
Compensation Report

51	Introduction
52	Introductory note from the Chairman of the Nomination and Compensation Committee
54	1. Governance and method to determine compensation
58	2. Compensation policy and principles
59	3. Architecture of compensation of the Board of Directors
61	4. Architecture of compensation of the Group Executive Committee
68	5. Additional information on compensation
74	6. Activities at other companies
76	Report of the statutory auditor

Introduction

The Compensation Report describes the compensation policy and programme of Zehnder Group AG and the methods to determine compensation. Furthermore, it provides details about the compensation awarded to the members of the Board of Directors and the Group Executive Committee in the 2024 fiscal year.

The Compensation Report was prepared in accordance with the Swiss Code of Obligations (CO), the “Directive on Information Relating to Corporate Governance” issued by SIX Exchange Regulation AG, and the “Swiss Code of Best Practice for Corporate Governance” issued by *economiesuisse*.

Introductory note from the Chairman of the Nomination and Compensation Committee



Dear shareholders,

On behalf of the Nomination and Compensation Committee of Zehnder Group, I am pleased to present the 2024 Compensation Report.

In a year characterised by weak construction activity and declining sales, we implemented targeted cost reduction measures in response to the challenging market environment and lower sales volume.

At the same time, investments in strategic initiatives remained a priority. In light of the weak construction market environment in 2024, no adjustments were made to the compensation for the Board of Directors nor for the members of the Group Executive Committee. This decision was underlined by a compensation benchmark for the Group Executive Committee, where the peer group was aligned with the previous year's benchmark for the Board of Directors and the analysis showed the current compensation to be within market range.

A milestone in Zehnder's history is the appointment of the first Group Executive Committee member in North America, which emphasises the strategic importance of this market for Zehnder Group. After a thorough selection process, Valentina Videva Dufresne was appointed as President North America by the Board of Directors and will become a member of the Group Executive Committee on 1 January 2025. This brings the percentage of women in the Group Executive Committee to 33%.

Another responsibility of the Nomination and Compensation Committee is the annual performance management of the CEO and the other members of the Group Executive Committee. Respective performance targets and development measures were derived for each executive. In addition to annual compensation and performance reviews, the Nomination and Compensation Committee analysed feedback from shareholders on compensation programmes and their disclosure in the compensation report, preparation of the compensation report, and the compensation proposals for the Annual General Meeting in order to align with your interests. We noticed a demand for additional transparency on compensation matters and have taken corresponding actions.

Looking ahead, we will continue with the ESG-based performance indicators in the long-term incentive plan with a weighting of 30% and focus on CO₂e emission reduction and an increase in gender diversity at management level. A compensation benchmark for the Board of Directors is planned as part of the continuous review of our compensation programmes.

We would like to take this opportunity to thank you for your support over the past year and look forward to continuing our partnership on the basis of an open dialogue, transparency, and trust.

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Riet Cadonau.

Riet Cadonau
Chairman of the Nomination and
Compensation Committee

1. Governance and methods to determine compensation

1.1 Shareholders' involvement

The Annual General Meeting approves the maximum compensation amounts paid to the Board of Directors and to the Group Executive Committee, each in a binding vote. The provisions of the Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 15) envisage that the Annual General Meeting votes annually and prospectively on each of the aggregate compensation amounts as follows:

- The maximum total compensation of the Board of Directors for the period up to the next Annual General Meeting;
- The maximum total compensation of the Group Executive Committee for the current fiscal year.

The Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 31 et seq.) include the following provisions on compensation:

- Principles of compensation and the allocation of listed shares to the Board of Directors (Articles 31 and 33);
- Principles of compensation and the allocation of listed shares to members of the Group Executive Committee (Articles 32, 33 and 35);
- Additional amount for payments to members of the Group Executive Committee appointed after the vote on compensation at the Annual General Meeting (Article 36);
- Loans, credit facilities, and post-employment benefits for members of the Board of Directors and of the Group Executive Committee (Article 34).

In addition, in accordance with the requirements of the Code of Obligations, shareholders can express their views on the compensation system by means of an annual consultative vote on the compensation report.

1.2 Nomination and Compensation Committee

According to the Articles of Association, on an annual and individual basis, the Annual General Meeting elects at least two and no more than four members of the Board of Directors to the Nomination and Compensation Committee for a term of office of one year until the conclusion of the next Annual General Meeting. Members are eligible for re-election. At the 2024 Annual General Meeting, the shareholders elected the following members of the Nomination and Compensation Committee:

	Executive/Independent/Non-independent member of the BoD	Chairman/Member
Riet Cadonau	Independent member of the BoD	Chairman
Sandra Emme	Independent member of the BoD	Member
Milva Inderbitzin-Zehnder	Non-independent member of the BoD ¹	Member

BoD: Board of Directors

¹ Related to the representative of the controlling majority shareholder; holds – directly and indirectly – a 0.3% share of total Zehnder Group AG votes.

The responsibilities of the Nomination and Compensation Committee are set out in the Articles of Association (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 26) and Organisational Regulations (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 4.3.) and include the following duties with reference to compensation:

- Submission of motions to the Board of Directors relating to the Group's remuneration system;
- Submission of motions to the Board of Directors relating to targets set for the Group Executive Committee, the achievement of which has an impact on remuneration;
- Provision of information to the Board of Directors on all events relating to the Nomination and Compensation Committee that are not the direct responsibility of the Board of Directors;
- Submission of motions to the Board of Directors relating to the specific remuneration paid to the Chairman of the Board of Directors and each of the other members of the Board of Directors;
- Submission of motions to the Board of Directors relating to the specific remuneration paid to the CEO as well as the specific remuneration paid to each of the other members of the Group Executive Committee;
- Submission of proposals to the Board of Directors relating to amendments to the Articles of Association affecting the remuneration system for compensating the members of the Group Executive Committee;

The levels of authority, held by the Nomination and Compensation Committee, the Board of Directors and the Annual General Meeting are summarised by the following table.

