF 70'000	150 shares
Additional fees		
Board Chairmanship	CHF 200'000	150 shares
Independent Lead Director [1]	CHF 22'500	
Audit Committee Chairmanship	CHF 80'000	
Audit Committee Membership	CHF 30'000	
Other Committee Chairmanship	CHF 40'000	
Other Committee Membership	CHF 20'000	

[1] As of 15 April 2020, the additional fee for the Independent Lead Director was introduced

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 required ownership within five years of their election to the Board of Directors. In the event of a substantial rise or drop in the share price, the Board of Directors may at its discretion amend that time period accordingly.

The minimum holding requirements are illustrated in the table below:

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

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

Compensation of the Executive Committee (including CEO)

Compensation principles

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

- Fairness and transparency;
- Pay for performance and 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 form of performance shares, ensuring participation in the long-term success of the company and a strong alignment to 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).

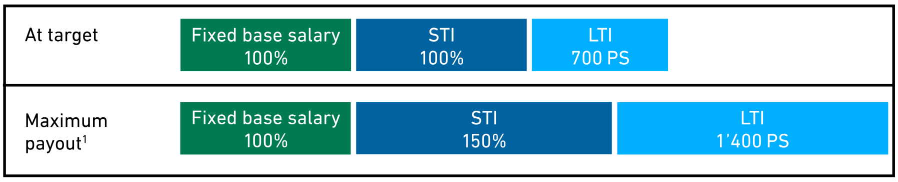
	Fixed compensation elements		Variable compensation elements	
	Fixed base salary	Benefits	STI Performance year 2020	LTI Performance year 2020
Purpose	Ensure basic fixed remuneration	Ensure protection against risks such as death, disability and old age	Pay for annual performance	Pay for long-term performance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

EBIT = Earnings before interest and taxes
EPS = Earnings per share
PS = Performance shares
PS(EPS) = EPS dependent performance shares
PS(rTSR) = rTSR dependent performance shares
ROIC = Return on invested capital
Ø = Average

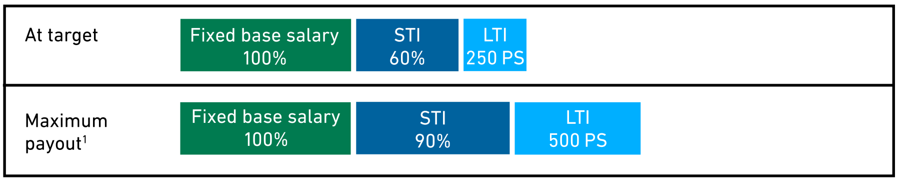
For the purpose of comparison, the compensation of the Executive Committee is regularly benchmarked against compensation surveys published by independent consulting firms and on publicly available compensation information of comparable multinational industrial companies (please refer to the Method of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

Compensation mix and caps

CEO



Other Members of the Executive Committee



[1] Does not take into account the share price evolution during the three-year vesting period

Maximum payouts:

- STI: capped at 150% of the target;
- LTI: capped at 200% 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 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	Minimum	Maximum
CEO	100%	0%	150%
Other Members of the Executive Committee	60%	0%	90%

Business and individual objectives for the STI

The business objectives are set by the Board of Directors in accordance with the published mid-term strategy goals. They include absolute financial figures and are set for a period of several years in order to ensure sustainable and long-term performance. The business objectives include organic sales growth (excluding acquisitions and divestitures), EBIT margin (EBIT in relation to sales), and Return on Invested Capital (ROIC).

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. The hurdles and the targets are valid for a period of several years. Furthermore, the ROIC hurdle 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.

For the period 2016–2020, the hurdles and targets for the business objectives at Corporation level are as follows:

Performance measure	Organic sales growth (at constant currencies)	EBIT margin	Return on invested capital (ROIC)
Rationale / driver	Maximizing growth from within (innovations, improved services, etc.)	Operating profitability	Efficiency at allocating the capital to profitable investments
Hurdle [1]	1%	6%	14%
Strategy targets 2016–2020	3-5%	9-10%	20-24%

[1] Achievements below the hurdle result in zero payout for the respective business objective; for the organic sales growth objective, the payout for reaching the hurdle starts at 0%, while it starts at 50% for reaching the hurdle for the objectives EBIT margin and ROIC.

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 adaptions;
- 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.
  In 2020, the focus of the operational goals was set mainly to master the effects of the COVID-19 pandemic;
- Environment – Social – Governance (ESG) goals are an inherent part of the MBO of each Executive Committee member. Annual targets are set in accordance with the sustainability strategy of the company, which includes qualitative and quantitative goals.
  The goals for the five-year period ending in 2020 are explained in detail in the annual sustainability report. Examples for ESG goals are: Systematic introduction of ecodesign measures in product development in order to promote energy and resource-efficient products, reduction of CO_2 emissions, reduction of water consumption in water-scarce and water-stressed areas, reduction of accident rate and severe accidents;
- 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 and individual objectives

Further to the establishment of a sustainability committee (Nomination and Sustainability Committee), the Board decided as of 2020 to increase the weighting given to ESG objectives, which must account for 10% of the STI. Consequently, the individual objectives (including ESG) account as of 2020 for 35% of the STI instead of 25% previously. Their content has also been adapted mid-year to take into account the unforeseen COVID-19 situation, in particular the measures required to cope with the pandemic. Business objectives account for 65% of the STI (instead of 75% previously). These financial targets set at the beginning of the period were not amended during the year.

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

	CEO	Division President	CFO
Business objectives			
Corporation level	**65%**	**25%**	**65%**
Organic sales growth (20%)	13%	5%	13%
EBIT margin (40%)	26%	10%	26%
ROIC (40%)	26%	10%	26%
Division level		**40%**	
Organic sales growth (20%)		8%	
EBIT margin (40%)		16%	
ROIC (40%)		16%	
Individual objectives	**35%**	**35%**	**35%**
MBO	35%	35%	35%
Total	**100%**	**100%**	**100%**

Long-term incentive (share-based compensation)

In 2019, GF introduced a revised performance-based long-term incentive (LTI) plan. 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 the length of employment in the year prior to the grant. For financial year 2020, the PS are granted on 1 January 2021 and their grant value is based on the closing share price on the last trading day of 2020. 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	Grant: 350 Vesting: 0% - 200%	Grant: 350 Vesting: 0% - 200%	Grant: 700 Vesting: 0% - 200%
Other Members of the Executive Committee	Grant: 125 Vesting: 0% - 200%	Grant: 125 Vesting: 0% - 200%	Grant: 250 Vesting: 0% - 200%

The EPS target, which is determined by the Board of Directors, is in line with the ambitious Strategy 2020 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 reflects best 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 amongst the peer group is the average annual ranking over the three-year vesting period.

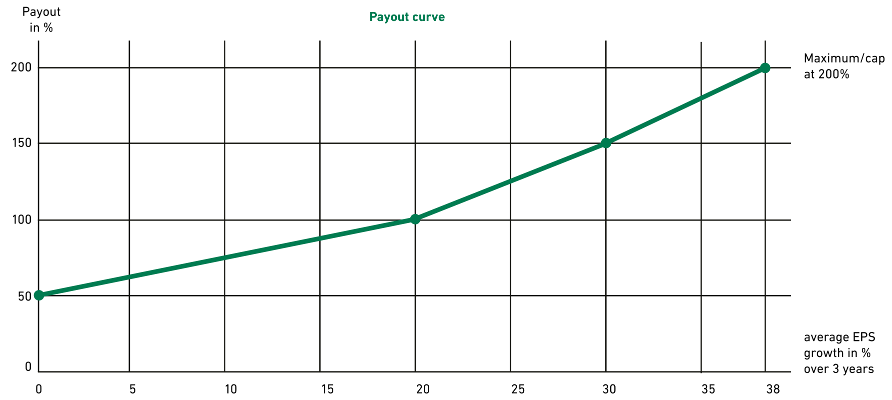
For both performance measures, a threshold level of performance (hurdle), under which there is no vesting of the PS, is defined, as well as the target level, corresponding to a vesting level of 100% and a maximum achievement level, for which the vesting is capped at 200%.

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.

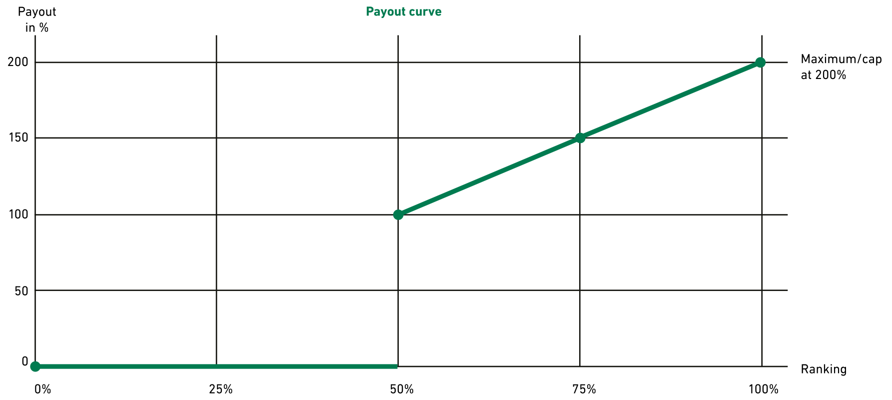
The vesting rules of the LTI plan are summarized in the table below:

Performance measure	Earnings per Share (EPS)	Relative Total Shareholder Return (rTSR)
Description	EPS: (Average EPS value years x+1, x+2, x+3) divided by (Average EPS value years x, x-1, x-2)	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	200%	200%
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 Point 30: 30% EPS growth over 3 years = 150% vesting Maximum: 38% EPS growth over 3 years = 200% vesting Linear interpolation in between EPS decline over 3 years: 0% payout	Threshold and target: 50th percentile = 100% vesting Maximum: best of all peers = 200% vesting Linear interpolation between threshold/target and maximum No vesting for performance below median

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 2020, no adjustments were necessary.

In the event of termination for cause, the vested shares remain blocked until the end of the respective blocking periods and any unvested PS is forfeited. There is no accelerated vesting of unvested PS except in the case of a change of control and termination following death, disability, or ordinary retirement according to GF pension fund regulations. In such situations, unvested PS vest immediately based on the latest performance estimate available at the time of termination. The blocking period of vested shares may only be lifted in the case of a change of control or death.

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 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 actions. With respect 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 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 representation lump-sum 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 Long-term incentive (share-based compensation) section. 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 2020

Audited by PwC Switzerland

Board of Directors

The Members of the Board of Directors received cash compensation of CHF 1.009 million in the year under review (previous year: CHF 1.143 million). In addition, a total of 1’396 GF registered shares with a total market value of CHF 1.591 million were allocated (previous year: 1’501 GF shares with a market value of CHF 1.472 million). Together with other benefits, the total compensation paid to the Board of Directors in 2020 amounted to CHF 2.726 million (previous year: CHF 2.735 million).

Compensation Members of the Board of Directors 2020

	Cash compensation [1]		Share-based compensation				
	Basis fee	Committee fees	Number of shares	Share-based compensation [2]	Other benefits [3]	Total compensation 2020 [4]	Total compensation 2019 [4]
Yves Serra	67	142	257	293	22	524	181
Chairman Board of Directors [6]							
Chairman Nomination and Sustainability Committee [6]							
Vice-Chairman Board of Directors [5]							
Member Audit Committee [5]							
Andreas Koopmann	20	57	88	100	8	185	589
Chairman Board of Directors [5]							
Chairman Nomination Committee [5]							
Hubert Achermann	67	104	150	171	15	357	309
Vice-Chairman Board of Directors [6]							
Independent Lead Director [6]							
Chairman Audit Committee							
Member Nomination and Sustainability Committee [6]							
Roman Boutellier	20	6	44	50	3	79	246
Member Compensation Committee [5]							

Riet Cadonau	**67**	**19**	**150**	**171**	**13**	**270**	**249**
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Peter Hackel	**47**	**20**	**107**	**122**	**10**	**199**	**84**
Member Audit Committee [6]							
Roger Michaelis	**67**	**22**	**150**	**171**	**14**	**274**	**284**
Member Nomination and Sustainability Committee [6]							
Member Audit Committee [5]							
Eveline Saupper	**67**	**38**	**150**	**171**	**14**	**290**	**270**
Chairwoman Compensation Committee							
Jasmin Staiblin	**67**	**26**	**150**	**171**	**14**	**278**	**249**
Member Audit Committee [6]							
Member Compensation Committee [5]							
Zhiqiang Zhang	**67**	**19**	**150**	**171**	**13**	**270**	**274**
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Total	**556**	**453**	**1'396**	**1'591**	**126**	**2'726**	**2'735**

(all in CHF 1'000 and stated in gross amounts, except "Number of shares" column)

1 Includes 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.

2 The share-based compensation consists in 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 2020, i.e. CHF 1'140.00.

3 Other benefits represent employer contributions to social insurance funds.

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

5 Until 15 April 2020

6 As of 16 April 2020

The total compensation paid to the Board of Directors for the year 2020 was slightly lower compared with the previous year. Although the value of the shares increased (CHF 1'140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019), the number of board members declined by one compared with the previous year, which contributed to a slightly lower compensation overall.

Except for the Board Vice-Chairmanship fee that was discontinued after the 2019 Annual Shareholders' Meeting and the implementation of the Independent Lead Director fee in 2020, the compensation system for the Board of Directors was unchanged compared with the previous year.

At the 2019 Annual Shareholders' Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.750 million (based on a share value of CHF 1'600.00) for the Board of Directors for the compensation period from the 2019 Annual Shareholders' Meeting until the 2020 Annual Shareholders' Meeting. For this period, the effective compensation amounted to CHF 2.774 million (based on a share value of CHF 983.00 for the period in 2019 and CHF 1'140.00 for the period in 2020) and is thus within the approved limits.

At the 2020 Annual Shareholders’ Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.450 million for the Board of Directors for the compensation period from the 2020 Annual Shareholders’ Meeting until the 2021 Annual Shareholders’ Meeting. This compensation period is not yet completed, a conclusive assessment will be provided in the 2021 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, social security, pension contributions, and other compensation amounting to CHF 7.415 million for the year under review (previous year: CHF 7.488 million) compared with a total amount of CHF 10.531 million approved by the shareholders at the 2019 Annual Shareholders' Meeting.

Under the LTI plan, 1'764 performance shares with a total value at grant of CHF 1.977 million were granted to Members of the Executive Committee for the year under review (previous year: 1'644 performance shares with a total value of CHF 1.628 million).

Compensation Members of the Executive Committee 2020

	Fixed salary in cash [2]	Short-term incentive (STI) in cash [3]	EPS dependent performance shares PS(EPS)	rTSR dependent performance shares PS(rTSR)	Share-based remuneration (LTI) [4]	Social insurance funds [5]	Pension funds [6]	Other compensation [7]	Total compensation 2020 [8]	Total compensation 2019 [9]
Executive Committee [1]	2'948	1'466	882	882	1'977	407	541	76	7'415	7'488
Of whom Andreas Müller, CEO (highest individual compensation)	811	540	350	350	798	133	146	71	2'499	2'006

(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 compensation of the Executive Committee in 2020 includes an overlap in compensation for Ivan Filisetti (Executive Committee member since 1 July 2020) and Pascal Boillat (retired by end of September 2020).

2 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.

3 The STI is based on the STI plan. The STI for the 2020 financial year was approved by the Board of Directors on 25 February 2021. Payment will be made in March 2021.

4 The share-based compensation is based on the LTI plan. The disclosed value corresponds to the grant value of the 2020 LTI (that is granted on 1 January 2021) and is calculated based on the share value on 31 December 2020, i.e. CHF 1'140.00. The value of the share based compensation for Pascal Boillat is calculated on the date of his retirement (30 September 2020), i.e. CHF 959.00.

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

6 The pension funds expenses represent employer pension funds contributions.

7 Based on the company's regulation for all employees, the CEO received a jubilee premium for 25 years of employment with the company. A further member of the Executive Committee received a retirement gift that is reflected in the table based on its fair value.

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

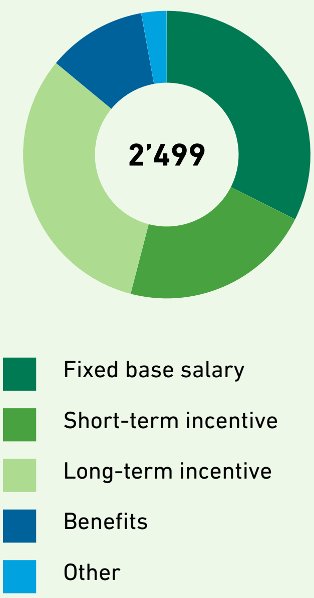
9 Compensation for Andreas Müller was not for the full financial year as CEO as he started in this position on 18 April 2019; the same applies to the compensation for Mads Joergensen who started as CFO on 18 April 2019.

The total compensation for the CEO and the other Members of the Executive Committee in 2020 was lower than in 2019. The change in the compensation was due to the following factors:

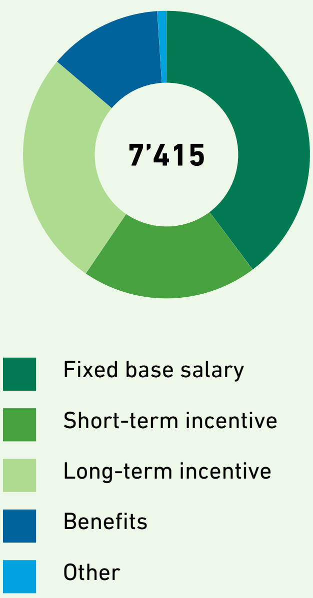
- Fixed salary: Fixed salaries increased slightly, mainly due to the change in the composition of the Executive Committee. Firstly, the CEO was in his role for the full year 2020 (compared with eight months as CEO and four months as CFO in 2019). Secondly, Ivan Filisetti was promoted to become the new President of GF Machining Solutions as of 1 July 2020, succeeding Pascal Boillat, who retired from the company on 30 September 2020 (overlapping compensation during three months). Finally, the fixed salaries of the CEO and Members of the Executive Committee were increased in line with market practice.
- STI: The financial performance of the Corporation and the divisions was lower in 2020 compared with 2019, which resulted in a lower STI payout (see details in the Performance in 2020 section).
  For the year under review, the STI payout for Andreas Müller was CHF 540'000, which corresponds to 64% of target and 42% of the maximum STI (STI for the CEO in 2019 was CHF 547'000 for eight months as CEO and four months as CFO, which corresponded to 89% of target and 59% of maximum STI). For the other Members of the Executive Committee, the STI ranged from 49% to 96% of target (64% to 130% in 2019).
- LTI: The overall value of the share-based remuneration increased by 21% from last year. First of all, the CEO received 700 PSU (compared with 496 PSU in 2019) in order to gradually align his LTI compensation to market practice and reflects a full-year grant (compared with a pro-rata grant in 2019). Secondly, the share price was higher in 2020 (CHF 1'140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019). The number of PS granted to each other Member of the Executive Committee remained unchanged compared with previous year.
- 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 2020 was as follows:

CEO Compensation for 2020
Amounts in CHF 1'000



Executive Committee Compensation for 2020
Amounts in CHF 1'000



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

Performance in 2020

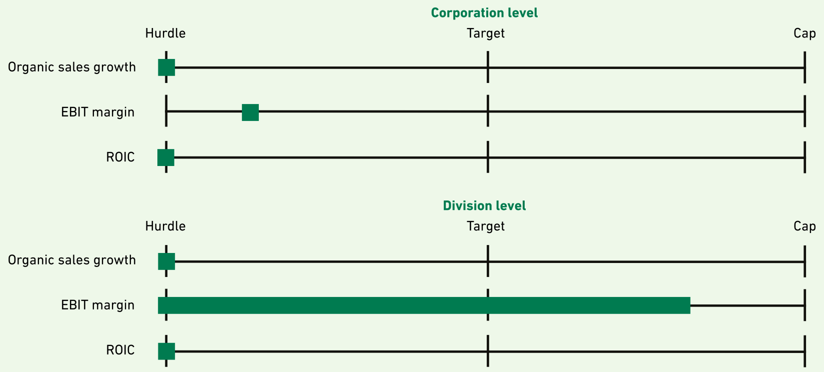
Short-term incentive 2020

The achievement of the business objectives for the 2020 short-term incentive is as follows:

	Strategic goal	Hurdle[1]	Achievement/ payout factor[2]
Business Objectives			
Corporation level			**25%**
Organic sales growth	3-5%	1%	0%
EBIT margin	9-10%	6%	63%
ROIC	20-24%	14%	0%
Division level			
Organic sales growth	Not disclosed[3]	Not disclosed[3]	0%
EBIT margin	Not disclosed[3]	Not disclosed[3]	0%-133%
ROIC	Not disclosed[3]	Not disclosed[3]	0%

1 Achievements below the hurdle result in zero payout for the respective business objective; for the organic sales growth objective, the payout for reaching the hurdle starts at 0%, while it starts at 50% for reaching the hurdle for the objectives EBIT margin and ROIC.
2 Adjusted for items relating to structural measures, mainly in the division GF Casting Solutions
3 Those targets and hurdles are not disclosed as they are considered commercially sensitive and confidential

Weighted achievement/payout factor



The overall payout amounts to 64% of target for the CEO and to 49% to 96% of target for the other EC members.

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 section Compensation and shareholdings.

Loans to Members of the governing bodies

Neither GF 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 2020, no loans to Members of the Board of Directors or the Executive Committee or related parties were outstanding.

Outlook

GF is starting the new strategy cycle 2021–2025. In this context, the Compensation Committee undertook a review of the compensation system to ensure that it is still aligned with the strategy, shareholders' expectations, and market practice. The decision was made to adapt the compensation program as of financial year 2021.

Short-term incentive

The overall design of the STI remains unchanged, including the target in % of the annual fixed base salary for the CEO and the other members of the Executive Committee.

The weightings of the business objectives will be slightly amended, with organic sales growth accounting for 30% of the business objectives (previously 20%) and equally weighted with ROIC (also 30%, previously 40%).

Environment – Social – Governance (ESG) objectives will be a dedicated separate element in the STI with a weighting of 10% and will not be included in the individual objectives as in the past years. The objectives will be specifically set for the individual divisions and their sustainability strategy and roadmap.

Examples of these ESG-related objectives for 2021 include:

- Environment: Definition of measures to reduce CO_2 emissions in line with science-based targets; further integration of sustainability in production technology process development;
- Social: Reduction of accident rate and severe accidents, continuation of the "zero accident" campaign;
- Governance: Development of a sustainability roadmap in context of the Strategy 2025 for the individual area of responsibility, including findings based on the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD).

Weighting of the performance objectives

	CEO	Division President	CFO
Business objectives			
Corporation level	**65%**	**25%**	**65%**
Organic sales growth (30%, previously 20%)	19.5%	7.5%	19.5%
EBIT margin (40%)	26.0%	10.0%	26.0%
ROIC (30%, previously 40%)	19.5%	7.5%	19.5%
Division level		**40%**	
Organic sales growth (30%, previously 20%)		12.0%	
EBIT margin (40%)		16.0%	
ROIC (30%, previously 40%)		12.0%	
Sustainability (new)	**10%**	**10%**	**10%**
ESG	10.0%	10.0%	10.0%
Individual objectives	**25%**	**25%**	**25%**
MBO	25.0%	25.0%	25.0%
Total	**100%**	**100%**	**100%**

Annual targets will be derived from the five-year strategic goals, taking into consideration the actual results in the previous year as well as the budget and forecast. These targets are discussed and approved by the Board of Directors.

Long-term incentive

The changes described below have been proposed based on feedback received from investors and proxy advisors and have been intensively discussed prior to the implementation with this target audience. The valuable feedback from these conversations has been considered for the design and implementation of the new regulations.

The main topics were the following:

- Grant value mechanism: the grant value was based on a fixed number of shares, and the value could therefore fluctuate with the share price. This will not be the case anymore, as the grant value will be based on a percentage of the fixed base salary;

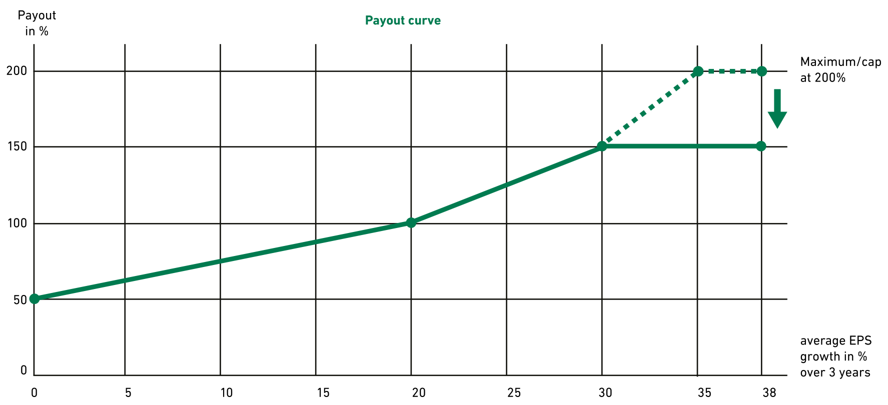
- Pay-for-performance/vesting curves: a thorough analysis of the previous LTI setup, including a back-testing of the previous years’ performance assessment and vesting levels, showed some misalignments. The new vesting curves provide a better balance between pay-for-performance, reasonable leverage, and are also better aligned with market practice. The new vesting schedules allow for a low payout in case of below-target performance (but not under the threshold level of performance) and limits the maximum payout to 150% in case of extraordinary performance, which is more in line with the compensation philosophy of the company (no “all or nothing” plans).

The LTI will continue to be a performance share plan subject to a three-year vesting based on EPS growth and rTSR, followed by a two-year blocking period.

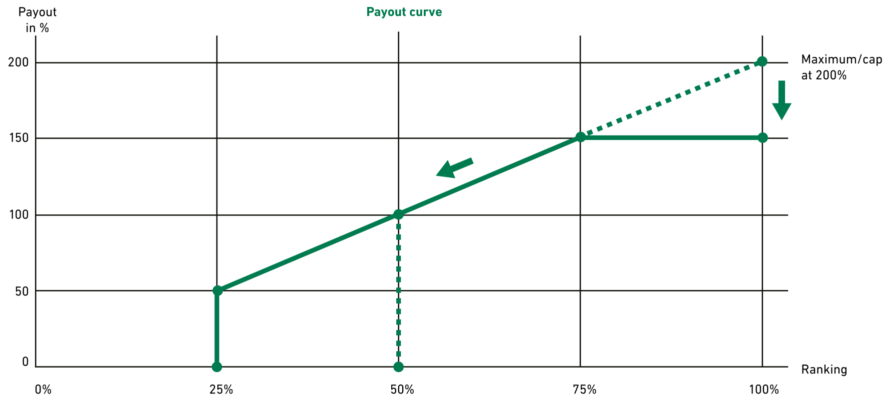
The following overview shows the main items of the new LTI plan as well as the amendments, introduced as of financial year 2021:

	Current LTI plan	Changes
Grant value	Based on a fixed number of shares: CEO: 700 shares EC: 250 shares	Based on a percentage of the annual fixed base salary CEO: 90% EC: 60%
Performance objectives	Earnings per Share (EPS) Relative Total Shareholder Return (rTSR)	No change
Vesting curve EPS	Threshold: 0% EPS growth = 50% payout Target: 20% EPS growth = 100% payout Point 30: 30% EPS growth = 150% payout Maximum/cap: 38% EPS growth = 200% payout	Max payout reduced from 200% to new cap at 150% payout
Vesting curve rTSR	Threshold and Target: median rank = 100% payout Point 75: 75th percentile rank = 150% payout Maximum/cap: 1st rank = 200% payout	Symmetrical shift: Max payout reduced from 200% to new cap at 150% payout (75th percentile rank), threshold at 50% payout (25th percentile rank)
Vesting period	3 years Followed by 2-year blocking period on vested shares	No change
Termination rules	Bad leaver: forfeiture Good leaver: full vesting at regular vesting date or accelerated (retirement, death, disability)	Stricter definition of bad leaver including any termination except retirement, disability, death and change of control Bad leaver: forfeiture Good leaver: pro-rata vesting at regular vesting date (retirement) or accelerated (death, disability or change of control)

Vesting curve Earnings per Share (EPS)



Vesting curve relative Total Shareholder Return (rTSR)



The Compensation Committee trusts that these changes will improve the compensation design by aligning it better with shareholder interests, ensuring a strong connection with the business strategy for the new strategy cycle 2025 and a good balance between the pay-for-performance principle and the sustainability and stability of the compensation system.

Further details on the new STI and LTI design will be provided in the 2021 Compensation Report.

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 2020.

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 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen	Tobias Handschin
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2021

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Financial Report

Consolidated income statement

For the years ended 31 December 2020 and 2019, CHF million	Notes	2020	%	2019	%
Sales	1.2.1	**3’184**	**100**	**3’720**	**100**
Other operating income	1.2.2	43		34	
Income		**3’227**	**101**	**3’754**	**101**
Cost of materials and products		–1’463		–1’758	
Changes in inventory of unfinished and finished goods		–6		55	
Operating expenses	1.3.1	–576		–665	
Gross value added		**1’182**	**37**	**1’386**	**37**
Personnel expenses	1.3.2	–883		–1’012	
Depreciation on tangible fixed assets	2.4	–127		–133	
Amortization on intangible assets		–6		–6	
Operating result (EBIT)		**166**	**5.2**	**235**	**6.3**
Interest income	3.2	5		5	
Interest expense	3.2	–24		–26	
Other financial result	3.2			–4	
Share of results of associates	3.2	–7		–13	
Ordinary result		**140**	**4**	**197**	**5**
Non-operating result	1.4	3		6	
Profit before taxes		**143**	**4**	**203**	**5**
Income taxes	1.5	–31		–31	
Net profit		**112**	**4**	**172**	**5**
– Thereof attributable to shareholders of Georg Fischer Ltd		116		173	
– Thereof attributable to non-controlling interests		–4		–1	
Basic earnings per share in CHF	1.6	28		42	
Diluted earnings per share in CHF	1.6	28		42	

Consolidated balance sheet

As of 31 December 2020 and 2019, CHF million	Notes	2020	%	2019	%
Cash and cash equivalents		834		521	
Marketable securities		7		9	
Trade accounts receivable	2.1.1	550		597	
Inventories	2.2	638		751	
Income taxes receivable	2.1.2	22		22	
Other accounts receivable	2.1.3	61		57	
Prepayments to creditors		14		23	
Accrued income		16		19	
Current assets		**2'142**	**62**	**1'999**	**60**
Property, plant, and equipment for own use	2.4	1'026		1'054	
Investment properties	2.4	73		77	
Intangible assets	2.5	36		34	
Deferred tax assets	5.3	70		70	
Other financial assets	5.2	98		110	
Non-current assets		**1'303**	**38**	**1'345**	**40**
Assets		**3'445**	**100**	**3'344**	**100**
Trade accounts payable		445		466	
Other financial liabilities	3.1.1	90		107	
Loans from pension fund institutions	3.1.1, 5.1	3		1	
Other liabilities	2.3.1, 2.3.2	54		56	
Prepayments from customers		50		49	
Current tax liabilities		48		47	
Provisions	2.6.1	57		52	
Accrued liabilities and deferred income	2.6.2	239		234	
Current liabilities		**986**	**29**	**1'012**	**30**
Bonds	3.1.1	775		574	
Other financial liabilities	3.1.1	90		80	
Pension benefit obligations	5.1	52		50	
Other liabilities	2.3.1	21		29	
Provisions	2.6.1	83		103	
Deferred tax liabilities	5.3	49		58	
Non-current liabilities		**1'070**	**31**	**894**	**27**
Liabilities		**2'056**	**60**	**1'906**	**57**
Share capital	3.4	4		4	
Capital reserves		24		23	
Treasury shares	3.5	–7		–7	
Retained earnings		1'332		1'376	
Equity attributable to shareholders of Georg Fischer Ltd		**1'353**	**39**	**1'396**	**42**
Non-controlling interests		36	1	42	1
Equity	**3.4**	**1'389**	**40**	**1'438**	**43**
Liabilities and equity		**3'445**	**100**	**3'344**	**100**

Consolidated statement of changes in equity

For the years ended 31 December 2020 and 2019, CHF million	Notes	Share capital	Capital reserves	Treasury shares	Goodwill offset	Cumulative translation adjust-ments	Cash flow hedging	Other retained earnings	Retained earnings	Equity attributable to share-holders of Georg Fischer Ltd	Non-control-ling in-terests	Equity
Balance as of 31 December 2020		**4**	**24**	**–7**	**–544**	**–201**	**–2**	**2'079**	**1'332**	**1'353**	**36**	**1'389**
Net profit								**116**	**116**	**116**	**–4**	**112**
Translation adjustments recognized in the reporting period						–56			–56	–56	2	–54
Changes in cash flow hedges	2.3.2, 2.3.3						–1		–1	–1		–1
Goodwill offset via equity	2.5, 4.1				2				2	2		2
Addition to non-controlling interests	4.1										–4	–4
Capital increase/ acquisition of non-controlling interests	4.1										12	12
Purchase of treasury shares	3.5			–7						–7		–7
Share-based compensation												
– Settlement into treasury shares	3.5, 4.3.2		1	7				–8	–8			
– Grants, forfeitures, adjustments	3.5, 4.3.2							6	6	6		6
Dividends	3.4							–103	–103	–103	–12	–115
Balance as of 31 December 2019		**4**	**23**	**–7**	**–546**	**–145**	**–1**	**2'068**	**1'376**	**1'396**	**42**	**1'438**
Net profit								**173**	**173**	**173**	**–1**	**172**
Translation adjustments recognized in the reporting period						–48			–48	–48	–1	–49
Changes in cash flow hedges	2.3.2, 2.3.3						2		2	2		2
Goodwill offset via equity	2.5, 4.1.2				–9				–9	–9		–9
Addition to non-controlling interests	4.1.2										1	1
Capital increase/ acquisition of non-controlling interests											8	8
Purchase of treasury shares	3.5			–10						–10		–10
Share-based compensation												
– Settlement into treasury shares	3.5, 4.3.2		–3	12				–9	–9			
– Grants, forfeitures, adjustments	3.5, 4.3.2							9	9	9		9
Dividends	3.4							–103	–103	–103	–11	–114
Balance as of 31 December 2018		**4**	**26**	**–9**	**–537**	**–97**	**–3**	**1'998**	**1'361**	**1'382**	**46**	**1'428**

Consolidated cash flow statement

For the years ended 31 December 2020 and 2019, CHF million	Notes	2020	2019
Net profit		112	172
Income taxes	1.5	31	31
Financial result	3.2	19	25
Depreciation and amortization	2.4	133	139
Share of results of associates	3.2	7	13
Other non-cash income and expenses		19	26
Increase in provisions, net	2.6.1	38	38
Use of provisions	2.6.1	–49	–25
Changes in			
– Inventories		64	–25
– Trade accounts receivable		12	70
– Prepayments to creditors		7	–2
– Other receivables and accrued income		–3	–1
– Trade accounts payable		–10	–30
– Prepayments from customers		3	–23
– Other liabilities and accrued liabilities and deferred income		12	–13
Interest paid		–22	–18
Income taxes paid		–31	–59
Cash flow from operating activities		**342**	**318**
Additions to			
– Property, plant, and equipment	2.4	–137	–178
– Intangible assets		–8	–8
– Other financial assets	5.2	–5	–26
Disposals of			
– Property, plant, and equipment	2.4	25	23
– Investments in associates		1	
– Intangible assets			1
– Other financial assets	5.2	9	
Purchase/disposal of marketable securities		–1	3
Cash flow from acquisitions	4.1.2	–6	–5
Interest received		4	4
Cash flow from investing activities		**–118**	**–186**
Free cash flow before acquisitions/divestments		230	137
Free cash flow		**224**	**132**
Purchase of treasury shares	3.5	–7	–10
Dividend payments to shareholders of Georg Fischer Ltd		–103	–103
Dividend payments to non-controlling interests		–12	–11
Inflows from or outflows for shares from non-controlling interests		12	8
Issuance of bonds	3.1.1	200	
Increase of short term bank loans	3.1.1	435	
Repayment of short term bank loans	3.1.1	–435	
Changes in other financial liabilities	3.1.1	16	–18
Cash flow from financing activities		**106**	**–134**
Translation adjustment on cash and cash equivalents		–17	–10
Net cash flow		**313**	**–12**
Cash and cash equivalents at beginning of year		521	533
Cash and cash equivalents at year-end [1]		**834**	**521**

[1] Cash, postal and bank accounts: CHF 526 million (previous year: CHF 514 million), fixed-term deposits: CHF 308 million (previous year: CHF 7 million).