Responsibility levels

	CEO	NCC	BoD	AGM
Compensation policy and principles		Proposes	Approves	
Total compensation amounts of BoD and GEC		Proposes	Reviews	Approves (binding vote)
Individual compensation of members of the BoD		Proposes	Approves	
Compensation of CEO		Proposes	Approves	
Individual compensation of other members of the GEC	Proposes	Reviews	Approves	
Compensation Report		Proposes	Approves	Advisory vote

BoD: Board of Directors; CEO: Chief Executive Officer; GEC: Group Executive Committee; NCC: Nomination and Compensation Committee; AGM: Annual General Meeting

The Nomination and Compensation Committee meets as often as business matters require, generally before meetings of the entire Board of Directors, which take place at least four times a year. In 2024, the Nomination and Compensation Committee met five times, for an average of one and a half hours, generally with the participation of all members and with the support of Group HR.

In general, the Chairman and Vice Chairman of the Board of Directors as well as the CEO attend the meetings in an advisory capacity. The Chairman of the Nomination and Compensation Committee may invite other executives as appropriate. However, the Chairman of the Board of Directors and the executives do not participate in the meetings or parts thereof if their own compensation and/or performance is under discussion. After each meeting, the Chairman of the Nomination and Compensation Committee reports on the activities of the Committee to the Board of Directors. The minutes of the Committee meetings are available to the Board of Directors.

The Nomination and Compensation Committee is entitled to involve external consultants regarding specific compensation-related matters. In 2024, the Nomination and Compensation Committee commissioned PricewaterhouseCoopers (PwC) to conduct a benchmark for the compensation of the members of the Group Executive Committee and Willis Towers Watson to provide benchmark data for a new Group Executive Committee member in North America.

1.3 Method to determine compensation

The compensation of the Board of Directors is reviewed every two to three years, most recently in 2023. The benchmark analysis carried out by Willis Towers Watson was used to define the benchmark companies in a more precise manner. Parameters such as threshold and cap in terms of market capitalisation, turnover, and number of employees have been defined, alongside the criteria of operating in the same or similar industry, stock exchange listing, having headquarters in Switzerland, and business activities in the same or a similar geographical scope. The following companies were therefore selected for comparison: Arbonia, Belimo, Bossard, Burckhardt Compression, Burkhalter, Bystronic, Daetwyler, Feintool, Forbo, Gurit, Huber+Suhner, Interroll, Kardex, Komax, Landis+Gyr, Meier Tobler, Phoenix Mecano, Rieter, Schweiter Technologies, Tecan, VAT Group, Vetropack, and V-Zug.

The benchmark has also been used to review the compensation model in market comparison since its introduction in the 2021/2022 term of office. The result of the analysis has confirmed the level of compensation with no adjustment to the fixed annual retainer nor to the fixed cash compensation for membership of committees of the Board of Directors. The review took into consideration **the additional duties of the Chairman of the Board of Directors** and the additional responsibility of the Vice Chairman of the Board of Directors as Lead Independent Director.

The compensation of Group Executive Committee members is also regularly benchmarked against that of executives from comparable international industrial companies in order to ensure competitive compensation levels that enable key talent to be attracted and motivated on a long-term basis. Executives who attain the defined performance objectives are generally awarded target compensation at market median level of the relevant benchmark data.

The benchmark data constitute just one of the factors taken into consideration by the Nomination and Compensation Committee when determining the compensation of members of the Group Executive Committee. Additional factors are also considered, such as the internal compensation structure (equity), the profile of the Group Executive Committee member (skill set, experience), and the responsibilities borne by that member. The performance of the company in any given year has a direct impact on the short- and long-term incentives paid to the members of the Group Executive Committee.

In 2024, the consulting firm PwC performed a benchmarking analysis for the compensation of the Group Executive Committee members in Switzerland. For this purpose, PwC used benchmark data from industrial companies from its existing database. The selection criteria for the peer group were reviewed and aligned with the group of companies used for the previous year's benchmark for the Board of Directors. These companies fulfil the selection criteria, and the following companies were therefore selected for comparison: Arbonia, Belimo, Bossard, Burckhardt Compression, Burkhalter, Bystronic, Daetwyler, Feintool, Forbo, Gurit, Huber+Suhner, Interroll, Kardex, Komax, Landis+Gyr, Meier Tobler, Phoenix Mecano, Rieter, Schweiter Technologies, Starrag, Tecan, VAT Group, Vetropack, and V-Zug. The benchmark helps the Nomination and Compensation Committee to analyse the compensation of members of the Group Executive Committee in Switzerland and decide on any adjustments for the 2025 business year.

2. Compensation policy and principles

Zehnder Group's executives and employees constitute the company's most valuable assets. There would be no entrepreneurial success without their commitment and professionalism. Consequently, the objectives of the compensation policy are to attract and retain qualified employees, to drive best-in-class performance, to ensure market-based and equal pay, and to encourage behaviour that is in line with the company's values and high standards of integrity. The compensation programmes are designed to fulfil these fundamental objectives based on the defined compensation principles.