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 Swiss Exchange and with Swiss company law. The consolidated financial statements are based on the financial statements of the GF Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

Accounting policies

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. 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.

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 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. Non-controlling 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 equity of the Corporation. 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 non-controlling 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 fair 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 exchange 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 could materially affect the financial position of the Corporation. The management of GF 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
Income taxes	1.5
Impairment of non-current assets	2.4
Impairment of intangible assets	2.5
Provisions for warranties and onerous contracts	2.6
Impairment 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. In order to better explain these key figures, the following definitions are presented. In addition, the reconciliation of certain key figures can be found on the GF website for further explanation:

→ Alternative Performance Measures (APMs)

“Order intake” refers to receiving or processing a customer’s order. It must only be recognized if a binding order or order confirmation is received.

“Orders on hand” at the end of the period equals orders on hand at the end of the previous period, plus the order intake of the reporting period minus gross sales of the reported period.

“Sales growth” refers to the growth in sales compared to the previous year period.

“Organic growth” refers to the growth in sales adjusted for the impacts from movements in foreign currencies as well as impacts from changes in the scope of consolidation compared to the previous year period.

“Gross value added” includes all operating income less cost of materials and products, changes in inventory, and operating expenses. As the subtotal “Gross value added” is an important key figure to GF, it is reported separately in the income statement.

“EBITDA” corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets.

“One-offs” refer to impacts arising from one-time occurrence of a specific transaction that is not expected to occur again in the future.

“EBIT before one-offs” correspond to the operating result (EBIT) before one-off transactions. It is defined as:

+/– Operating result (EBIT)
+ One-offs

“EBIT after taxes” corresponds to the operating result (EBIT) after current taxes. It is defined as:

+/– Operating result (EBIT)
– Current taxes

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

“Net debt” describes the interest-bearing liabilities minus cash and cash equivalents and marketable securities. It is defined as:

+ Interest-bearing financial liabilities
– Cash and cash equivalents
– Marketable securities

“Net debt-to-EBITDA” ratio is a debt ratio that shows how many years it would take for GF to pay back its debt if “Net debt” and “EBITDA” are held constant. It is defined as: net debt divided by EBITDA.

“Equity ratio” shows how much of the Corporation’s assets are funded by equity. It is defined as: equity in relation to liabilities and equity.

“Return on equity (ROE)" represents the profitability on shareholders’ equity. It is defined as: net profit in relation to average shareholders’ equity incl. non-controlling interests.

“Capital expenditures (Capex)" measures the addition in property, plant, and equipment.

“Net working capital (NWC)" is the difference between the Corporation’s current assets and current liabilities. It is defined as:

+ Inventories
+ Trade accounts receivable
+ Prepayments to creditors
– Trade accounts payable
– Prepayments from customers

“Invested capital (IC)" is an indicator that measures the total capital invested by shareholders, lenders and any other financing sources. It is defined as:

+/– Net working capital
+ Income taxes receivable
+ Other accounts receivable
+ Property, plant, and equipment for own use
+ Intangible assets
– Provisions
– Current tax liabilities
– Accrued liabilities and deferred income
– Pension benefit obligations
– Other liabilities

“Return on invested capital (ROIC)" measures the Corporation’s ability to efficiently use invested capital. It is defined as: EBIT after taxes divided by average invested capital multiplied by 100. The average invested capital is calculated by adding the invested capital at the beginning of the period to that at the end of the period and dividing the sum by two.

“Asset turnover” shows how frequently invested capital is turned over during the period under review. It is defined as: sales in relation to average invested capital.

“Research and Development” refers to innovative activities in developing new services or products, or improving existing services or products.

1. Performance

This section includes 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

Segment information

	GF Piping Systems		GF Casting Solutions		GF Machining Solutions		Total segments	
CHF million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Order intake [1]	**1'716**	**1'788**	**740**	**953**	**706**	**954**	**3'162**	**3'695**
Orders on hand at year-end [1]	**116**	**119**	**251**	**267**	**147**	**177**	**514**	**563**
Sales [2]	**1'708**	**1'802**	**752**	**949**	**725**	**972**	**3'185**	**3'723**
Sales per region								
Europe	626	640	492	659	307	450	1'425	1'749
– Thereof Germany	157	168	217	326	89	138	463	632
– Thereof Switzerland	113	111	18	18	46	70	177	199
– Thereof Rest of Europe	356	361	257	315	172	242	785	918
Americas	382	432	74	78	149	228	605	738
Asia	568	563	186	210	246	261	1'000	1'034
– Thereof China	450	437	176	188	188	184	814	809
– Thereof Rest of Asia	118	126	10	22	58	77	186	225
Rest of world	132	167		2	23	33	155	202
Sales	**1'708**	**1'802**	**752**	**949**	**725**	**972**	**3'185**	**3'723**
EBITDA	**245**	**264**	**26**	**48**	**34**	**71**	**305**	**383**
Depreciation on tangible fixed assets	–49	–47	–59	–70	–12	–12	–120	–129
Amortization on intangible assets	–3	–3	–1	–2	–2	–2	–6	–7
Operating result (EBIT)	**193**	**214**	**–34**	**–24**	**20**	**57**	**179**	**247**
Assets [3]	**1'399**	**1'431**	**948**	**971**	**613**	**704**	**2'960**	**3'106**
– Thereof current assets	827	850	349	372	401	511	1'577	1'733
– Thereof non-current assets	572	581	599	599	212	193	1'383	1'373
Investments per region								
Europe	30	39	27	24	9	16	66	79
– Thereof Germany	1	3	5	10			6	13
– Thereof Switzerland	23	27	4	2	8	15	35	44
– Thereof Rest of Europe	6	9	18	12	1	1	25	22
Americas	15	16	31	48	4	1	50	65
Asia	10	16	12	7	2	10	24	33
– Thereof China	9	15	12	7	1	10	22	32
– Thereof Rest of Asia	1	1			1		2	1
Rest of world	5	6					5	6
Investments	**60**	**77**	**70**	**79**	**15**	**27**	**145**	**183**
– Thereof capital expenditures	57	72	67	79	13	24	137	175
– Thereof investments in intangible assets	3	5	3	0	2	3	8	8
Liabilities	**724**	**742**	**653**	**659**	**386**	**449**	**1'763**	**1'850**
– Thereof current liabilities	442	432	272	270	243	280	957	982
– Thereof non-current liabilities	282	310	381	389	143	169	806	868
Research and development	**46**	**49**	**17**	**18**	**49**	**60**	**112**	**127**

[1] Order intake and orders on hand at year-end were not included in the scope of the audit by the statutory auditor.
[2] Sales between other divisions are not material.
[3] The amount of investments in associates accounted for by the equity method is not material.

Reconciliation to the segment information

CHF million	2020	2019
Sales		
Sales of reportable segments	3'185	3'723
Elimination of intercompany sales	–1	–3
Consolidated sales	**3'184**	**3'720**
Operating result (EBIT)		
Total EBIT for reportable segments	179	247
Total EBIT Corporate Center and Corporate Services	–13	–12
Consolidated operating result (EBIT)	**166**	**235**
Interest income	5	5
Interest expense	–24	–26
Other financial result		–4
Share of results of associates	–7	–13
Ordinary result	**140**	**197**
Non-operating result	3	6
Profit before taxes	**143**	**203**
Income taxes	–31	–31
Net profit	**112**	**172**
Assets		
Assets of reportable segments	2'960	3'106
Elimination of intercompany positions	–395	–357
Other assets		
– Current assets (mainly cash and cash equivalents)	592	293
– Non-current assets	288	302
Consolidated assets	**3'445**	**3'344**
Investments		
Investments of reportable segments	145	183
Other investments		
– Germany		
– Switzerland	5	14
– Rest of Europe	1	7
Investments of Corporation	**151**	**204**
Liabilities		
Liabilities of reportable segments	1'763	1'850
Elimination of intercompany positions	–571	–608
Other liabilities		
– Current liabilities	35	43
– Non-current liabilities	812	601
Other unallocated amounts	17	20
Consolidated liabilities	**2'056**	**1'906**

Geographical information

	Non-current assets		Sales	
CHF million	2020	2019	2020	2019
Total	**1'303**	**1'345**	**3'184**	**3'720**
Europe	821	863	1'424	1'747
– Thereof Germany	127	160	462	632
– Thereof Switzerland	445	445	177	197
– Thereof Rest of Europe	249	258	785	918
Americas	249	239	606	737
Asia	210	216	999	1'034
– Thereof China	198	203	814	809
– Thereof Rest of Asia	12	13	185	225
Rest of world	23	27	155	202

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

Accounting principles
In accordance with the management structure and the reporting to the Executive Committee and the Board of Directors, the reportable segments are the three operating divisions GF Piping Systems, GF Casting Solutions, and GF Machining Solutions.

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 system solutions and high-quality plastic and metal components for a diverse installed base. The portfolio of fittings, valves, pipes, automation, and jointing technologies covers all water cycle applications. Simultaneously, specialized solutions, including engineering, customizing, and prefabrication, provide expertise at every project phase.

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.

GF Machining Solutions is one of the world's leading providers of complete solutions for the tool and mold making industry and manufacturers of precision components. The portfolio includes milling and EDM machines. The division also offers spindles, laser texturing, laser micromachining, additive manufacturing, automation and tooling, as well as digitalized solutions.

Business units within these segments have been aggregated as a single reportable segment, because they manufacture similar products with comparable production processes and supply them to similar customer groups using similar distribution methods. 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. There are no differences in the accounting policies of the segment reporting and those of the consolidated financial statements.

1.2 Sales and other operating income

1.2.1 Products, services and most important revenue sources

	Sales	
CHF million	**2020**	**2019**
GF Piping Systems	**1'708**	**1'802**
Utility [1]	648	716
Industry [2]	646	646
Building technology [3]	414	440
GF Casting Solutions	**752**	**949**
Automotive (remaining)	596	688
Automotive (divested) [4]		59
Industrial applications	82	111
Aerospace/Energy	74	91
GF Machining Solutions	**725**	**972**
Milling	213	282
EDM	185	261
Customer service	224	276
Advanced manufacturing/Automation & Tooling	103	153

[1] Products for the supply of gas and water.
[2] Products for the treatment and transport of water and other media for industrial applications.
[3] Products for the supply of water und floor-heating systems in buildings.
[4] Correspond to divested sales see note 4.1.1 Additions, disposals and mergers.

Accounting principles

Billings for goods and services are recognized as sales when they are delivered or when the principal risks and benefits incidental to ownership are transferred.

An assessment as to whether the principal risks and opportunities 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 opportunities. 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.

1.2.2 Other operating income

CHF million	2020	2019
Sales of material, waste, and scrap	9	11
Income from insurance contracts	4	5
Income from services	8	11
Gains on disposals of property, plant, and equipment	14	1
Foreign exchange gains/losses	–6	–8
Other operating income	14	14
Total	**43**	**34**

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 Expenses

1.3.1 Operating expenses

CHF million	2020	2019
External services [1]	142	170
Selling costs, commissions	115	134
Repair, maintenance	71	77
Advertisements, communication	61	98
External energy supply	77	84
Rent, leases	45	48
Other expenses [2]	65	54
Total	**576**	**665**

[1] External services include e.g. temporary employees, IT costs, R&D, insurance costs as well as consulting services.
[2] Other expenses include compensation to the members of the Board of Directors of CHF 2.7 million (previous year: CHF 2.7 million).

1.3.2 Personnel expenses

CHF million	2020	2019
Salaries and wages	715	817
Employee benefits	34	32
Social security	134	163
Total	**883**	**1'012**

Due to the adverse economic effects of the COVID-19 crisis, state compensation programs were availed of at the level of individual GF Corporate Companies as a result of short-time work. Such compensation is reported under salaries and wages. In the period under review, CHF 43 million in short-time work benefits were received, hereof CHF 27 million in Switzerland. A significant part was attributable to GF Casting Solutions and GF Machining Solutions.

In the year under review, expenses for share-based payment transactions to members of the Executive Committee and to members of the Senior Management recorded in the personnel expenses amounted to CHF 7.2 million (previous year: CHF 7.9 million). For more details on transactions with the Executive Committee see Compensation Report and note 4.3 (4.3.2 Transactions with members of the Board of Directors and the Executive Committee).

1.4 Non-operating result

The non-operating result includes gains from the sale of investment properties of CHF 3 million (previous year: CHF 6 million), see also note 2.4.

1.5 Income taxes

CHF million	2020 Total	2020 Thereof current taxes	2020 Thereof deferred taxes	2019 Total	2019 Thereof current taxes	2019 Thereof deferred taxes
Tax rate reconciliation						
Profit before taxes	143			203		
Statutory tax rate in %	14			16		
Income tax expense at statutory tax rate	**20**	**18**	**2**	**32**	**35**	**–3**
Effect of income taxed at different rates [1]	6	3	3	10	15	–5
Non-tax deductible expenses/tax exempted income				–2	–2	
Use of unrecognized tax loss carryforwards	–4	–4		–3	–4	1
Effect of non-recognition of tax losses in current year	10	17	–7	4	4	
Recognition of previously unrecognized tax loss carryforwards	–1		–1			
Tax charges and credits related to prior periods, net	–1	–1		–1	–1	
Non-creditable foreign withholding tax	5	5		5	5	
Effect of change in tax rates				–5		–5
Other effects	–4	–1	–3	–9	–1	–8
Effective income tax expense	**31**	**37**	**–6**	**31**	**51**	**–20**
Effective income tax rate in %	22			15		

[1] GF 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 Corporate Companies and changes in local tax rates.

The presentation of income taxes has been adjusted. The statutory tax rate is now used as the applicable tax rate instead of the expected income tax rate. The previous year's figures have been adjusted accordingly.

The table shows the main elements that cause the Corporation's effective tax rate to differ from the statutory tax rate. The Corporation's statutory tax rate is the ordinary tax rate applicable in the canton of Schaffhausen in Switzerland, where Georg Fischer is headquartered. Georg Fischer uses the Swiss domestic tax rate as it provides more meaningful information than a weighted average tax rate. The statutory tax rate has changed to 14% (previous year: 16%).

The Corporation's effective income tax rate amounts to 22% (previous year: 15%). The increase in the effective income tax rate is mainly due to the fact that the effective income tax rate in the previous year was influenced by the Swiss Corporate Tax Reform. In the previous year, the Swiss Corporate Tax Reform led to a one-time reduction in the effective income tax rate. The reform included cantonal tax rate cuts and the abolition of special cantonal tax regimes. The cantonal tax rate cuts led to a one-time deferred tax income of CHF 5 million due to the revaluation of the deferred tax positions. In addition, the abolition of the holding company status of Georg Fischer Ltd. led to a one-time deferred tax income of CHF 9 million due to the step-up of hidden reserves for tax purposes in relation to the trademark +GF+.

The unrecognized tax loss carryforwards in 2020 totaling CHF 159 million (previous year: CHF 127 million) have a potential tax relief effect of CHF 41 million (previous year: CHF 33 million), of which CHF 113 million (previous year: CHF 98 million) can be utilized for an indefinite period. CHF 4 million is to expire within one year (previous year: CHF 1 million).

As of 31 December 2020, tax loss carryforwards of CHF 51 million (previous year: CHF 19 million) were capitalized, resulting in a deferred tax asset of CHF 12 million (previous year: CHF 5 million).

Management assumptions and estimates

Current tax liabilities are calculated based on an interpretation of the tax regulation 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. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority, and if there is an offset entitlement for current taxes. 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 Corporation and where it is probable that the temporary difference will not be reversed in the foreseeable future.

1.6 Earnings per share

	2020	2019
Earnings per share (CHF)	28	42
Number of shares (Ø)	4'093'471	4'093'519

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 Georg Fischer Ltd shareholders 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 additional information on current assets and liabilities that support the ongoing operational liquidity of the 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. Finally, it provides a summary on the different items of goodwill and the theoretical impact of a capitalization and subsequent amortization of goodwill.

2.1 Accounts receivable

2.1.1 Trade accounts receivable

CHF million	2020	2019
Gross values	**580**	**624**
Individual value adjustments	–6	–6
Overall value adjustments	–24	–21
Net values	**550**	**597**
Europe	215	235
– Thereof Germany	29	36
– Thereof Switzerland	20	21
– Thereof Rest of Europe	166	178
Americas	73	89
Asia	228	234
– Thereof China	167	166
– Thereof Rest of Asia	61	68
Rest of world	34	39
Total	**550**	**597**

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:

	2020		2019	
CHF million	Receivable after individual value adjustments	Overall value adjustment	Receivable after individual value adjustments	Overall value adjustment
Not yet due	445		478	1
1 to 30 days overdue	53		47	
31 to 90 days overdue	38		49	
91 to 180 days overdue	22	11	22	6
More than 180 days overdue	16	13	22	14
Total	**574**	**24**	**618**	**21**

The individual value adjustments amounted to CHF 6 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.

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.

2.1.2 Income taxes receivable

Of the total income taxes receivable of CHF 22 million (previous year: CHF 22 million), CHF 12 million relate to the USA, CHF 3 million each to Austria and Germany, and CHF 1 million each to Switzerland, India, Turkey and to other countries.

2.1.3 Other accounts receivable

CHF million	2020	2019
Tax credits from indirect taxes	31	32
Other current accounts receivable	30	25
Total	**61**	**57**

2.2 Inventories

CHF million	2020	2019
Finished goods	468	505
Raw materials and components	208	225
Work in progress	139	180
Gross value of inventories on hand	**815**	**910**
Valuation adjustments	–177	–159
Inventories	**638**	**751**

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.

2.3 Liabilities

2.3.1 Other liabilities

CHF million	2020	2019
Social security	22	19
Other non-interest-bearing liabilities	26	39
Derivative financial instruments	2	1
Other tax liabilities (e.g. withholding tax)	25	26
Total	**75**	**85**
- Thereof current	54	56
- Thereof non-current	21	29

2.3.2 Derivative financial instruments

	2020			2019		
CHF million	**Nominal value**	**Positive market value**	**Negative market value**	**Nominal value**	**Positive market value**	**Negative market value**
Underlying						
Foreign exchange	291	2	–2	443	5	–1
Total	**291**	**2**	**–2**	**443**	**5**	**–1**

GF uses derivative financial instruments as part of its Corporation-wide risk management. Currency risk from accounts receivable, accounts payable, and financing in foreign currencies are partially hedged. The only hedging instruments employed are foreign currency contracts with a maximum maturity of twelve months. See also note 3.6.

2.3.3 Categories of financial instruments

The following table shows the carrying amount of all financial instruments per category. For details on the market values of the bonds, see note 3.1 (3.1.1 Interest-bearing financial liabilities).

CHF million	2020	2019
Financial instruments (assets)		
Cash and cash equivalents (excluding fixed-term deposits)	**526**	**514**
Trade accounts receivable	550	597
Fixed-term deposits	308	7
Other accounts receivable [1]	30	25
Accrued income	16	19
Other financial assets [2]	98	110
Loans and receivables stated at amortized cost	**1'002**	**758**
Marketable securities and funds	5	4
Financial assets recognized in income statement at market value	**5**	**4**
Derivative financial instruments (receivables)	**2**	**5**
Financial instruments (liabilities)		
Trade accounts payable	445	466
Bonds	775	574
Other financial liabilities	180	187
Accrued liabilities and deferred income [3]	239	234
Other current/non-current liabilities [4]	73	84
Liabilities stated at amortized cost	**1'712**	**1'545**
Derivative financial instruments (liabilities)	**2**	**1**

[1] The balance sheet item "Other accounts receivable" includes tax credits. For more details, see note 2.1.3 Other accounts receivable.

[2] Relates to loans to third parties, security deposits, and long-term-invested securities for the settlement of pension liabilities. For more details, see note 5.2 Other financial assets.

[3] For more details, see note 2.6.2 Accrued liabilities and deferred income.

[4] The balance sheet item "Other current/non-current liabilities" includes derivative financial instruments. For more details, see note 2.3.1 Other liabilities.

The carrying amount of the marketable securities and funds 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 market value at the balance sheet date.

2.4 Movements in property, plant, and equipment

CHF million	Investment properties	Machinery and production equipment	Buildings	Building components	Other equipment	Assets under construction	Land	Assets held under finance leases	Property, plant, and equipment for own use
Cost									
As of 31 December 2020	**194**	**1'446**	**606**	**173**	**238**	**80**	**45**	**24**	**2'612**
Additions		26	7	3	9	95	1	2	143
Disposals	–1	–35	–24	–9	–10		–2		–80
Other changes, reclassifications		72	32	22	15	–143			–2
Translation adjustment	–1	–31	–12	–2	–6	–5	–2	–1	–59
As of 31 December 2019	**196**	**1'414**	**603**	**159**	**230**	**133**	**48**	**23**	**2'610**
Additions		39	13	3	9	132			196
Disposals	–19	–33	–3	–1	–7				–44
Changes in scope of consolidation		–53		–3	–5				–61
Other changes, reclassifications	21	58	42	30	27	–178			–21
Translation adjustment	–6	–38	–12	–2	–5	–3	–1	–1	–62
As of 31 December 2018	**200**	**1'441**	**563**	**132**	**211**	**182**	**49**	**24**	**2'602**
Accumulated depreciation									
As of 31 December 2020	**–121**	**–1'004**	**–307**	**–84**	**–176**	**–1**		**–14**	**–1'586**
Additions	–2	–78	–17	–9	–15			–3	–122
Impairment		–4	–1		–1	1			–5
Disposals		34	21	8	9				72
Other changes, reclassifications		3		–1					2
Translation adjustment		15	3	1	3			1	23
As of 31 December 2019	**–119**	**–974**	**–313**	**–83**	**–172**	**–2**		**–12**	**–1'556**
Additions	–2	–79	–16	–7	–16			–3	–121
Impairment		–8	–2			–2			–12
Disposals	5	32	2	1	6				41
Changes in scope of consolidation		39		2	3				44
Other changes, reclassifications	–10	15	9	1	–13				12
Translation adjustment	4	26	5	1	3			1	36
As of 31 December 2018	**–116**	**–999**	**–311**	**–81**	**–155**			**–10**	**–1'556**
Carrying amount									
As of 31 December 2020	**73**	**442**	**299**	**89**	**62**	**79**	**45**	**10**	**1'026**
As of 31 December 2019	**77**	**440**	**290**	**76**	**58**	**131**	**48**	**11**	**1'054**
As of 31 December 2018	**84**	**442**	**252**	**51**	**56**	**182**	**49**	**14**	**1'046**

Additions to property, plant and equipment included investment in equipment in Schaffhausen (Switzerland) in the amount of CHF 11 million, in Zhuozhou (China) in the amount of CHF 4 million and in a new building in El Monte (USA) in the amount of CHF 10 million for GF Piping Systems. Additions for GF Casting Solutions included investment in equipment in Suzhou (China) in the amount of CHF 6 million, the redesign of a plant in Altenmarkt (Austria) in the amount of CHF 7 million as well as ongoing investment into the light metal foundry in Mills River (USA) in the amount of CHF 31 million.

The disposal of buildings includes the sale of a building in the amount of CHF 6 million by GF Machining Solutions in Switzerland, see also note 1.2 (1.2.2 Other operating income).

In the previous year, the movements in the line “Changes in scope of consolidation” result from acquisitions and divestments, explained in more detail in note 4.1 (4.1.2 Acquisitions and divestments).

Land includes CHF 4 million of undeveloped properties (previous year: CHF 4 million).

The overall movements in the line “Other changes, reclassifications” are explained by mold and tooling equipment used at production facilities in China that had to be moved from net working capital to property, plant, and equipment as well as demo machines earmarked for sale reclassified to inventories.

In investment properties, the sale of properties in Schaffhausen (Switzerland) is recorded as a disposal. In the previous year, the sale of properties in Garching (Germany) and in Schaffhausen (Switzerland) was reported. The fair value of investment properties, as determined by internal assessments on the basis of capitalized and current market values, is CHF 98 million (previous year: CHF 112 million).

Impairments amounting to net CHF 5 million (previous year: CHF 12 million) related entirely to the relocation of production from Werdohl (Germany).

Management assumptions and estimates

The values of non-current assets and intangible assets 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. 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 are depreciated on a straight-line basis over their estimated useful lives or lease terms:

- Investment properties and 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
- Assets under construction and land 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.

Assets held under the terms of a finance lease are described in note 3.3.

2.5 Movements in intangible assets

The major categories of the intangible assets are subdivided into “Land use rights”, “Software”, and “Royalties, patents, others”.

In the period under review, the intangible assets amounted to CHF 36 million (previous year: CHF 34 million).

Land use rights in the amount of CHF 13 million (previous year: CHF 12 million) and royalties, patents, others in the amount of CHF 6 million (previous year: CHF 7 million), remained almost unchanged compared with the previous year.

Software amounted to CHF 17 million (previous year: CHF 15 million). The main reason for this increase was the industrial software and SAP implementation in various companies by GF Piping Systems and GF Machining Solutions.

Goodwill

The theoretical capitalization of the goodwill would affect the result of the consolidated financial statements as follows:

Theoretical movements in goodwill

CHF million	2020	2019
Cost		
As of 31 December	**615**	**646**
Additions from acquisitions	–1	3
Adjustments	–1	6
Translation adjustment	–29	–18
As of 1 January	**646**	**655**
Accumulated amortization		
As of 31 December	**–574**	**–546**
Additions regular	–34	–36
Impairment	–21	
Translation adjustment	27	16
As of 1 January	**–546**	**–526**
Theoretical book values, net		
As of 31 December	**41**	**100**
As of 1 January	**100**	**129**

Effect on income statement

CHF million	2020	2019
Operating result (EBIT)	166	235
Return on sales (EBIT margin) %	5.2	6.3
Amortization goodwill	–34	–36
Impairment goodwill	–21	
Theoretical operating result (EBIT) incl. amortization/impairment of goodwill	111	199
Theoretical return on sales (EBIT margin) %	3.5	5.3
Net profit	112	172
Amortization goodwill	–34	–36
Impairment goodwill	–21	
Theoretical net profit incl. amortization/impairment of goodwill	57	136

Effect on balance sheet

CHF million	2020	2019
Equity according to balance sheet	1'389	1'438
Theoretical capitalization of net book value of goodwill	41	100
Theoretical equity incl. net book value of goodwill	1'430	1'538
Equity as % of balance sheet total	40.3	43.0
Theoretical equity incl. net book value of goodwill as % of balance sheet total (incl. goodwill)	41.0	44.7

Goodwill from acquisitions is offset against the Corporation's equity at the acquisition date. The theoretical amortization is based on the straight-line method over the useful life of five years. The adjustment in the year under review in the amount of CHF –1 million (previous year: CHF 6 million) is due to the adjustment of conditional purchase prices. The goodwill of Microlution Inc was completely amortized in the year under review.

As of the balance sheet date no indications of impairment were found except for the goodwill of GF Urecon Ltd, Coteau-du-Lac (Canada), Global Supply Company LLC, Hallandale (USA) GF Casting Solutions SRL, Pitesti (Romania), GF Precicast SA, Novazzano (Switzerland) and Symmedia GmbH (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, an 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 rate for GF Urecon Ltd was calculated at 6.7%, for Global Supply Company LLC at 6.8%, for GF Casting Solutions SRL at 10.5%, for GF Precicast SA at 6.7% and for Symmedia GmbH at 8.9%.

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. While a recovery in this market is expected, there is a greater level of uncertainty regarding the timing and magnitude of the recovery. GF has assumed a more conservative recovery compared to other key industries. In addition, the industry has also demonstrated relatively longer lead times. The relatively more conservative assumption on the recovery negatively affected the value-in-use calculation. While the theoretical goodwill was partially impaired, the carrying amounts of all other assets are still considered recoverable. An increase in the discount rate from 6.7% to 7.7% would have resulted in an additional impairment of CHF 13 million. As the terminal growth rate was assumed to be 0%, it was not further reduced for the purpose of sensitivity analysis. Even under the assumption of the higher discount rate, the other assets would still be considered recoverable.

Management assumptions and estimates

For goodwill positions that are listed in the theoretical movements, an impairment test is performed if there is any indication that these goodwill positions could be affected from such an impairment. If such indications exist, an impairment test is performed for the goodwill positions offset against equity to determine the recoverable amount. As a basis for the calculation, business plans for the next five years are used. Subsequent years are included in the calculation using a perpetual annuity with a growth assumption of zero. 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: intangible assets

Acquired licenses, patents, and similar rights are capitalized and, with the exception of land use rights, amortized on a straight-line basis over their estimated useful lives of 3 to 15 years. Land use rights are amortized 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.

In the event of 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 re-valued 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 carrying amount of non-current assets (especially property, plant, and equipment, intangible assets, financial assets as well as the goodwill reported in the sample accounting) 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. 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.

Accounting principles: research and development

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

2.6 Movements in provisions, accrued liabilities and deferred income and contingent liabilities

2.6.1 Movements in provisions

CHF million	Personnel and social security	Warranties	Legal	Onerous contracts	Restructuring	Other	Provisions	Deferred tax liabilities	Provisions and deferred tax liabilities
As of 31 December 2020	**56**	**39**	**7**	**9**	**12**	**17**	**140**	**49**	**189**
Increase	4	20	6	5	13		48	12	60
Use	–3	–12	–10	–2	–15	–7	–49		–49
Release	–1	–4	–2	–2	–1	–1	–11	–19	–30
Translation adjustment		–2	–1				–3	–2	–5
As of 31 December 2019	**56**	**37**	**14**	**8**	**15**	**25**	**155**	**58**	**213**
Increase	7	22	2	4	15	8	58	5	63
Use	–4	–12	–4	–4		–1	–25		–25
Release	–2	–5	–2	–8		–3	–20	–8	–28
Changes in scope of consolidation	–5						–5	–2	–7
Translation adjustment	–2	–1				1	–2		–2
As of 31 December 2018	**62**	**33**	**18**	**16**		**20**	**149**	**63**	**212**
Maturity structure of the provisions 2020									
– current	4	29	1	6	12	5	57		57
– non-current	52	10	6	3		12	83	49	132
Maturity structure of the provisions 2019									
– current	4	24	1	5	7	11	52		52
– non-current	52	13	13	3	8	14	103	58	161

Personnel and social security

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.

Warranties

Cover expected expenses for warranty benefits such as repairs and replacements. All three divisions provide warranty benefits to their customers: 26% to GF Piping Systems (previous year: 20%), 44% to GF Casting Solutions (previous year: 40%) and 30% of the provisions relate to GF Machining Solutions (previous year: 40%).

Legal
Includes all obligations deriving from legal cases and litigations. None of the individual provision should lead to an outflow of more than CHF 5 million (previous year: CHF 10 million).

Onerous contracts
Summarizes contracts for which the fulfillment leads to unavoidable costs that exceed the associated economic benefits. Onerous contracts concern mainly GF Casting Solutions.

Restructurings
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 valid expectation in those affected by the restructuring was raised. The increase and usage in provision is related to restructuring and relocation activities in Europe.

Other
Includes all other events that give raise to a provision such as non-warranty claims by customers and risks from business activities not allocated to warranties, legal or onerous contract category.

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 the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the Corporation that cannot be met or cannot be met in full through provisions or insurance cover. If there are any contractual obligations for which the unavoidable costs of meeting the obligations exceed the expected economic benefits (e.g. onerous delivery contracts), provisions are made for the agreed amounts over the entire period or over a prudently estimated period. These provisions are based on management assumptions.

Accounting principles
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. The deferred tax liabilities are based on temporary valuation differences, which are reported in the balance sheet at the level of GF Corporate Companies.