Compensation policy and principles

Alignment with business strategy	Compensation programmes are designed to support the business strategy.
Reward for sustainable performance	Variable compensation is based on the profitability of the company and its businesses, hence the performance management process is a central management tool to drive sustainable performance.
Participation in the company's long-term success	Executives enjoy the opportunity to participate in the company's long-term success through the variable long-term compensation plan and the Zehnder Group Management Share Plan.
Market competitiveness	Compensation is regularly benchmarked against market practice. The objective is to target median compensation of the relevant benchmark considering the experience in the role.
Transparency and fairness	Compensation decisions are transparent and fair. The global grading system ensures comparability across the organisation.

3. Architecture of compensation of the Board of Directors

In order to guarantee independence in their supervisory position for the Group Executive Committee, members of the Board of Directors receive fixed compensation only, consisting of a fixed annual retainer, fixed cash compensation for their membership of committees of the Board of Directors, and an expense allowance.

To strengthen alignment with long-term shareholder interests, payment of the fixed annual retainer for the Board of Directors is made half in cash and half in the form of Zehnder Group registered shares A. The number of shares awarded is determined based on the volume-weighted average share price in the period between 1 and 31 December of the preceding year. The shares are subject to a restriction period of three years during which they cannot be sold, transferred, or pledged. The restriction period also applies in the case of termination of the mandate, except in case of death or change of control, where the restriction immediately lapses.

The cash compensation is paid out monthly and the registered shares A are allocated in January for the current compensation period corresponding to the term of office from the Annual General Meeting of the previous year to the Annual General Meeting of the reporting year.

Additional compensation is permitted for members of the Board of Directors for advisory services to the company or for activities in companies that are controlled directly or indirectly by the company. This compensation is reflected in the total amount of compensation paid to the Board of Directors, which must be approved at the Annual General Meeting.

The compensation structure of the Board of Directors is summarised in the following table.

Architecture of compensation of the Board of Directors

CHF	In cash	In shares ¹
Retainer (gross p.a.)		
Chairman of the Board of Directors ²	210,000	210,000
Vice Chairman of the Board of Directors ³	90,000	90,000
Members of the Board of Directors	50,000	50,000
Expense allowance (gross p.a.) ⁴	2,000	
Committee fees (gross p.a.)		
Chairman of the Nomination and Compensation Committee or Audit Committee	50,000	
Member of the Nomination and Compensation Committee or Audit Committee	25,000	

1 Converted into shares on the basis of volume-weighted average share price in the period between 1 and 31 December.

2 Further duties of the Chairman of the Board of Directors are listed in the Corporate Governance Report.

3 The Vice Chairman of the Board of Directors also fulfils the role of Lead Independent Director.

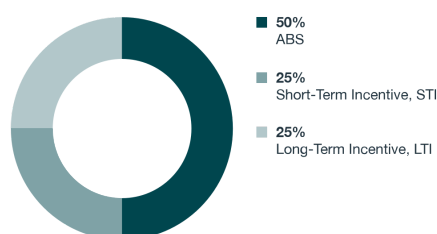
4 The Chairman and Vice Chairman of the Board of Directors are paid an expense allowance in line with the company's rules on executives' expenses depending on the work commitment (currently 50% for the Chairman of the Board of Directors and 25% for the Vice Chairman). No expense allowance is paid to members of the Board of Directors based outside Switzerland. If the actual business expenses exceed CHF 2,000 p.a., they are reimbursed on an actual cost basis.

4. Architecture of compensation of the Group Executive Committee

The compensation of the Group Executive Committee includes a fixed annual base salary, a variable short-term element, a variable long-term element, participation in the Zehnder Group Management Share Plan (ZGMSP), and occupational pension benefits and perquisites.

The compensation mix targets a ratio of 50% fixed (annual base salary, ABS), 25% variable short-term (short-term incentive, STI) and 25% variable long-term (long-term incentive, LTI) compensation in case of expected performance.

Compensation mix fixed and variable



Architecture of compensation of the Group Executive Committee

	Purpose	Drivers	Performance measures	Vehicle
Annual base salary (ABS)	Attract and retain	Position, experience, and qualifications		Monthly cash payments
Variable short-term compensation (short-term incentive, STI)	Pay for performance	Annual business performance	Group net profit	Annual cash payment
Variable long-term compensation (long-term incentive, LTI)	Reward long-term, sustainable performance; align with shareholders' interests; retain	Role and area of responsibility	relative Total Shareholder Return (rTSR); increase in Earnings Per Share (EPS); Gender ratio in management level; CO ₂ e emission reduction Scope 1&2	Conditional rights to restricted shares A (Performance Share Units)
Zehnder Group Management Share Plan (ZGMSP)	Promote shareholder ownership; retain	Level of position	Share price evolution	Discounted registered shares A
Benefits	Protect against risks, attract, and retain	Market practice and position		Retirement plan, insurances, perquisites

4.1 Annual base salary (ABS)

The annual base salary is determined individually based on the scope and responsibilities associated with the position, and the experience and qualifications of the individual. The annual base salary is reviewed annually, and adjustments reflect individual performance, current salary level compared to relevant benchmark data, and the affordability of the company.

4.2 Variable short-term compensation (short-term incentive, STI)

The STI enables the Group Executive Committee to participate in the Group's current success. It is disbursed in the form of a cash payment as a profit-sharing plan. For each position, a profit-sharing amount (as a factor) is determined, considering the impact on the operating result, implementation of company strategy, and responsibilities. The STI amount paid for the fiscal year corresponds to the profit-sharing amount (factor) multiplied by the Group net profit (in EUR million). The STI is paid only if a Group net profit of at least 80% of the budget value is achieved. This aligns with the STI principles of the other executives of Zehnder Group. There is no formal target based on the profit-sharing model, but there is a contractually agreed maximum limit for the STI amount of 100% of the annual base salary for all members of Group Executive Committee.

Calculation of the STI amount:

	Individual profit-sharing amount (EUR) / factor	x	Group net profit (EUR million)	=	STI amount (EUR)
Example	2,000		50		100,000

The STI amount for any given fiscal year is paid in the spring of the following year. In the event of significant inorganic effects (investments, divestments) with an impact of $\geq 2\%$ of the Group sales and/or other special one-off effects such as restructuring costs not budgeted in the plan year but Board-approved and/or extraordinary significant valuation adjustments or impairments, the Board of Directors reserves the right to adjust the STI payout calculation, and to report transparently in such a case.

The decision to exclusively and directly link the STI to the company's financial result (Group net profit) is based on the conviction that individual performance management should not be directly linked to compensation. The main focus for the STI is on the collective performance as a whole. For the CEO and the other members of the Group Executive Committee, within the framework of the global performance management process, the performance objectives are derived directly from the business strategy by the Board of Directors at the start of each year and reviewed at regular intervals. Such reviews take place at the request of the Nomination and Compensation Committee.

In case of termination of employment during the first half of the fiscal year, the STI is calculated pro rata temporis, based on the payout level of the previous year. In case of termination of employment during the second half of the year, the published half-year figures for the pro rata temporis calculation are used. In case of termination of employment at the end of the fiscal year, the published annual results apply.

The STI is subject to clawback and malus provisions in case the company is required to prepare a relevant accounting/financial restatement or in the event of a violation of legal provisions or relevant internal regulations.

4.3 Variable long-term compensation (long-term incentive, LTI)

As part of a long-term plan, the LTI is granted in the form of Performance Share Units (PSUs). The LTI rewards the long-term performance and the sustainable success of Zehnder Group and is aligned with the interests of the shareholders.

A PSU represents a conditional right to receive shares of the company. The prerequisite for this is the fulfilment of certain conditions during the three-year performance period (vesting period). The vesting conditions include the attainment of the predefined performance objectives (performance conditions) and the continuous and ongoing employment at the end of the vesting period (service condition).

The features of the LTI can be summarised as follows: at grant date, the LTI target amount is determined for each member of the Group Executive Committee, taking the relevant benchmark for the individual total compensation into account.

In 2024, the allocation of the LTI target amount was 50% of the base salary for the CEO and no more than 50% of the base salary for the other members of the Group Executive Committee.

On the grant date, the individual LTI target amount is converted into the relevant number of PSUs based on the volume-weighted average share price of Zehnder Group on the SIX Swiss Exchange in the period between 1 October and 31 December of the year before the grant date.

Performance conditions

The performance conditions for the LTI granted in 2024 include new ESG key performance indicators such as gender ratio (male vs. female/diverse) at management level – weighted at 15% – and CO₂e emission reduction (Scope 1&2) to achieve our reduction goal by 2033 – weighted at 15% – alongside the financial performance conditions of relative Total Shareholder Return (rTSR), now weighted at 35%, and the remaining 35% weighting based on the increase in Earnings Per Share (EPS growth).

The performance condition of gender ratio at senior and middle management level emphasises the ambition to achieve a more balanced gender ratio in management. The result will be evaluated as an absolute gender ratio in per cent at the end of the three-year vesting period.

In order to strengthen the Zehnder Group's commitment to a net-zero strategy by 2050, starting with the base year 2023 with the respective reduction target for CO₂e emissions in Scope 1&2 of achieving a 55% reduction by 2033, the LTI plan now features a CO₂e emissions reduction performance condition. The applicable reduction of CO₂e emissions is the cumulative reduction over the three-year period. Baseline recalculations, restatements, and any significant other effects that have an impact on the target achievement and payout calculation follow the terms and conditions according to the Science Based Targets initiative (SBTi).

The rTSR is the achieved increase in value for the investor (i.e. the share price performance plus dividend) in comparison to a peer group. The achievement of the relative performance measure is calculated by an external independent consultancy company.

The peer group for the relative TSR (rTSR) measure comprises comparable companies that have already been considered for compensation benchmarking purposes. The Board of Directors confirmed that the following companies were comparable:

Arbonia	Belimo	Bossard	Burckhardt Compression
Burkhalter	Bystronic	Daetwyler	Feintool
Forbo	Gurit	Huber+Suhner	Interroll
Komax	Landis+Gyr	Meier Tobler	Phoenix Mecano
Rieter	Schweiter Technologies	Starrag	V-Zug

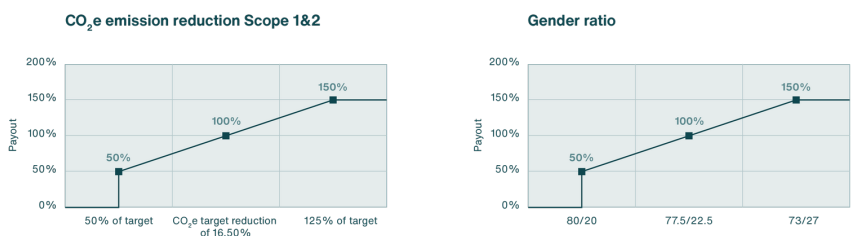
The performance condition Earnings Per Share growth (EPS growth) is designed to reward an increase in EPS of Zehnder Group. The EPS growth target for the period from the fiscal year of the grant date and the two immediately following fiscal years compared to the net profit per registered share A excluding minority interest (in EUR) in the fiscal year preceding the grant date will be calculated based on the compound annual growth rate (CAGR). EPS growth is applicable, before minority interests and subject to any adjustment for extraordinary items. The Board of Directors reserves the right to adjust the payout calculation in case of significant inorganic effects (investments, divestments) with an impact of $\geq 7.5\%$ of the Group sales and/or other special one-off effects such as restructuring costs which are Board-approved and/or extraordinary significant valuation adjustments or impairments with a cumulative annual impact in the year of vesting of ≥ 4 million EUR loss on net profit.