2.6.2 Accrued liabilities and deferred income

CHF million	2020	2019
Overtime, holiday, bonuses, and sales-related premiums	95	94
Accrued liabilities/deferred income for commissions and discounts	43	34
Accrued liabilities/deferred income for annual audit fees	5	4
Other accrued liabilities and deferred income	96	102
Total	**239**	**234**

2.6.3 Contingent liabilities
Contingent liabilities amounted to CHF 90 million (previous year: CHF 81 million) and include guarantees to third parties. In 2020, 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 was CHF 86 million (previous year: CHF 76 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, maintain 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 and pledged or assigned assets

3.1.1 Interest-bearing financial liabilities

CHF million	Within 1 year	Up to 5 years	Maturity over 5 years	2020	2019
Bonds (at fixed interest rates)		150	625	775	574
Other financial liabilities (at fixed interest rates)[1]	21	90		111	96
Other financial liabilities (at variable interest rates)	69			69	91
Loans from pension fund institutions	3			3	1
Total	**93**	**240**	**625**	**958**	**762**

[1] 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 115 million to CHF 117 million in the year under review (previous year: CHF 232 million). The reason for this decrease was primarily related to the free cash flow (CHF 224 million) minus the dividend payments to GF shareholders and minority shareholders amounting to CHF 115 million.

In the year under review, the financial flexibility and maturity profile were improved by the placement of a CHF 200 million bond with a maturity of 9.5 years. The following table shows in detail the various categories of other financial liabilities by currency and interest rate:

CHF million	Issuing currency	Range interest rate %	2020	Issuing currency	Range interest rate %	2019
Bonds (at fixed interest rates)			**775**			**574**
Bond (Georg Fischer Finanz AG) 2.5% 2013–2022 (12 September) Nominal value: CHF 150 million	CHF	2.6	150	CHF	2.6	149
Bond (Georg Fischer Finanz AG) 0.875% 2016–2026 (12 May) Nominal value: CHF 225 million	CHF	0.9	225	CHF	0.9	225
Bond (Georg Fischer AG) 1.05% 2018–2028 (12 April) Nominal value: CHF 200 million	CHF	1.06	200	CHF	1.06	200
Bond (Georg Fischer AG) 0.95% 2020–2030 (25 March) Nominal value: CHF 200 million	CHF	0.96	200			
Other financial liabilities (at fixed interest rates) [1]			**111**			**96**
	USD	3.5	85	USD	5.0	73
	EUR	0.8–2.0	17	EUR	1.0–1.4	15
	CHF	1.5–4.3	8	CHF	1.5–4.3	7
	Other	2.5	1	Other	2.5	1
Other financial liabilities (at variable interest rates)			**69**			**91**
	CNY	3.4–4.4	41	CNY	3.9–4.6	55
	EUR	0.8–1.6	17	EUR	1.5–1.6	22
	TRY	8.5–17.5	10	TRY	10.3–13.5	13
	Other	2.1	1	Other	3.1	1
Loans from pension fund institutions			**3**			**1**
	CHF	1.0	3	CHF	1.0	1
Total			**958**			**762**

[1] This category comprises other financial liabilities with a fixed interest period of more than three months.

The term of the syndicated loan concluded in the previous year was extended by one year to 2025 during the year under review:

Debtors	Minimum Term	Credit	Thereof utilized
Georg Fischer Ltd/Georg Fischer Finanz AG	2019–2025	CHF 400 million	CHF 0 million

The syndicated credit line provides the GF Corporation with the financial flexibility to swiftly act, for instance in the case of acquisitions, and was not drawn as of the end of the year. In addition to other terms, the syndicated credit line is subject to a covenants 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 2020, the financial covenants were not breached.

The bonds placed on the market 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 of the company or one of its main GF Corporate Companies, 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 3 million (previous year: CHF 1 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.

3.1.2 Pledged or assigned assets

Assets pledged or restricted on title in part or whole amounted to CHF 9 million (previous year: CHF 12 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.

3.2 Financial result

CHF million	2020	2019
Interest income	5	5
Financial income	**5**	**5**
Interest expenses	24	26
Share of results of associates [1]	7	13
Net losses on financial instruments at market value recognized in income statement		1
Other financial expenses		3
Financial expenses	**31**	**43**

[1] The result of associates includes a negative impact on the application of the equity accounting of CHF 4 million (previous year: CHF 3 million), additional value adjustments of CHF 4 million (previous year: CHF 7 million) on the non-current loans to associates as well as gains from the sale of the remaining investments in associates. In previous year, additional impairments of CHF 3 million on the equity accounted investments are included. See also note 5.2.

3.3 Leasing

CHF million	2020	2019
Leasing obligations up to 1 year	20	19
Leasing obligations 1 to 5 years	50	54
Leasing obligations over 5 years	6	7
Operating leases (nominal values)	**76**	**80**

Liabilities relating to financial lease contracts in the amount of CHF 10 million (previous year: CHF 11 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 (3.1.1 Interest-bearing financial liabilities).

Accounting principles

The present value of finance leases is recognized in the non-current assets and in the 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.

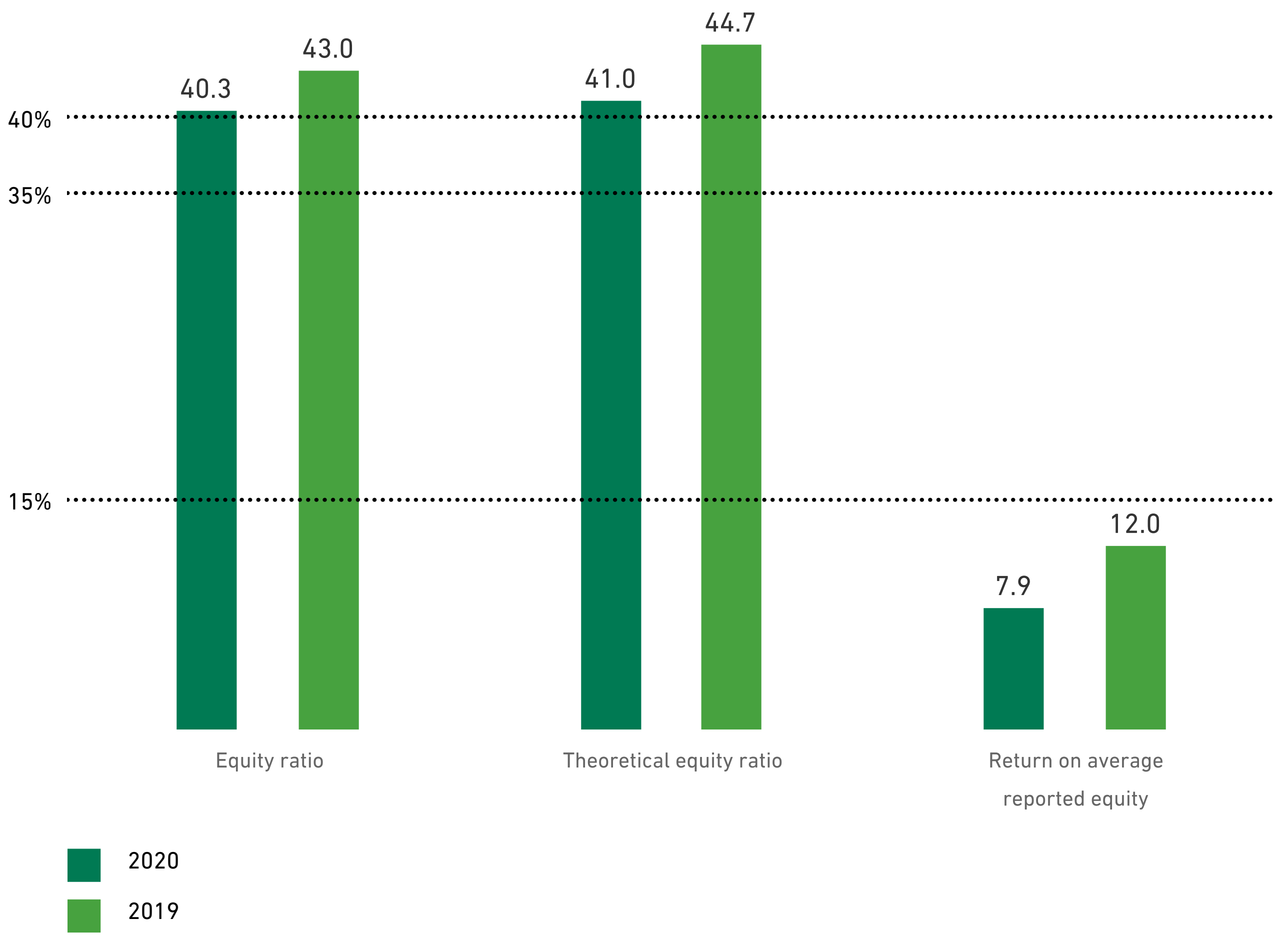
3.4 Equity

Share capital

As of 31 December 2020, 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.

Equity ratios

The changes in the main equity ratios are illustrated in the following table:



CHF million	2020	2019
Equity attributable to shareholders of Georg Fischer Ltd	1'353	1'396
Non-controlling interests	36	42
Equity	1'389	1'438
Total assets	3'445	3'344
Equity ratio as %	40.3	43.0
Theoretical equity incl. net value of goodwill	1'430	1'538
Theoretical equity ratio incl. net value of goodwill as %, total assets incl. goodwill	41.0	44.7
Average reported equity	1'414	1'433
Net profit	112	172
Return on average reported equity as %	7.9	12.0

The 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. Although total equity declined, total assets increased, so that the equity ratio fell to 40.3% (previous year: 43.0%).

GF strives to maintain a strong balance sheet with an equity ratio of 35% to 40%. The target for return on equity is above 15%.

The Board of Directors presents a proposal for the appropriation of retained earnings to the Annual Shareholders' Meeting. Over the medium term, the target is to distribute between 30% and 40% of the consolidated net profit to shareholders.

For the financial year 2020 the Board of Directors is proposing to the Annual Shareholders' Meeting a total dividend payment out of the retained earnings of CHF 15 per registered share (previous year: CHF 25 in total per registered share).

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.

As of 31 December 2020, reserves that cannot be distributed to the shareholders amounted to CHF 82 million (previous year: CHF 83 million).

3.5 Treasury shares

	2020			2019		
	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million
As of 31 December	**7'682**	**929.31**	**7**	**7'173**	**918.00**	**7**
Purchases	8'065	926.20	7	10'280	924.27	10
Transfers (share-based compensation)	–7'556	915.30	–7	–10'693	1'085.69	–12
As of 1 January	**7'173**	**918.00**	**7**	**7'586**	**1'145.92**	**9**

The GF Corporation purchases treasury shares to meet its obligation under the different share-based compensation models offered to the Board of Directors, the Executive Management and the Senior Management. For further information on share-based compensation for the Board of Directors and the Executive Management see Compensation Report and note 4.3.

Accounting principles

Treasury shares are recorded at average 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.

3.6 Risk management

Enterprise risk management as a fully integrated risk management process was systematically applied in 2020 at all levels of the GF Corporation. A risk map was prepared in May and November for the Corporation, the three divisions and all significant GF Corporate Companies, including the key risks in the areas of strategy, markets, operations, management and resources, financial 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 two meetings. The main content of the discussions were the improvement of the risk management process and the evaluation of a new risk management reporting software. In addition, the divisional risk maps were closely analyzed.

In accordance with the semi-annual risk reporting process, the Executive Committee and the management of the divisions discussed the risk maps twice. They defined, at the appropriate level, the key risks of the GF Corporation, the divisions and the Corporate Companies, and determined adequate measures to mitigate those risks. The outcome of these workshops was included in the risk reports for 2019 and 2020, which were approved by the Board of Directors in February and in December 2020 respectively. In addition, the Board held a risk management workshop in September 2020 with the aim to define all corporate-relevant risks from a Board 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 2020 risk report.

The multi-stage procedure, including workshops at division management, Executive Committee and Board of Directors level, has proven to be very effective, as has having Internal Audit assess the risk maps prepared by the GF Corporate Companies.

The following key risks were identified: the negative economic impact of the COVID-19 pandemic crisis and the uncertain commercial relationship between the US and China as well as cyber risks. Measures to reduce these and other risks were defined and are being implemented in line with the strategic targets of the Corporation and the three divisions.

Financial risk management

Financial risks overview	Risk source	Risk management
a) Credit risk	default of a counterparty affecting the recoverability of trade accounts receivable or bank deposits	diversification and regular assessments of creditworthiness
b) Market risk		
- 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
c) Liquidity risk	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 Audit Committee is supported by the Head of Corporate Controlling and Investor Relations in this task.

The financial risk management principles are designed to identify and analyze the risks to which the 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 Corporation’s activities.

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.

Credit risk

As of the balance sheet date, the maximum amount of credit risk including off-balance sheet commitments was as follows:

CHF million	2020	2019
On-balance sheet		
Cash and cash equivalents	834	521
Trade accounts receivable	550	597
Other accounts receivable [1]	30	25
Accrued income	16	19
Other financial assets [2]	98	109
Derivative financial instruments	2	5
Total on-balance sheet	**1’530**	**1’276**
Off-balance sheet		
Guarantees to third-parties [3]	90	81
Total off-balance sheet	**90**	**81**

[1] Without tax credits.
[2] Relates to loans to third parties, security deposit and long-term invested securities for the settlement of pension liabilities.
[3] Thereof used CHF 89 million (previous year: CHF 70 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, the creditworthiness of customers is assessed 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

Foreign exchange rates

		Average rates		Spot rates	
CHF		2020	2019	2020	2019
1	ARS	0.013	0.021	0.011	0.016
1	AUD	0.648	0.691	0.680	0.679
1	BRL	0.184	0.252	0.170	0.240
1	CAD	0.700	0.749	0.691	0.744
1	CNY	0.136	0.144	0.135	0.139
1	EUR	1.071	1.112	1.080	1.085
1	GBP	1.204	1.268	1.202	1.276
1	HKD	0.121	0.127	0.114	0.124
1	INR	0.013	0.014	0.012	0.014
1	MXN	0.044	0.052	0.044	0.051
1	NZD	0.610	0.655	0.636	0.652
1	RON	0.221	0.234	0.222	0.227
1	SGD	0.680	0.728	0.666	0.718
1	TRY	0.135	0.175	0.119	0.162
1	USD	0.938	0.994	0.880	0.966
100	CZK	4.050	4.334	4.116	4.272
100	DKK	14.362	14.900	14.517	14.527
100	JPY	0.879	0.912	0.854	0.890
100	KRW	0.080	0.085	0.081	0.084
100	NOK	10.002	11.299	10.317	11.004
100	PLN	24.108	25.888	23.690	25.498
100	SEK	10.217	10.509	10.765	10.390
100	THB	3.000	3.202	2.941	3.248
100	TWD	3.187	3.215	3.132	3.232

The table below shows the foreign currency forward nominal and market values of the foreign currency contracts used to mitigate currency risk:

CHF million	Fair value hedges	Cash flow hedges	2020	2019
Nominal value	232	59	291	443
Market value (net; positive and negative) [1]	1	–1	0	4
Net nominal value	233	58	291	447

[1] Corresponds to the carrying amount recognized as marketable securities or other liabilities.

Given its international activities, the GF Corporation is exposed to 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 Corporation is mainly exposed to changes in the euro and US dollar 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.

The fair value 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 fair value hedges are mainly in US dollar, euro, Canadian dollar and Romanian leu and expire no later than 12 months from the balance sheet date.

The fair value 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 fair value of these contracts are recognized in "Other operating income". These fair value hedges are mainly in US dollar and euro and expire no later than 12 months from the balance sheet date.

Assuming unchanged exchange rates, a cash outflow of CHF 291 million (gross) (previous year: CHF 443 million) would be offset by a cash inflow of CHF 291 million (gross) (previous year: CHF 447 million), giving a market value of CHF 0 million (previous year: positive market value of CHF 4 million).

Contract values, net by currencies

CHF million	2020	2019
EUR/CHF	114	184
USD/CHF	92	191
CNY/USD	11	2
TRY/USD	6	4
BRL/CHF	24	0
CAD/CHF	18	16
RON/CHF	11	15
JPY/CHF	6	4
TRY/EUR	1	0
SGD/CHF	4	4
SEK/CHF	3	7
GBP/CHF	1	1
GBP/EUR	0	8
USD/SEK	0	7
Total	**291**	**443**

Accounting principles

Derivative financial instruments used to hedge balance sheet items (fair value hedges) 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.

Interest rate risk

The interest rate risk may involve either changes in future interest payments owing to fluctuations in market interest rates or the risk of a change in the fair value of interest bearing liabilities.

As fair value accounting is not applied for interest bearing liabilities, changes in market interest rates are not expected to have a material impact on the income statement.

However, variable interest rate instruments may impact on the cash flows. It is expected that a one-percentage-point increase in the general level of interest rates would increase the ordinary result by CHF 8 million (previous year: CHF 4 million). A one-percentage-point decrease in the interest rate is expected to reduce the ordinary result by the same amount.

Price risk

Listed securities of CHF 5 million (previous year: CHF 4 million) are exposed to price risk. Since the value of these securities is low compared to the total assets, no significant impact on the income statement is expected from price fluctuations.

Liquidity risk

The following table shows the contractual maturities (including interest rates) of the financial liabilities:

CHF million	Carrying amount	Contractual cash flows	Up to 1 year	1 to 5 years	More than 5 years
Trade accounts payable	445	445	445		
Bonds	775	830	9	178	643
Other financial liabilities	180	189	95	94	
Accrued liabilities and deferred income	239	239	239		
Other liabilities current/non-current [1]	75	75	54	21	
Total 2020	**1'714**	**1'778**	**842**	**293**	**643**
Total 2019	**1'546**	**1'608**	**880**	**287**	**441**

[1] For more details, see note 2.3.1 Other liabilities.