Rewarding long-term performance

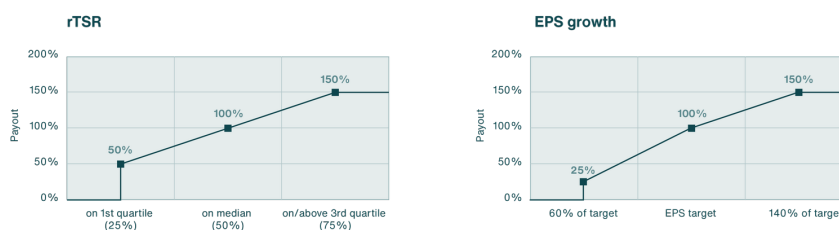
The total number of shares that are transferred to the participants after the vesting period is calculated as shown below. The performance factor can range between 0% and 150%, with no conversion into shares carried out below the threshold. The conversion into shares is limited to a maximum of 1.5 shares per PSU.

The performance level for each performance condition has been approved by the Board of Directors for the long-term incentive plan (LTI) with a grant date in 2024.

Each weighted at 15%, the sustainability performance conditions scope 1&2 CO₂e emissions reduction and gender ratio exhibited the following performance:



Each weighted at 35%, the financial performance conditions rTSR and EPS growth exhibited the following performance:



If Zehnder Group reports a negative profit after tax from continuous operations (a loss) in the vesting year, the PSUs will be forfeit, irrespective of the performance factor achieved. However, in any exceptional circumstances not explicitly covered by the LTI plan rules, the Board of Directors has the discretion to determine appropriate other measures regarding the vesting of PSUs and/or determining the performance factor, and to report transparently in such a case.

In the case of termination of employment, the blocked PSUs are usually forfeit, except in the event of retirement, disability, death, or a change of control at the company. These provisions are outlined individually in the table below.

Reason for release	Plan rules for blocked PSUs
Termination by employee	Forfeiture
Termination of employment by employer for good cause	Forfeiture
Termination of employment by employer (other causes)	Forfeiture or pro-rata vesting based on discretion of the Board of Directors
Retirement	Discretion of the Board of Directors
Disability	Pro-rata vesting, based on effective performance at regular vesting point in time
Death	Accelerated pro-rata vesting based on target performance (100% payment factor)
Change of control	Accelerated, full vesting based on effective performance at the point of change of control (except if the plan is continued or replaced with an equivalent)

PSUs or shares granted as part of the long-term plan are subject to the same clawback and malus provisions as the STI.

In the event of a participant failing to adhere to reporting regulations and/or committing fraud and/or breaching legal provisions or relevant internal regulations, the applicable clauses enable the Board of Directors to declare that any variable cash compensation elements that have not been paid out or long-term incentives that have not yet been transferred are forfeited, either in part or in full (penalty clause), and/or to reclaim in part or in full any variable cash compensation elements that have been paid out or long-term incentives that have been transferred.

Shareholding guidelines

To align the interests of the Group Executive Committee with those of the shareholders, shareholding guidelines are applicable. Within five years after their appointment to the Group Executive Committee, the members of the Group Executive Committee must hold at least a multiple of their annual base salary in Zehnder Group shares, as shown in the table below.

	% of annual base salary
CEO	200%
Other members of the Group Executive Committee	150%

CEO: Chief Executive Officer

At the end of 2024, all members of Group Executive Committee have fulfilled the requirements of the shareholding provision, except for those who were appointed within the last four years and still have time to build up and fulfil the required shareholding.

4.4 Long-term benefits: Zehnder Group Management Share Plan (ZGMSP)

The Zehnder Group Management Share Plan (ZGMSP) is a long-term benefit programme with the objective to encourage members of the Group Executive Committee and employees at management level to directly participate in the long-term success of the company. The Group Executive Committee members may elect to draw up to 30% of their annual base salary in the form of Zehnder Group registered shares A. These shares are offered at a discount of 30% on the relevant share price determined as the volume-weighted average share price of the share in the period between 1 October and 31 December of the preceding year. The shares are subject to a blocking period of three years during which they cannot be sold, transferred, or pledged. The blocking period also applies in case of termination of employment, except in the case of death or a change of control, where the restriction immediately lapses.

The ZGMSP strengthens the link between compensation and the company's long-term performance, as the compensation invested in the programme is exposed to the change in the share value over the restriction period of three years.

4.5 Benefits

As the Group Executive Committee is international by nature, the members participate in the benefit plans available in the country of main residence (social insurance payment obligation). Benefits consist mainly of retirement, insurance and healthcare plans. These benefits are designed to provide a reasonable level of protection for the employees and their dependents in respect of retirement, the risks of disability, death, or illness/accident.

For members of the Group Executive Committee subject to social security contributions in Switzerland, the defined insured salary is insured up to 450% of the maximum AHV retirement pension in the pension fund (currently the mandatory part is set at CHF 132,300). This solution is offered to all employees in Switzerland. The supplementary part of the defined insured salary is insured up to a maximum of 3,000% of the AHV retirement pension (currently CHF 882,000) for members of the Group Executive Committee by a 1e pension solution. Zehnder Group covers 50% of the savings contributions. The 1e solution gives the members of the Group Executive Committee more flexibility in

investing their retirement savings and at the same time allows the risk of the investment to be fully borne by them. Zehnder Group's pension benefits exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are comparable with the conditions offered by other international industrial companies.

Members of the Group Executive Committee subject to social security contributions outside of Switzerland are insured in line with the local legal requirements and based on local market practice in their position. Each plan may vary depending on the respective legal requirements.

In addition, the members of the Group Executive Committee are also eligible for standard perquisites such as a company car, child allowances, access to subsidised staff restaurants, and other benefits in kind, according to local market practice. The monetary value of these other compensation elements is evaluated at market value and is included in the compensation tables.

Expenses that are not covered by the expense allowance in accordance with the company's expenses regulations are compensated on presentation of documentary evidence. The reimbursement of business expenses is not considered compensation and does not need to be approved by the Annual General Meeting.

4.6 Contracts of members of the Group Executive Committee

The employment contracts of the members of the Group Executive Committee are unlimited. They incorporate a notice period of a minimum of six and a maximum of twelve months and feature a non-competition clause, which is limited to two years after termination of the employment relationship while providing an entitlement to a maximum of the annual base salary. There are no agreements regarding withdrawal payments or severance compensation in connection with leaving the company or in the case of a change of control, except for the accelerated vesting of the PSUs or early unblocking of shares (ZGMSP), as described above.

5. Additional information on compensation, guarantees, loans, and credits for the 2024 business year

5.1 Compensation paid to the Board of Directors in the 2024 business year

In 2024, the members of the Board of Directors received a total compensation of CHF 1.4 million (previous year: CHF 1.4 million) in the form of fixed compensation of CHF 0.8 million (previous year: CHF 0.8 million), share-based compensation of CHF 0.6 million (previous year: CHF 0.6 million), and national insurance contributions of CHF 0.1 million (previous year: CHF 0.1 million).

The compensation of the Board of Directors remained unchanged in the reporting year compared to the previous year.

In 2024, the total compensation paid to the Board of Directors was 0.1% lower than during the previous year as a result of the following factors:

- Minimal changes in social security contributions and minimal changes in share compensation of the Board of Directors.

Compensation for the members of the Board of Directors

✓ PwC Switzerland

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Dr Hans-Peter Zehnder				
Chairman of the Board of Directors				
Fixed cash compensation for Board activity			210,000	210,000
Expense allowance			12,000	12,000
Allocated shares for Board activity ²	4,526	4,033	214,978	215,149
Employer national insurance contributions			27,552	27,398
Other payments			13,848	14,279
Total compensation			478,379	478,826

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Jörg Walther				
Vice Chairman of the Board of Directors and Chairman of the Audit Committee				
Fixed cash compensation for Board activity			90,000	90,000
Fixed cash compensation for Audit Committee activity			50,000	50,000
Expense allowance			6,000	6,000
Allocated shares for Board activity ²	1,940	1,728	92,119	92,194
Employer national insurance contributions			16,959	17,172
Total compensation			255,077	255,366

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Dr Urs Buchmann				
Member of the Board of Directors and member of the Audit Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Audit Committee activity			25,000	25,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			5,511	5,490
Total compensation			131,688	131,709

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Riet Cadonau				
Member of the Board of Directors and Chairman of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			50,000	50,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			10,886	10,849
Total compensation			164,063	164,068

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Sandra Emme				
Member of the Board of Directors and member of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,136
Total compensation			137,591	137,355

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Milva Inderbitzin-Zehnder				
Member of the Board of Directors and member of the Nomination and Compensation Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Nomination and Compensation Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,377
Total compensation			137,591	137,596

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Ivo Wechsler				
Member of the Board of Directors and member of the Audit Committee				
Fixed cash compensation for Board activity			50,000	50,000
Fixed cash compensation for Audit Committee activity			25,000	25,000
Expense allowance			2,000	2,000
Allocated shares for Board activity ²	1,078	960	51,177	51,219
Employer national insurance contributions			9,414	9,377
Total compensation			137,591	137,596

	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Total compensation paid to the members of the Board of Directors in the year of review				
Fixed cash compensation for Board activity			550,000	550,000
Fixed cash compensation for Nomination and Compensation Committee activity			100,000	100,000
Fixed cash compensation for Audit Committee activity			100,000	100,000
Expense allowance			26,000	26,000
Allocated shares for Board activity ²	11,853	10,561	562,982	563,438
Employer national insurance contributions			89,151	88,799
Other payments			13,848	14,279
Total compensation			1,441,981	1,442,516

1 These are gross amounts including national insurance contributions of the members of the Board of Directors.

2 The shares are disclosed at the closing share price on the respective grant dates.

The 2024 Annual General Meeting approved a maximum budget of CHF 1.7 million for the Board of Directors for the period of office from the 2024 Annual General Meeting to the 2025 Annual General Meeting. The compensation effectively paid during the period under consideration in this Compensation Report (1 January to 31 December 2024) is within this budget approved by the shareholders. The final reporting for the entire period from the 2024 Annual General Meeting to the 2025 Annual General Meeting is included in the 2025 Compensation Report.

At the Annual General Meeting of 23 March 2023, the shareholders approved a maximum total compensation of CHF 1.7 million for the Board of Directors during the period of office from the 2023 Annual General Meeting to the 2024 Annual General Meeting. The compensation effectively paid to the members of the Board of Directors over this period was CHF 1.4 million and therefore within this approved budget.

5.2 Compensation of the Group Executive Committee in the 2024 business year

For 2024, the members of the Group Executive Committee received a total compensation of CHF 4.0 million (previous year: CHF 3.9 million) in the form of fixed compensation of CHF 1.8 million (previous year: CHF 2.0 million), variable compensation of CHF 1.3 million (previous year: CHF 0.8 million), other benefits and the value of the discount on the shares of CHF 0.3 million (previous year: CHF 0.6 million), and employer social security and pension fund contributions of CHF 0.6 million (previous year: CHF 0.6 million).