Liquidity risk is the risk that GF 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 Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as of 31 December 2020 was CHF 732 million (previous year: CHF 768 million). The credit lines are maintained with different banks in order to ensure swift and adequate access to these credit lines.

4. Corporate structure

This section provides information on the changes in the scope of consolidation and especially on acquisitions and divestments. A list of all GF Corporate Companies is provided.

4.1 Changes in scope of consolidation

4.1.1 Additions, disposals and mergers

During the year under review, the scope of consolidation changed as follows:

Additions 2020 (increases in ownership)

- As of 1 April 2020, Georg Fischer Meco Eckel GmbH & Co. KG, Biedenkopf-Wallau (Germany), (acquisition of additional 24% of capital)
  Division: GF Casting Solutions
- As of 1 April 2020, Georg Fischer Meco Eckel GmbH, Biedenkopf-Wallau (Germany), (acquisition of additional 24% of capital)
  Division: GF Casting Solutions
- As of 1 April 2020, PEM Zerspanungstechnik GmbH, Schwarzenberg (Germany), (acquisition of the remaining 49% of capital)
  Division: GF Casting Solutions

Additions 2020 (foundations)

- As of 1 July 2020, Georg Fischer Casting Solutions Shenyang Co. Ltd., Shenyang (China)
  Division: GF Casting Solutions
- As of 1 August 2020, Egypt Gas GF-Corys Piping Systems S.A.E. Cairo (Egypt), (drawing of 75% of capital)
  Division: GF Piping Systems

Disposals 2020 (reductions in ownership)

- As of 1 May 2020, Fondium Group GmbH, Mettmann (Germany), (sale of remaining 20% of capital)
  Division: GF Corporate Management
- As of 1 May 2020, Fondium Mettmann GmbH, Mettmann (Germany), (sale of remaining 20% of capital)
  Division: GF Corporate Management
- As of 1 May 2020, Fondium Singen GmbH, Singen (Germany), (sale of remaining 20% of capital)
  Division: GF Corporate Management
- As of 1 May 2020, Fondium Holding GmbH, Mettmann (Germany), (sale of remaining 0.2% of capital)
  Division: GF Corporate Management

Mergers 2020

- As of 1 July 2020, 9362-6877 Québec Inc, Montreal (Canada) with GF Urecon Ltd, Coteau-du-Lac, Québec (Canada), (reverse merger)
  Division: GF Piping Systems and GF Corporate Management

During the previous year, the scope of consolidation changed as follows:

Additions (acquisitions) 2019

- As of 1 August 2019, Global Supply Company LLC, Hallandale (USA)
  Pro rata sales 2019: CHF 2 million
  Division: GF Piping Systems

Additions (increase in ownership) 2019

- As of 1 January 2019, Step-Tec AG, Luterbach (Switzerland), (acquisition of the remaining 1.7% of capital)
  Division: GF Machining Solutions
- As of 1 March 2019, GF Precicast Additive SA, Novazzano (Switzerland), (acquisition of the remaining 50% of capital)
  Division: GF Machining Solutions
- As of 1 October 2019, Georg Fischer Corys LLC, Dubai (United Arab Emirates), (acquisition of an additional 1% of capital)
  Division: GF Piping Systems

Additions (foundation) 2019

- As of 29 October 2019, GF Corys Middle East Ltd, Abu Dhabi (United Arab Emirates)
  Division: GF Corporate Management
- As of 11 December 2019, Georg Fischer Piping Systems Ltd Yangzhou, Yangzhou (China)
  Division: GF Piping Systems

Disposals (divestments) 2019

- As of 1 October 2019, GF Casting Solutions Herzogenburg Iron GmbH, Herzogenburg (Austria)
  Pro rata sales 2019: CHF 59 million
  Division: GF Casting Solutions

Mergers 2019

- As of 1 December 2019, Step-Tec AG, Luterbach, Switzerland with GF Machining Solutions AG, Biel (Switzerland)
  Division: GF Machining Solutions

4.1.2 Acquisitions and divestments

Assets and liabilities from acquisitions and divestments at the time control was acquired or lost

CHF million	Total acquisitions 2020	Total divestments 2020	Total acquisitions 2019	Total divestments 2019
Cash and cash equivalents				
Trade accounts receivable			2	–10
Inventories				–11
Other accounts receivable				
Property, plant, and equipment				–17
Intangible assets				
Deferred tax assets			1	
Other financial assets				
Total assets			**3**	**–38**
Deferred tax liabilities				
Non-interest bearing liabilities			1	–18
Interest-bearing liabilities				–2
Net assets			**2**	**–18**

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 increase in ownership, earn-out payments and the acquisition of Oxford Flow Utility & Industries Limited amounted to CHF 6 million (previous year: CHF 5 million).

On 24 February 2020, 7.55% of the capital of Oxford Flow Utility & Industries Limited was acquired with an option to acquire up to 23% of the capital in 2021. As of 31 December 2020, no control and no significant influence was assumed and the investment was recorded as a financial asset (see note 5.2 Other financial assets).

Acquisitions 2019

Acquisition Global Supply Company LLC

Acquisition of 100% of the shares of the specialized service provider for the marine industry, Global Supply Company LLC. Control was assumed as of 1 August 2019. Global Supply Company LLC services the retrofit market for cruise ships in the USA. The company renamed to GF Marine USA and merged into George Fischer LLC, Irvine, USA.

Divestments 2019

Divestment of GF Casting Solutions Herzogenburg Iron GmbH

Sale of 100% of the shares in the iron foundry in Herzogenburg supplying the automotive industry with a dedicated workforce of around 250 employees and annual sales of approximately CHF 75 million. GF facilitated the sale by providing a vendor loan of CHF 10 million to the buyers consisting of the former management. Because of the divestment, all assets and liabilities of the formerly fully owned company were deconsolidated on 1 October 2019. See also note 5.2 for further details.

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	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
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 [1]	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 [1]	EUR	0,5	100	C	S
Czech Republic	MS	GF Machining Solutions sro, Brno [1]	CZK	12,3	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup [1]	DKK	0,5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau	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
Germany	CM	Georg Fischer BV & Co KG, Singen [1]	EUR	25,6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen [1]	EUR	0,1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0,5	100	C	M
	CM	Georg Fischer Meco 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	F	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 Meco Eckel GmbH & Co KG, Biedenkopf-Wallau	EUR	0,2	75	C	P
	CS	Eckel & Co GmbH, Biedenkopf-Wallau	EUR	0,2	100	C	M
	CS	PEM Zerspanungstechnik GmbH, Schwarzenberg	EUR	0,1	100	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 [1]	GBP	4,0	100	C	S
	PS	Oxford Flow Utility & Industries Ltd, Oxford [1]	GBP	0,1	8	F	P

	MS	GF Machining Solutions Ltd, Coventry [1]	GBP	2,0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano [1]	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 Pfci 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 [1]	EUR	0,9	100	C	H
	CM	Georg Fischer Management BV, Epe [1]	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 [1]	NOK	1,0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Sękocin Nowy	PLN	18,5	100	C	S
	MS	GF Machining Solutions Sp.z.o.o., Sękocin Nowy [1]	PLN	1,3	100	C	S
Romania	CS	GF Casting Solutions SRL, Pitești [1]	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 [1]	EUR	1,5	100	C	S
	MS	GF Machining Solutions SAU, Barcelona [1]	EUR	2,7	100	C	S
Sweden	PS	Georg Fischer AB, Stockholm [1]	SEK	1,6	100	C	S
	MS	System 3R International AB, Vällingby	SEK	17,1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen [1]	CHF	1,0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans [1]	CHF	0,5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	4,1		C	H
	CM	Munot Re AG, Schaffhausen [1]	CHF	3,0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen [1]	CHF	4,0	100	C	M
	CM	GF Casting Solutions Industrial SA, Novazzano [1]	CHF	1,0	100	C	H
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen [1]	CHF	20,0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen [1]	CHF	0,5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen	CHF	17,8	60	C	P
	PS	Georg Fischer JRG AG, Sissach [1]	CHF	1,8	100	C	P
	CS	GF Casting Solutions AG, Schaffhausen	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 [1]	CHF	10,0	100	C	P
	MS	Agie Charmilles Services SA, Meyrin [1]	CHF	3,6	100	C	S
	MS	GF Machining Solutions Management SA, Meyrin [1]	CHF	0,5	100	C	M
	MS	GF Machining Solutions Sales Switzerland SA, Losone [1]	CHF	2,6	100	C	S
	MS	Mecartex SA, Muzzano	CHF	0,4	30	E	P
	MS	GF Machining Solutions AG, Biel [1]	CHF	3,5	100	C	P

Near East							
Egypt	PS	Egypt Gas GF-Corys Piping Systems SAE, Cairo	EGP	53,1	75	C	P
UAE	CM	GF Corys Middle East Ltd, Abu Dhabi [1]	AED	9,8	50	C	H
	PS	Georg Fischer Corys LLC, Dubai [1]	AED	0,3	50	C	P
Turkey	PS	Georg Fischer Hakan Plastik AS, Cerkezköy [1]	TRY	270,0	100	C	P
	MS	GF Imalat Cözümleri Ticaret Ltd Sti, Istanbul [1]	TRY	7,0	100	C	S
Americas							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires [1]	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 [1]	BRL	11,5	100	C	S
	MS	GF Machining Solutions Máquinas Ltda, São Paulo [1]	BRL	60,9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga [1]	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 [1]	MXN	0,1	100	C	S
	MS	GF Machining Solutions LLC, Monterrey [1]	MXN	15,1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA [1]	USD	0,1	100	C	H
	CM	Georg Fischer Export Inc, El Monte, CA	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	F	S
	CS	GF Linamar LLC, Mills River, NC	USD	39,9	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	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 [1]	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	CNY	100,0	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen [1]	CNY	80,0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan [1]	CNY	80,0	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou [1]	CNY	58,2	50	P	P

	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai [1]	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 [1]	CNY	52,0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai [1]	CNY	41,4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai [1]	CNY	1,7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing [1]	CNY	36,7	100	C	P
	PS	Beijing Jingran Lingyun Gas Equipment Co Ltd, Langfang [1]	CNY	6,0	40	P	P
	PS	Langfang Shuchang Auto Parts Co Ltd, Langfang [1]	CNY	10,0	40	P	P
	PS	Chinaust Plastics Ltd, Haining [1]	CNY	100,0	50	P	P
	PS	Chinaust Plastics Ltd, Xian [1]	CNY	73,0	50	P	P
	PS	Georg Fischer Piping Systems Ltd Yangzhou, Yangzhou [1]	CNY	30,6	100	C	P
	CS	GF Casting Solutions Suzhou Co Ltd, Suzhou [1]	CNY	209,5	100	C	P
	CS	GF Casting Solutions Kunshan Co Ltd, Kunshan [1]	CNY	149,5	100	C	P
	CS	GF Casting Solutions Shenyang Co Ltd, Shenyang [1]	CNY	45,4	100	C	P
	MS	GF Machining Solutions Ltd, Hongkong	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 [1]	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 [1]	CNY	164,1	100	C	P
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai [1]	INR	215,4	100	C	P
Indonesia	PS	PT GF Piping Systems Indonesia, Karawang	IDR	12,7	100	C	P
	PS	Georg Fischer Indonesia (Trading), Karawang	IDR	3,4	100	C	S
Japan	PS	Georg Fischer Ltd, Osaka [1]	JPY	480,0	81	C	S
	MS	GF Machining Solutions Ltd, Yokohama	JPY	50,0	100	C	S
Korea	PS	Georg Fischer Korea Co. Ltd., Yongin-si	KRW	600,0	100	C	S
	MS	GF Machining Solutions Co Ltd, Seoul [1]	KRW	1300,0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Klang [1]	MYR	10,0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington [1]	NZD	0,1	100	C	S
Singapore	CM	Eurapipe Holdings Ptd Ltd, Singapore [1]	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[1]	TWD	1,0	100	C	S
	MS	GF Machining Solutions Ltd, San Chung, Taipei Hsien[1]	TWD	10,0	100	C	S
Vietnam	MS	GF Machining Solutions Co Ltd, Hanoi[1]	VND	15,1	100	C	S

1 Directly held by Georg Fischer Ltd.

Division
CM = Corporate Management
PS = GF Piping Systems
CS = GF Casting Solutions
MS = GF Machining Solutions

Consolidation
C = Fully consolidated
P = Proportionately consolidated
E = Stated based on the equity method
F = Stated at estimated fair value

Function
H = Holding
P = Production
M = Management and Services
S = Sales

Status as of 31 December 2020

4.3 Related parties

Related parties include associates, members of the Board of Directors and the Executive Committee, pension funds and similar institutions.

4.3.1 Transactions with associates

CHF 0 million of loans to associates (previous year: CHF 75 million) and contingent liabilities to associates in favor of third parties of CHF 0 million (previous year: CHF 76 million) were outstanding. The change is explained by the sale of remaining ownership in associates, see note 5.2.

4.3.2 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	2020	2019
Cash compensation	5'499	5'789
Pension funds	541	819
Social security	533	515
Share-based compensation	3'568	3'100
Total compensation	**10'141**	**10'223**

The members of the Board of Directors received a fixed number of Georg Fischer restricted shares and a fixed remuneration paid in cash. The total compensation of the Board of Directors is recognized as operating expenses, see note 1.3 (1.3.1 Operating expenses) and the information in the Compensation Report. The valuation of the restricted shares is based on the year-end share price of CHF 1'140.00 (previous year: CHF 983.00). A total of 1'396 restricted shares were granted to the Board of Directors (previous year: 1'501).

The compensation for the Executive Committee consists of a long-term share-based incentive, a short-term cash incentive and a fixed base salary. The share-based incentive is granted in the form of performance shares. The total compensation of the Executive Committee is recognized as personnel expenses, see note 1.3 (1.3.2 Personnel expenses) and the information in the Compensation Report. The valuation of the performance shares is based on the year-end share price of CHF 1'140.00 (previous year: CHF 983.00). In order to derive the value of the performance shares, a financial model was used that takes into consideration the specific performance criteria linked to the performance shares, namely the earnings per share criteria and the relative total shareholder return criteria, see also the Compensation Report. A total of 1'764 performance shares were granted to the Executive Committee (previous year: 1'644).

No member of the Executive Committee or the Board of Directors or any persons related to them received any fees or other compensation for additional services to Georg Fischer Ltd or its Corporate Companies in 2020 and in 2019.

Neither Georg Fischer Ltd nor its GF Corporate Companies 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.

The detailed disclosure of the compensation and shareholdings of the members of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the Compensation report, respectively in the financial statements of Georg Fischer Ltd in note 6 Compensation and shareholdings.

4.3.3 Transactions with pension funds and similar institutions

The 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 3 million (previous year: liability of CHF 1 million). The current accounts bear an interest of 1%. Furthermore, contributions of CHF 1 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 liabilities 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 liabilities

Economic benefit/economic obligation and pension benefit expenses

		2020	2019				2020	2019
CHF million	Surplus/deficit according to FER 26	Economic part of the Corporation	Economic part of the Corporation	Translation differences	Change to prior-year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Patronage funds	28							1
Employee benefit plans w/o surplus/deficit						5	5	23
Employee benefit plans with surplus	24					22	22	3
Employee benefit plans with deficit	–20	–16	–16	–1	1	3	4	2
Employee benefit plans without own assets		–36	–34		2	1	3	3
Loans from pension fund institutions		–3	–1					
Total	**32**	**–55**	**–51**	**–1**	**3**	**31**	**34**	**32**

The GF Corporation maintains pension plans in various countries. The accounting for Swiss pension plans is based on the financial statements of the pension plan according to Swiss GAAP FER 26. Plans in other locations are accounted for according to their local regulations. The employee benefit plan in the US was closed as planned in the second half of 2020. Most of the employee pension plans have their own assets in addition to the respective pension obligations.

The table shows the economic benefit and the economic obligation as of the end of the year under review and for the previous year, as well as the changes in pension benefit expenses.

The economic part of the Corporation in the patronage funds amounted to CHF 0 million (previous year: CHF 0 million).

One pension plan has a surplus. The Georg Fischer Pension Fund is overfunded by CHF 24 million (previous year: CHF 0 million). This is mainly due to the good performance of the financial investments.

The pension plan underfunded in the amount of CHF 20 million (previous year: CHF 21 million) is based on the defined benefit plan in the UK. 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 16 million (previous year: CHF 16 million). The data of the previous year includes the employee benefit plan in the US which was closed in the meantime.

The recognized economic obligation from the pension plans with no assets of their own, i.e. unfunded plans, amounted to CHF 36 million (previous year: CHF 34 million) and concerns primarily the employee pension plans in Germany and Sweden. The CHF 2 million increase in the economic obligation is included in the pension fund expenses for the period.

Loans from pension funds in the amount of CHF 3 million (previous year: CHF 1 million) are current account balances of employee benefit plans and patronage foundations at Georg Fischer AG.