The compensation of the Group Executive Committee increased slightly in the reporting year compared to the previous year.

In 2024, the total compensation of the Group Executive Committee increased by 3.5% compared to the previous year as a result of the following factor:

- Higher variable compensation due to an STI payout for the 2024 financial year compared to zero STI payout in the previous year.

The fixed compensation of the Group Executive Committee decreased by 8.0% compared to the previous year due to the membership change in the Group Executive Committee.

In 2024, Zehnder Group achieved an adjusted Group net profit before one-off effects and impairments of EUR 35.3 million. With this adjusted result the threshold for an STI payout was reached and led to a variable cash compensation (STI) of 1.7% of the adjusted Group net profit for the members of the Group Executive Committee in 2024 (previous year: 0.0%)

The long-term incentive (LTI) decreased by 5.2% compared to the previous year, reflecting the change of members in the Group Executive Committee.

The variable compensation for the CEO amounted to 90.5% of the annual base salary and 72.3% on average for the other Group Executive Committee members.

The PSU allocations made in 2022 as part of the LTI plan (LTI 2022-2024) can be transferred during the first quarter of 2025. Of the performance conditions, 50% is based on the relative Total Shareholder Return (rTSR) and the other 50% is based on the increase in Earnings Per Share (EPS growth). For the payout of the two performance conditions, rTSR is achieved at a final average percentile ranking of 44.0% which leads to a performance of 88.0% and for EPS growth the threshold for a vesting is not achieved and leads to a performance of 0.0%, corresponding to a combined performance factor of 44.0%. Accordingly, 2,916 PSUs were converted into 2,916 Zehnder shares.

The highest compensation for a member of the Group Executive Committee was paid to the CEO, Matthias Huenerwadel, in the reporting year – as in the previous year.

The 2024 Annual General Meeting authorised a maximum budget for the compensation of the Group Executive Committee of CHF 6.65 million for 2024. The total compensation amount of CHF 4.0 million paid to the Group Executive Committee for the 2024 fiscal year as disclosed in the following table is below this upper limit.

Compensation for the members of the Group Executive Committee



	Units 2024	Units 2023	CHF ¹ 2024	CHF ¹ 2023
Highest-paid member of the Group Executive Committee: Matthias Huenerwadel				
Fixed cash compensation			540,600	538,450
Variable cash compensation (STI)			218,852	-
Long-term variable compensation (LTI)	5,432	4,965	270,300	270,300
Expense allowance			24,000	24,000
Employer social security and pension contributions			184,613	164,479
Shares acquired ²	4,630	4,153	71,811	75,377
Other payments ³			31,288	103,713
Total compensation			1,341,464	1,176,319
Total compensation paid to the Group Executive Committee including Matthias Huenerwadel				
Fixed cash compensation			1,704,943	1,861,370
Variable cash compensation (STI)			614,468	-
Long-term variable compensation (LTI)	14,716	14,186	732,225	772,225
Expense allowance			96,000	96,000
Employer social security and pension contributions			579,240	593,597
Shares acquired ²	13,553	13,753	210,207	249,617
Other payments ³			101,400	327,693
Total compensation			4,038,484	3,900,502

1 These are gross amounts including employee national insurance contributions.

2 The members of the Group Executive Committee are eligible to purchase shares under the Zehnder Group Management Share Plan. The value disclosed includes the value of the discount on the shares purchased, based on the closing share price at the grant dates, 9 January 2023 and 8 January 2024, less the purchase price. This value is included in the amount approved by the Annual General Meeting.

3 Includes the value of benefits such as a car allowance, child allowance, employer contributions to accident and daily sickness benefits insurance, and a discount in the staff restaurant.

5.3 Guarantees, loans, credits, etc.

No Zehnder Group company has provided any guarantees, waivers of claims outstanding, credits, or loans to present or former members of the Board of Directors, to present or former members of the Group Executive Committee, or to persons closely associated with these individuals. No loans to current or former members of the Board of Directors or Group Executive Committee or related parties existed at the end of the reporting year.

5.4 Compensation to former members of the Board of Directors and of the Group Executive Committee, and to persons closely associated with them, in the 2024 business year

No compensation was paid to former members of the Board of Directors in the reporting year.

Group Executive Committee member Cyril Peysson stepped down from his duties as Chief Commercial Officer EMEA on 31 December 2023. During the reporting year he received the contractually agreed compensation during his notice period (until 30 November 2024) of CHF 640,600 as well as a non-competition payment of CHF 28,700 during the month of December 2024. His non-competition obligation will continue until November 2025 and the related compensation will be disclosed in the 2025 Compensation Report.

No compensation was paid to people closely associated with members of the Board of Directors or the Group Executive Committee.

5.5 Shareholdings in the company

As at the balance sheet date, the members of the Board of Directors owned the following shares:

✓ PwC Switzerland

Board of Directors	Registered shares A	Share of voting rights ¹	Registered shares A	Share of voting rights ¹
	2024	2024	2023	2023
Dr Hans-Peter Zehnder ²	228,781	1.2%	224,665	1.1%
Jörg Walther	14,516	0.1%	12,752	0.1%
Dr. Urs Buchmann	23,055	0.1%	22,075	0.1%
Riet Cadonau	14,021	0.1%	13,041	0.1%
Sandra Emme	1,880	-	900	-
Milva Inderbitzin-Zehnder ³	10,317	0.1%	9,337	-
Ivo Wechsler	5,458	-	4,478	-

1 Share of total votes in % (only if $\geq 0.1\%$)

2 Excluding Graneco AG, in which Dr Hans-Peter Zehnder holds a 57.9% stake.

3 Excluding Graneco AG, in which Milva Inderbitzin-Zehnder indirectly holds 0.5%.

As at the balance sheet date, the members of the Group Executive Committee owned the following shares:

✓ PwC Switzerland

Group Executive Committee	Registered shares A	Share of voting rights ¹	Registered shares A	Share of voting rights ¹
	2024	2024	2023	2023
Matthias Huenerwadel	48,504	0.3%	40,457	0.2%
René Grieder	39,923	0.2%	34,797	0.2%
Johannes Bollmann	10,782	0.1%	8,576	-
Jörg Metzger	9,041	-	5,280	-
Cyril Peysson (former GEC member)	-	-	52,802	0.3%
Dorien Terpstra	2,756	-	-	-

1 Share of total votes in % (only if $\geq 0.1\%$)

6. Activities at other companies

The activities of the members of the Board of Directors and Group Executive Committee in other companies with a commercial purpose in comparable functions as at the end of 2024 are listed below.

The Articles of Association of Zehnder Group (www.zehndergroup.com/en/investor-relations/corporate-governance; Article 29 et seq.) contain the provisions on other authorised mandates outside Zehnder Group.

✓ PwC Switzerland

Board of Directors	Activities at other companies
Dr Hans-Peter Zehnder	<ul style="list-style-type: none"> – Chairman of the Board of Directors of Granarium AG – Chairman of the Board of Directors of Graneco AG – Member of the Board of Directors of Lagerhäuser der Centralschweiz AG – Member of the Board of Directors of Rouge + Blanc Concept AG
Jörg Walther	<ul style="list-style-type: none"> – Business lawyer and partner, Schärer Attorneys at Law – Member of the Board of Directors and Chairman of the Audit Committee of SFS Group AG¹ – Member of the Board of Directors and Chairman of the Audit Committee of Huber+Suhner AG¹ – Vice Chairman of the Board of Directors and member of the Audit and Finance Committee of AEW Energie AG (and therefore also Vice Chairman of the Board of Directors of Immobilien AEW AG) – Member of the Board of Directors of Kraftwerk Augst AG – Member of the Board of Directors of Apotheke im Stadtspital Zürich AG – Member of the Board of Directors of Aare-Apotheke Rombach AG
Dr Urs Buchmann	<ul style="list-style-type: none"> – Member of the Board of Directors and member of the Audit Committee of Swiss Re Asia Ltd. (SG) – Managing Director, member and Vice Chairman of the Asia Advisory Board of EFG Bank AG (since October 2024) – Member of the Supervisory Board of ICBC Credit Suisse Asset Management (CN) (until March 2024)
Riet Cadonau	<ul style="list-style-type: none"> – Managing Director of Cadonau Services GmbH – Chairman of the Board of Directors of the Swiss-American Chamber of Commerce – Chairman of the Board of Directors of PEKTOPROP AG
Sandra Emme	<ul style="list-style-type: none"> – Industry Leader Cloud at Google Switzerland GmbH – Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee of Belimo Holding AG¹ – Member of the Steering Committee of digitalswitzerland
Milva Inderbitzin-Zehnder	<ul style="list-style-type: none"> – Attorney-at-law and notary, Schweiger Attorneys at Law and Notaries – Member of the Board of Directors of Granarium AG – Member of the Board of Directors of Martin Lenz AG

Ivo Wechsler	<ul style="list-style-type: none"> - Chief Financial Officer and member of the Executive Group Management, Huber+Suhner AG¹ (and therefore member of the Board of Trustees of Huber+Suhner AG¹ pension fund and member of the Board of Trustees of the General Welfare Fund of Huber+Suhner AG¹) - Member of the Board of Directors and member of the Organisation and Compensation committee and the Finance and Strategy committee of St.Galler Kantonalbank¹ (since May 2024)
--------------	--

¹ Listed company at SIX Swiss Exchange

PwC Switzerland

Group Executive Committee	Activities at other companies
Matthias Huenerwadel	<ul style="list-style-type: none"> - Member of the Board of Directors of Daedalus Holding AG - Member of the Board of Directors of Spaeter AG - Member of the Board of Aargauische Industrie- und Handelskammer
René Grieder	<ul style="list-style-type: none"> - Member of the Board of Directors of imiam AG
Johannes Bollmann	<ul style="list-style-type: none"> - Member of the Steering Committee of European Ventilation Industry Association (BE) - Member of the Board of GebäudeKlima Schweiz - Member of the Board of Directors of NSNW AG
Jörg Metzger	<ul style="list-style-type: none"> - Member of the Advisory Board of Engelmann Sensor GmbH (DE) - Member of the Executive Council of the Association of the European Heating Industry (BE)
Dorien Terpstra	<ul style="list-style-type: none"> - Board Member and President Ventilation Association Netherlands (NL) - Top Team Energy, Ministry of Economic Affairs Netherlands (NL)

The requirement to disclose other mandates held by members of the Board of Directors and Group Executive Committee in the compensation report is based on Art. 734e in conjunction with Art. 626 para. 2 no. 1 of the Swiss Code of Obligations.

Report of the statutory auditor



Report of the statutory auditor to the General Meeting of Zehnder Group AG, Gränichen

Opinion

We have audited the remuneration report of Zehnder Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the tables labelled with tickmark «✓PwC Switzerland» on pages 68 to 70 and pages 72 to 75 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the accompanying remuneration report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables labelled «✓PwC Switzerland» in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, 6005 Luzern
Telefon: +41 58 792 62 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.



- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Thomas Ebinger
Licensed audit expert
Auditor in charge

Fabian Stalder
Licensed audit expert

Luzern, 21 February 2025