The following table summarizes the pension benefit expenses in the year under review and for the previous year:

CHF million	2020	2019
Contributions to employee benefit plans from Corporate Companies	31	28
Contributions to employee benefit plans from employer contribution reserves		
Total contributions	31	28
+/- Change in ECR from asset developments, value adjustments, etc.		
Contributions and change in employer contribution reserves (ECR)	**31**	**28**
Decrease/increase in economic benefit of the Corporation from surplus		
Increase/decrease in economic obligation of the Corporation from deficit	1	1
Increase/decrease in economic obligation of the Corporation employee benefit plans without own assets	2	3
Total change in economic effect of surplus/deficit	**3**	**4**
Pension benefit expenses within personnel expenses in the period under review	**34**	**32**

Changes in the recognized economic obligations from pension plans and the employer-paid contributions for the year under review amounted to CHF 34 million (previous year: CHF 32 million) and are included in “Personnel expenses”.

Accounting principles

The employee benefit plans of the Corporation comply with the legislation in force in each country. Employee benefit plans are mostly institutions and foundations that are independent of the 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	2020	2019
Non-current loans to associates		75
Investment in associates		1
Net investment in associates		**76**
Non-current loans and receivables	83	22
Securities for the settlement of pension liabilities	3	3
Other securities	12	9
Other financial assets third parties	**98**	**34**
- Thereof former non-current loans to associates	64	
Other financial assets total	**98**	**110**

In 2019, the non-current loans to associates related to loans granted to a management buy-out company (Fondium group) that acquired the two German iron foundries divested in 2018 and where GF retained an ownership of 20%.

In 2020, GF supported an operational and financial restructuring of the Fondium group. The financial restructuring included the sale of all remaining investments in these associates, see also note 4.1 (4.1.1 Additions, disposals and mergers). Consequently, the non-current loans are no longer related to associates but to third parties. In addition to the sale of the investments in the Fondium group, the loan terms were modified. CHF 72 million of subordinated loans before value adjustments were converted into mezzanine financing, which bears a conditional interest of up to 5% but no guaranteed interest and has an expected maturity of 7 to 10 years. 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.

As a result of these modifications, overall value adjustments of CHF 8 million (previous year: CHF 7 million) were recorded, see note 3.2. In addition, the total change in these loans from CHF 75 million to CHF 64 million is further explained by a net repayment of CHF 4 million as well as impacts from foreign currency movements and interest rates effects.

Management assumptions and estimates

The recoverability of non-current loans and receivables is assessed based on the debtor’s ability to repay on time and in full. In order to build this assessment, management regularly observes the debtor’s adherence to the interest payments and principal amortization schedule. As well as in the case of investments in associates, management also assess the debtor’s ability to continue as a going concern. Assessing the debtor’s going concern assumptions requires the management to assess the viability of the debtor’s business model, which is inherently subject to a higher level of estimation uncertainty.

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.

Investments in associates and non-current loans to associates are assessed for their recoverability holistically (net investment approach). Initially, investments and non-current loans are recorded at their actual values. Subsequently, the value of the investment is increased for the proportionate share in undistributed profits and reduced for the proportionate share in incurred losses as well as dividends obtained. If the value of the investment is reduced to zero, further proportionate shares in losses are allocated to the non-current loans. The value of the investment and the non-current loans are further reduced in case of impairments.

5.3 Deferred tax assets and liabilities

CHF million	Tax assets	Tax liabilities	2020 net	Tax assets	Tax liabilities	2019 net
Investment properties		20	–20		21	–21
Property, plant, and equipment for own use	28	45	–17	29	50	–21
Intangible assets	10	2	8	11	2	9
Tax loss carryforwards	12		12	5		5
Inventories	28	15	13	27	16	11
Provisions	11	6	5	14	3	11
Other interest-bearing liabilities	3	2	1	3	1	2
Other non-interest-bearing liabilities	22	6	16	19	4	15
Other balance sheet items	11	8	3	8	7	1
Total	**125**	**104**	**21**	**116**	**104**	**12**
Offsetting	–55	–55		–46	–46	
Deferred tax assets/liabilities	**70**	**49**	**21**	**70**	**58**	**12**

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. The effect of offsetting at the GF Corporate Company level amounted to CHF 55 million (previous year: CHF 46 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 1.5.

Temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities have been recognized, amounted to CHF 459 million as of 31 December 2020 (previous year: CHF 479 million).

5.4 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 25 February 2021. They must also be approved at the Annual Shareholders' Meeting.

On 16 December 2020, GF Piping Systems announced the acquisition of FGS Brasil Indústria e Comércio Ltda. (FGS), Cajamar (Brazil). FGS has become Brazil's leading manufacturer of high-density polyethylene pipes (HDPE), fittings, and additional equipment within a few years. FGS generates sales of approximately BRL 160 million (approx. CHF 27 million) with a workforce of 240 employees. Both parties have agreed not to disclose any financial details of the transaction. Closing is expected in the first quarter of 2021.

Regarding the adjustment of the Board of Directors after the balance sheet date, reference is made to the corresponding explanation in the Corporate Governance Report (Changes after the balance sheet date).

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 2020, the consolidated balance sheet as at 31 December 2020, 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 2020 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.

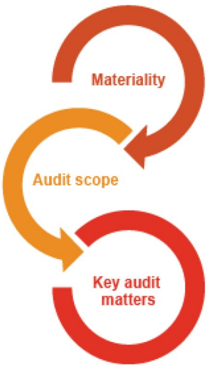
Basis for opinion

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 11,000,000

We performed full scope audit work on 47 reporting units. These companies contribute 64% of the Group's sales and comprise 69% of the Group's total assets. In addition, specified procedures were performed on a further three reporting units representing 14% of the Group's sales and 4% 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

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.

Overall Group materiality	CHF 11,000,000
How we determined it	5% of the average profit before taxes of the last three years.
Rationale for the materiality benchmark applied	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, average 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 47 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 50 reporting units contribute 78% of the Group's sales and comprise 73% of the Group's total assets.

The remaining 22% of the Group's sales and 27% 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	How our audit addressed the 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 purchases, 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 in Germany was adjusted in 2019 and 2020 and has a carrying amount of CHF 64 million as at 31 December 2020. The financing in Austria is unchanged from the prior year. The loans are recorded under other financial assets. The 20% share in the equity of the divested companies in Germany still held in the prior year was sold to the new owner in the course of the 2020 financial year. Adjustments to the value of these investments were carried over to the loans. 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' and 4.3 'Related parties'.	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	Tobias Handschin
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2021

Georg Fischer Ltd income statement

For the years ended 31 December 2020 and 2019, CHF 1'000	Notes	2020	2019
Dividend income	2.1	156'504	173'970
Income from services provided to Corporate Companies	2.2	50'077	57'254
Financial income	2.3	10'088	10'544
Commission income from Corporate Companies	2.4	8'466	9'278
Other income		2'061	2'032
Income		**227'196**	**253'078**
Value adjustment on investments	2.5	67'610	41'122
Other expenses for investments		3'316	3'486
Financial expenses	2.6	22'111	13'320
Cost of services provided by Corporate Companies		3'166	2'405
Personnel expenses		21'104	20'794
Other operating expenses	2.7	15'459	17'511
Direct taxes	2.8	391	2'835
Expenses		**133'157**	**101'473**
Net profit for the year		**94'039**	**151'605**

Georg Fischer Ltd balance sheet

As of 31 December 2020 and 2019, CHF 1'000	Notes	2020	2019
Cash and cash equivalents	3.1	407'031	132'333
Other current receivables due from third parties		3'269	9'203
Other current receivables due from Corporate Companies	3.2	16'850	24'478
Accrued income and prepaid expenses		2'623	4'987
Current assets		**429'773**	**171'001**
Loans to Corporate Companies	3.3	93'010	129'553
Other financial assets	3.4	67'672	72'306
Investments	3.5	1'355'749	1'393'753
Equipment		153	114
Non-current assets		**1'516'584**	**1'595'726**
Assets		**1'946'357**	**1'766'727**
Current liabilities with third parties		2'449	4'904
Short-term interest-bearing liabilities due to Corporate Companies	3.6	121'266	139'007
Accrued expenses and deferred income	3.7	11'502	13'115
Current liabilities		**135'217**	**157'026**
Long-term interest-bearing liabilities	3.8	403'920	202'592
Loans from Corporate Companies		7'561	
Long-term provisions	3.9	22'887	22'030
Non-current liabilities		**434'368**	**224'622**
Liabilities		**569'585**	**381'648**
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		1'136'371	1'089'626
– Net profit for the year		94'039	151'605
– Result from treasury shares	3.11	660	–2'408
Treasury shares	3.11	–7'139	–6'585
Equity		**1'376'772**	**1'385'079**
Liabilities and equity		**1'946'357**	**1'766'727**

Georg Fischer Ltd statement of changes in equity

For the years ended 31 December 2020 and 2019, CHF 1'000	Share capital	General reserves [1]	Treasury shares [2]	Retained earnings	Equity
Balance as of 31 December 2020	**4'101**	**148'740**	**–7'139**	**1'231'070**	**1'376'772**
Net profit for the year				94'039	94'039
Dividend payment				–102'452	–102'452
Acquisition of treasury shares			–7'470		–7'470
Transfer of treasury shares			6'916	660	7'576
Balance as of 31 December 2019	**4'101**	**148'740**	**–6'585**	**1'238'823**	**1'385'079**
Net profit for the year				151'605	151'605
Dividend payment				–102'504	–102'504
Acquisition of treasury shares			–9'501		–9'501
Transfer of treasury shares			11'609	–2'408	9'201
Balance as of 31 December 2018	**4'101**	**148'740**	**–8'693**	**1'192'130**	**1'336'278**

[1] Legal reserves.
[2] For more details, see note 1.8 and note 3.11.

Notes to the financial statements

1 Principles

1.1 General

These annual financial statements were prepared in accordance with the provisions of the Swiss accounting law (Title 32 of the Swiss Code of Obligations). The main valuation principles applied that are not prescribed by law are described below.

Georg Fischer Ltd, 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 provide neither a note on the audit fees nor a cash flow statement and a management report.

1.2 Securities with market price

Short-term securities are valued at the market price on the balance sheet date. No fluctuation reserve has been created.

1.3 Loans to Corporate Companies and other financial assets

Loans to Corporate Companies and other financial investments in foreign currencies are valued at the market rate on the actual closing date. Unrealized currency losses are recognized, whereas unrealized gains are not recognized (imparity principle). The valuation is carried out at nominal values, taking into account any value adjustments required.

1.4 Investments

Investments are valued according to the principle of individual valuation. In addition, further flat-rate value adjustments can be made.

1.5 Dividend income

Dividend income is recognized when paid out.

1.6 Share-based compensation

More information about share-based compensation is available in the Compensation Report as well as in note 6.

1.7 Long-term interest-bearing liabilities

Interest-bearing liabilities are recognized at nominal value.

1.8 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.

2 Information on the income statement

2.1 Dividend income

The dividend income for the year under review was CHF 157 million (previous year: CHF 174 million).

2.2 Income from services provided to Corporate Companies

The income from Corporate Companies consisted primarily of licensing income for the use of the corporate brand +GF+ as well as income for services provided.

2.3 Financial income

The financial income includes interest income on the loans granted to Corporate Companies and related parties.

2.4 Commission income from Corporate Companies

This position contains commission income from Corporate Companies for issued guarantees.

2.5 Value adjustment on investments

This position includes value adjustments on investments held by Georg Fischer Ltd. The principles for the valuation of investments are found in note 1.4.

2.6 Financial expenses

This position includes interest expense for the outstanding bonds of CHF 400 million as well as losses on foreign currencies. More information on the bonds can be found in note 3.8.

2.7 Other operating expenses

The main expense items relate to external consulting services, marketing expenses, fees for the Board of Directors, and IT costs.

2.8 Direct taxes

This position includes the income taxes of Georg Fischer Ltd, but also the corporation taxes of Georg Fischer BV & Co KG, Singen (Germany), acting as the German fiscal unity parent of GF. Georg Fischer Ltd, as the associate of Georg Fischer BV & Co KG, is liable for German corporation taxes.

3 Information on balance sheet items

3.1 Cash and cash equivalents

This balance sheet item includes bank accounts in the amount of CHF 102 million (previous year: CHF 132 million) and fixed-term deposits in the amount of CHF 305 million (previous year: CHF 0 million).

3.2 Other current receivables due from Corporate Companies

This balance sheet item includes short-term receivables and loans to Corporate Companies and items from cash pooling with Corporate Companies.

3.3 Loans to Corporate Companies

The activities of Corporate Companies are, whenever possible and suitable, financed by loans from the Corporation instead of credit facilities from local banks.

3.4 Other financial assets

This item includes loans to subordinated third parties in the amount of CHF 64 million. In the previous year, loans to related parties were included in the amount of CHF 66 million, of which CHF 47 million were subordinated.

3.5 Investments

Direct and indirect investments in Corporate Companies of Georg Fischer Ltd include the companies listed in note 4.2 in the consolidated financial statements.

3.6 Short-term interest-bearing liabilities due to Corporate Companies

This balance sheet item includes short-term liabilities and loans from Corporate Companies and items from cash pooling with Corporate Companies.

3.7 Accrued expenses and deferred income

Accrued expenses and deferred income comprises variable compensation for employees and fees for the Board of Directors as well as other deferred items.

3.8 Long-term interest-bearing liabilities

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 Long-term provisions

This provision mainly concerns currency risks.

3.10 Share capital

As of 31 December 2020, the share capital amounted to 4’100’898 registered shares at a par value of CHF 1, unchanged from the previous year.

Conditional capital: As of 31 December 2020, the conditional capital amounted to CHF 0.4 million and can be created through the exercise of conversion rights and/or warrants granted in connection with the issue on capital markets of bonds or similar debt instruments of Georg Fischer Ltd or one of its corporate subsidiaries.

Authorized capital: In accordance with the resolution of the Annual General Meeting of 15 April 2020, the Board of Directors is authorized to increase the share capital, no later than 14 April 2022, by a maximum amount of CHF 0.4 million, by issuing a maximum of 400’000 fully paid-in registered shares with a nominal value of CHF 1 each. The increase may be made in installments.

The maximum amount of the authorized or conditional capital is reduced by the amount that authorized or conditional capital is created through the issue of bonds or similar debt instruments or new shares.

3.11 Treasury shares

Georg Fischer Ltd held 7’682 own shares (previous year: 7’173 own shares) as of the balance sheet date. In the reporting period, 8’065 own shares (previous year: 10’280 own shares) were purchased and 7’556 own shares (previous year: 10’693 own shares) were offered under the different share-based compensation models to the Board of Directors, the Executive Management and the Senior Management. For further information on share-based compensation for the Board of Directors and the Executive Management see note 6. The principles for the valuation of treasury shares are found in note 1.8.

4 Additional information

4.1 Full-time equivalents

As of 31 December 2020, Georg Fischer Ltd employed 93 full-time equivalents including trainees (previous year: 78).

4.2 Contingent liabilities

CHF 1'000	2020	2019
Guarantees and pledges to Corporate Companies in favor of third parties	1'526'280	1'633'445
Guarantees to related parties in favor of third parties		74'433
Guarantees to third parties	90'222	4'740
Guaranteed maximum amount	**1'616'502**	**1'712'618**
Thereof utilized	651'009	721'532

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 Corporate Companies.

4.3 Pension fund obligations

At year-end 2020, pension fund obligations amounted to CHF 2.2 million (previous year: CHF 1.1 million).

4.4 Significant shareholders

An overview can be found in the chapter Corporate Governance (GF share and shareholders).

4.5 Shareholdings of members of the Board of Directors, Executive Committee, or persons related to them

Information on the shareholdings of members of the Board of Directors, Executive Committee, or persons related to them is provided in note 4.3 in the consolidated financial statements.

5 Events after the balance sheet date

The financial statements of Georg Fischer Ltd were approved and released for publication by the Board of Directors on 25 February 2021. They must also be approved at the Annual Shareholders' Meeting.

On 16 December 2020, GF Piping Systems announced the acquisition of FGS Brasil Indústria e Comércio Ltda. (FGS), Cajamar (Brazil). FGS has become Brazil's leading manufacturer of high-density polyethylene pipes (HDPE), fittings, and additional equipment within a few years. FGS generates sales of approximately BRL 160 million (approx. CHF 27 million) with a workforce of 240 employees. Both parties have agreed not to disclose any financial details of the transaction. Closing is expected in the first quarter of 2021.

6 Compensation and shareholdings

Board of Directors

The Members of the Board of Directors received cash compensation of CHF 1.009 million in the year under review (previous year: CHF 1.143 million). In addition, a total of 1'396 GF registered shares with a total market value of CHF 1.591 million were allocated (previous year: 1'501 GF shares with a market value of CHF 1.472 million). Together with other benefits, the total compensation paid to the Board of Directors in 2020 amounted to CHF 2.726 million (previous year: CHF 2.735 million).

Compensation Members of the Board of Directors 2020

	Cash compensation [1]		Share-based compensation				
	Basis fee	Committee fees	Number of shares	Share-based compensation [2]	Other benefits [3]	Total compensation 2020 [4]	Total compensation 2019 [4]
Yves Serra	67	142	257	293	22	524	181
Chairman Board of Directors [6]							
Chairman Nomination and Sustainability Committee [6]							
Vice-Chairman Board of Directors [5]							
Member Audit Committee [5]							
Andreas Koopmann	20	57	88	100	8	185	589
Chairman Board of Directors [5]							
Chairman Nomination Committee [5]							
Hubert Achermann	67	104	150	171	15	357	309
Vice-Chairman Board of Directors [6]							
Independent Lead Director [6]							
Chairman Audit Committee							
Member Nomination and Sustainability Committee [6]							
Roman Boutellier	20	6	44	50	3	79	246
Member Compensation Committee [5]							
Riet Cadonau	67	19	150	171	13	270	249
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Peter Hackel	47	20	107	122	10	199	84
Member Audit Committee [6]							
Roger Michaelis	67	22	150	171	14	274	284
Member Nomination and Sustainability Committee [6]							
Member Audit Committee [5]							

Eveline Saupper	**67**	**38**	**150**	**171**	**14**	**290**	**270**
Chairwoman Compensation Committee							
Jasmin Staiblin	**67**	**26**	**150**	**171**	**14**	**278**	**249**
Member Audit Committee [6]							
Member Compensation Committee [5]							
Zhiqiang Zhang	**67**	**19**	**150**	**171**	**13**	**270**	**274**
Member Compensation Committee [6]							
Member Nomination Committee [5]							
Total	**556**	**453**	**1'396**	**1'591**	**126**	**2'726**	**2'735**

(all in CHF 1'000 and stated in gross amounts, except "Number of shares" column)

[1] Includes 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.

[2] The share-based compensation consists in 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 2020, i.e. CHF 1'140.00.

[3] Other benefits represent employer contributions to social insurance funds.

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

[5] Until 15 April 2020

[6] As of 16 April 2020

The total compensation paid to the Board of Directors for the year 2020 was slightly lower compared with the previous year. Although the value of the shares increased (CHF 1’140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019), the number of board members declined by one compared with the previous year, which contributed to a slightly lower compensation overall.

Except for the Board Vice-Chairmanship fee that was discontinued after the 2019 Annual Shareholders’ Meeting and the implementation of the Independent Lead Director fee in 2020, the compensation system for the Board of Directors was unchanged compared with the previous year.

At the 2019 Annual Shareholders’ Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.750 million (based on a share value of CHF 1’600.00) for the Board of Directors for the compensation period from the 2019 Annual Shareholders’ Meeting until the 2020 Annual Shareholders’ Meeting. For this period, the effective compensation amounted to CHF 2.774 million (based on a share value of CHF 983.00 for the period in 2019 and CHF 1’140.00 for the period in 2020) and is thus within the approved limits.

At the 2020 Annual Shareholders’ Meeting, shareholders approved a maximum aggregate compensation amount of CHF 3.450 million for the Board of Directors for the compensation period from the 2020 Annual Shareholders’ Meeting until the 2021 Annual Shareholders’ Meeting. This compensation period is not yet completed, a conclusive assessment will be provided in the 2021 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, social security, pension contributions, and other compensation amounting to CHF 7.415 million for the year under review (previous year: CHF 7.488 million) compared with a total amount of CHF 10.531 million approved by the shareholders at the 2019 Annual Shareholders' Meeting.

Under the LTI plan, 1'764 performance shares with a total value at grant of CHF 1.977 million were granted to Members of the Executive Committee for the year under review (previous year: 1'644 performance shares with a total value of CHF 1.628 million).

Compensation of the members of the Executive Committee 2020

	Fixed salary in cash [2]	Short-term incentive (STI) in cash [3]	EPS dependent performance shares PS(EPS)	rTSR dependent performance shares PS(rTSR)	Share-based remuneration (LTI) [4]	Social insurance funds [5]	Pension funds [6]	Other compensation [7]	Total compensation 2020 [8]	Total compensation 2019 [9]
Executive Committee [1]	2'948	1'466	882	882	1'977	407	541	76	7'415	7'488
Of whom Andreas Müller, CEO (highest individual compensation)	811	540	350	350	798	133	146	71	2'499	2'006

(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 compensation of the Executive Committee in 2020 includes an overlap in compensation for Ivan Filisetti (Executive Committee member since 1 July 2020) and Pascal Boillat (retired by end of September 2020).

[2] 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.

[3] The STI is based on the STI plan. The STI for the 2020 financial year was approved by the Board of Directors on 25 February 2021. Payment will be made in March 2021.

[4] The share-based compensation is based on the LTI plan. The disclosed value corresponds to the grant value of the 2020 LTI (that is granted on 1 January 2021) and is calculated based on the share value on 31 December 2020, i.e. CHF 1'140.00. The value of the share based compensation for Pascal Boillat is calculated on the date of his retirement (30 September 2020), i.e. CHF 959.00.

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

[6] The pension funds expenses represent employer pension funds contributions.

[7] Based on the company's regulation for all employees, the CEO received a jubilee premium for 25 years of employment with the company. A further member of the Executive Committee received a retirement gift that is reflected in the table based on its fair value.

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

[9] Compensation for Andreas Müller was not for the full financial year as CEO as he started in this position on 18 April 2019; the same applies to the compensation for Mads Joergensen who started as CFO on 18 April 2019.

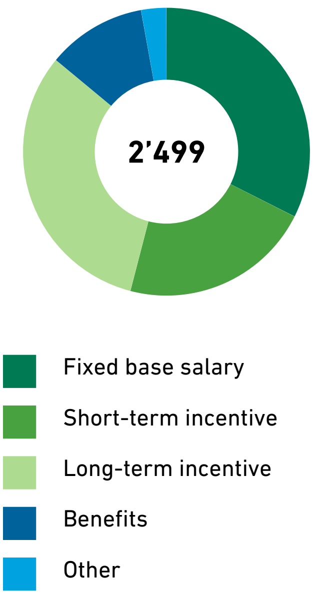
The total compensation for the CEO and the other Members of the Executive Committee in 2020 was lower than in 2019. The change in the compensation was due to the following factors:

- Fixed salary: Fixed salaries increased slightly, mainly due to the change in the composition of the Executive Committee. Firstly, the CEO was in his role for the full year 2020 (compared with eight months as CEO and four months as CFO in 2019). Secondly, Ivan Filisetti was promoted to become the new President of GF Machining Solutions as of 1 July 2020, succeeding Pascal Boillat, who retired from the company on 30 September 2020 (overlapping compensation during three months). Finally, the fixed salaries of the CEO and Members of the Executive Committee were increased in line with market practice.
- STI: The financial performance of the Corporation and the divisions was lower in 2020 compared with 2019, which resulted in a lower STI payout (see details in the Performance in 2020 section).
  For the year under review, the STI payout for Andreas Müller was CHF 540'000, which corresponds to 64% of

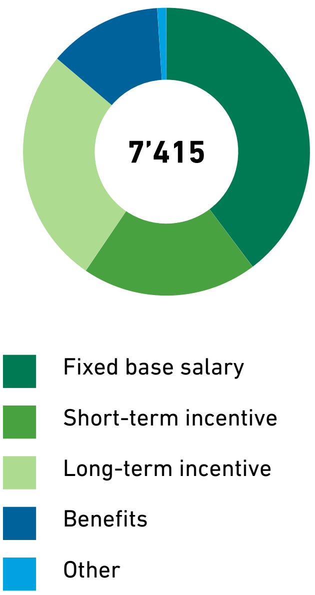
target and 42% of the maximum STI (STI for the CEO in 2019 was CHF 547'000 for eight months as CEO and four months as CFO, which corresponded to 89% of target and 59% of maximum STI). For the other Members of the Executive Committee, the STI ranged from 49% to 96% of target (64% to 130% in 2019).
- LTI: The overall value of the share-based remuneration increased by 21% from last year. First of all, the CEO received 700 PSU (compared with 496 PSU in 2019) in order to gradually align his LTI compensation to market practice and reflects a full-year grant (compared with a pro-rata grant in 2019). Secondly, the share price was higher in 2020 (CHF 1'140.00 on 31 December 2020 compared with CHF 983.00 on 31 December 2019). The number of PS granted to each other Member of the Executive Committee remained unchanged compared with previous year.
- 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 2020 was as follows:

CEO Compensation for 2020
Amounts in CHF 1'000



Executive Committee Compensation for 2020
Amounts in CHF 1'000



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

Performance in 2020

Short-term incentive 2020

The achievement of the business objectives for the 2020 short-term incentive is as follows:

	Strategic goal	Hurdle [1]	Achievement/ payout factor [2]
Business Objectives			
Corporation level			**25%**
Organic sales growth	3-5%	1%	0%
EBIT margin	9-10%	6%	63%
ROIC	20-24%	14%	0%
Division level			
Organic sales growth	Not disclosed [3]	Not disclosed [3]	0%
EBIT margin	Not disclosed [3]	Not disclosed [3]	0%-133%
ROIC	Not disclosed [3]	Not disclosed [3]	0%

[1] Achievements below the hurdle result in zero payout for the respective business objective; for the organic sales growth objective, the payout for reaching the hurdle starts at 0%, while it starts at 50% for reaching the hurdle for the objectives EBIT margin and ROIC.

[2] Adjusted for items relating to structural measures, mainly in the division GF Casting Solutions

[3] Those targets and hurdles are not disclosed as they are considered commercially sensitive and confidential

Shareholdings of members of the Board of Directors, Executive Committee, or persons related to them

Related persons and companies are defined as family members and persons or companies over which a significant influence can be exercised. Transactions with related persons and companies must be settled at prevailing market terms.

Apart from the compensation paid to the Board of Directors and the Executive Committee and the regular contributions to the various pension fund institutions, no transactions with related persons or companies took place.

Shareholdings Board of Directors

		Number of Georg Fischer registered shares as of 31 Dec. 2020	Number of Georg Fischer registered shares as of 31 Dec. 2019*
Yves Serra [1]	Chairman Board of Directors Chairman Nomination and Sustainability Committee	8'745	8'488
Hubert Achermann [2]	Vice Chairman Board of Directors Chairman Audit Committee Member Nomination and Sustainability Committee	989	856
Riet Cadonau	Member Compensation Committee	705	555
Peter Hackel [3]	Member Audit Committee	107	
Roger Michaelis	Member Nomination and Sustainability Committee	1'306	1'156
Eveline Saupper	Chairwoman Compensation Committee	1'367	1'217
Jasmin Staiblin	Member Audit Committee	1'484	1'334
Zhiqiang Zhang	Member Compensation Committee	889	2'376
Total Directors		**15'592**	**15'982**

* The number of Georg Fischer registered shares amounted to 22'429 in 2019 and included the number of registered shares of Andreas Koopmann (Chairman Board of Directors and Chairman Nomination Committee until 15 April 2020) of 3'059 and the number of registered shares of Roman Boutellier (Member Compensation Committee until 15 April 2020) of 3'388.

[1] Chairman Board of Directors and Chairman Nomination and Sustainability Committee since the Annual Shareholders' Meeting 2020 (since 16 April 2020).

[2] Vice Chairman Board of Directors and Member Nomination and Sustainability Committee since the Annual Shareholders' Meeting 2020 (since 16 April 2020).

[3] Member Audit Committee since the Annual Shareholders' Meeting 2020 (since 16 April 2020).

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as of 31 Dec. 2020	Number of Georg Fischer registered shares as of 31 Dec. 2019*
Andreas Müller	CEO, Head of Corporate Development	410	410
Mads Joergensen	CFO, Head of Corporate Finance & Controlling	440	410
Joost Geginat	President of GF Piping Systems	259	100
Carlos Vasto	President of GF Casting Solutions	112	112
Ivan Filisetti [1]	President of GF Machining Solutions	680	
Total Executive Committee		**1'901**	**1'032**

* The number of Georg Fischer registered shares amounted to 1'782 in 2019 and included the number of registered shares of Pascal Boillat (Member Executive Committee until 30 June 2020) of 750.

[1] Member Executive Committee since 1 July 2020.

The registered shares transferred as part of share-based compensation to the Executive Committee are blocked for at least five years.

As of 31 December 2020, members of the Senior Management registered a total of 22’244 shares of Georg Fischer Ltd. A total of 39’737 Georg Fischer shares were held by the Board of Directors, the Executive Committee, and the Senior Management as of 31 December 2020, corresponding to 0.97% of issued shares.

Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to members of the Executive Committee or the Board of Directors or related parties.

Compensation has not involved the allocation of options to current or past members of the Executive Committee or Board of Directors. Neither they nor any related persons possess option rights allocated by GF. As of 31 December 2020, the members of the Executive Committee held no option rights for Georg Fischer registered shares.

In 2020, GF did not make any severance payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

Proposal by the Board of Directors

for the appropriation of retained earnings 2020

CHF 1'000	2020	2019
Net profit for the year	94'039	151'605
Earnings carried forward	1'136'371	1'089'626
Result from treasury shares	660	–2'408
Retained earnings	**1'231'070**	**1'238'823**
Dividend payment CHF 15 per registered share [1]	–61'513	–102'452
To be carried forward	**1'169'557**	**1'136'371**

[1] No distribution will be made for treasury shares held by Georg Fischer Ltd. The amount distributed will be reduced accordingly at the time of distribution.

The Board of Directors will propose to the Annual Shareholders' Meeting of 21 April 2021 to pay out a dividend of CHF 15 per registered share out of retained earnings.

In the previous year, a dividend of CHF 25 per registered share out of retained earnings was paid out according to the decision of the Annual Shareholders' Meeting of 15 April 2020.

Schaffhausen, 25 February 2021

For the Board of Directors
The Chairman

Yves Serra
Chairman of the Board of Directors

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 2020, balance sheet as at 31 December 2020, statement of changes in equity and 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 2020 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 in subsidiaries

Impairment testing of loans to Corporate Companies

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Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

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.

Overall materiality	CHF 2'000'000
How we determined it	0.10% of total assets
Rationale for the materiality benchmark applied	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 in subsidiaries

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2020, the Company had investments in subsidiaries in the amount of CHF 1'356 million (prior year: CHF 1'394 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 accounting principles in the notes to the financial statements and note 3.5 Investments). We consider the valuation of investments in subsidiaries as a key audit matter due to its significance on the balance sheet.	Management calculates the valuation of each subsidiary 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 subsidiaries as at year-end 2020 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 loans to Corporate Companies

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2020, the Company had non-current loans to Corporate Companies of CHF 93 million (prior year: CHF 130 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 accounting principles in the notes to the financial statements and note 3.3 Loans to Corporate Companies). We consider the impairment testing of loans to Corporate Companies to be a key audit matter due to the significance of these assets.	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 re-performed 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 EXPERTsuisse: 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	Tobias Handschin
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2021

Five-year overview of the Corporation

CHF million	2020	2019	2018	2017	2016
Order intake	3'160	3'692	4'521	4'274	3'749
Orders on hand at year-end	514	563	623	773	614
Income statement					
Sales	3'184	3'720	4'572	4'150	3'744
EBITDA	299	374	529	491	443
Operating result (EBIT) before one-offs	185	281	382	352	311
One-offs	19	46			
Operating result (EBIT)	166	235	382	352	311
Net profit shareholders GF	116	173	281	252	216
Cash flow					
Cash flow from operating activities	342	318	397	410	400
Depreciation on tangible fixed assets	127	133	142	131	126
Amortization on intangible assets	6	6	5	8	6
Additions to property, plant, and equipment	–137	–178	–234	–207	–174
Cash flow from acquisitions and divestments	–6	–5	–154	–74	–96
Free cash flow before acquisitions/ divestments	230	137	147	204	231
Free cash flow	224	132	–7	130	135
Balance sheet					
Current assets	2'142	1'999	2'128	2'277	2'024
Non-current assets	1'303	1'345	1'316	1'333	1'178
Assets	3'445	3'344	3'444	3'610	3'202
Current liabilities	986	1'012	1'124	1'418	1'067
Non-current liabilities	1'070	894	892	823	935
Equity	1'389	1'438	1'428	1'369	1'200
Net working capital	707	856	926	899	838
Invested capital (IC)	1'313	1'473	1'494	1'466	1'333
Net debt	117	232	238	183	214
Asset structure					
– Current assets %	62	60	62	63	63
– Non-current assets %	38	40	38	37	37
Capital structure					
– Current liabilities %	29	30	33	39	34
– Non-current liabilities %	31	27	26	23	29
– Equity %	40	43	41	38	37

Key figures					
Return on equity (ROE) %	7.9	12.0	19.9	20.1	19.3
Return on invested capital (ROIC) %	9.3	12.4	22.4	20.3	19.3
Return on sales before one-offs (EBIT margin before one-offs) %	5.8	7.6	8.4	8.5	8.3
Return on sales (EBIT margin) %	5.2	6.3	8.4	8.5	8.3
Asset turnover	2.3	2.5	3.1	3.0	2.9
Cash flow from operating activities in % of sales	10.7	8.5	8.7	9.9	10.7

Employees					
Employees at year-end	14'118	14'678	15'027	15'835	14'808
Europe	7'792	8'373	8'721	9'658	8'845
– Thereof Germany	1'177	1'490	1'450	3'392	3'312
– Thereof Switzerland	3'344	3'397	3'406	2'783	2'700
– Thereof Rest of Europe	3'271	3'486	3'865	3'483	2'833
Asia	3'604	3'545	3'725	3'807	3'713
– Thereof China	3'055	2'997	3'199	3'287	3'216
– Thereof Rest of Asia	549	548	526	520	497
Americas	1'938	1'922	1'740	1'503	1'348
Rest of world	784	838	841	867	902

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All photos for the GF Annual Report 2020 were taken in strict compliance with the locally applicable COVID-19 protection regulations.

Cover: GF employees, GF Piping Systems, Schaffhausen (Switzerland)

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 Financial Report 2020 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)
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