

Governance, remuneration and CSR

August 2020

The image shows the Landis+Gyr logo mounted on the glass facade of a modern skyscraper. The logo consists of the word 'Landis' in a bold, sans-serif font, with a small green plus sign at the end. Below it, the word 'Gyr' is written in a similar font, with a vertical bar extending downwards from the 'y'. The building's facade is composed of large glass panels reflecting the sky and surrounding environment. The overall scene is bright and modern, with a clear blue sky and some greenery visible in the upper left corner.

Agenda

Landis+Gyr at a Glance

Industry Dynamics, Strategy and Mid-term Guidance

Corporate Governance

Remuneration Framework

Sustainability / CSR

Landis+Gyr at a Glance



Swiss HQ with
offices in 30+ countries
worldwide



of service to
3'500+ customers
as a trusted partner
to utilities



More than
USD 1 Billion
of self-funded R&D
since 2011



Largest installed base
300+ million
devices globally



Over 100 million
connected intelligent
devices deployed

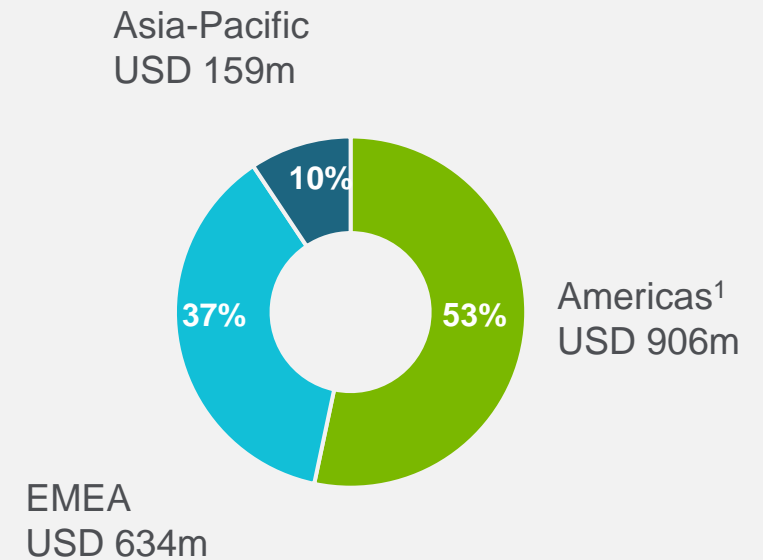


More than **15 million**
meter points under
managed services



Frost & Sullivan
Global AMI
Company of the
Year 2019 - the 5th
consecutive year

Net Revenues Split (FY 2019)



¹ incl. Japan

3D Factors Fueling Energy Grid Transformation

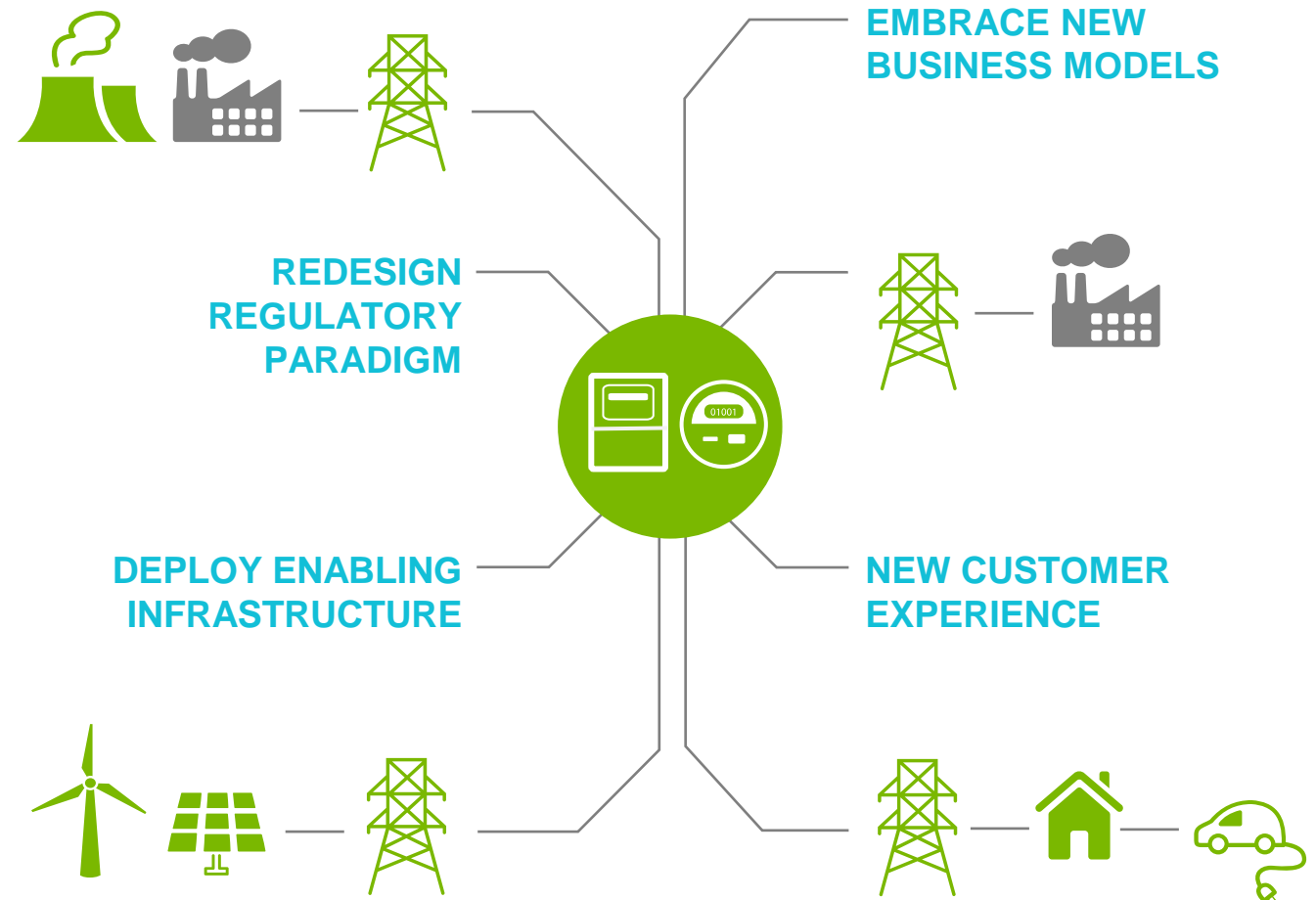
Smart meters, as grid edge sensors, are the foundation of enabling infrastructure for future energy distribution systems

Decarbonization

Decentralization

Digitalization

Transformation



Strong Strategic Positioning

The digital energy revolution is underway, enabled by the increasing endorsement of grid edge intelligence – and Landis+Gyr unleashes the true potential of change to transform the world of energy for the better



#1
in global smart
electricity meters



>100m
connected intelligent
devices installed



3
platforms
for growth

Capitalizing on Industry Dynamics with 3 Platforms for Growth

1

Continued Global Leadership in
SMART METERING

2

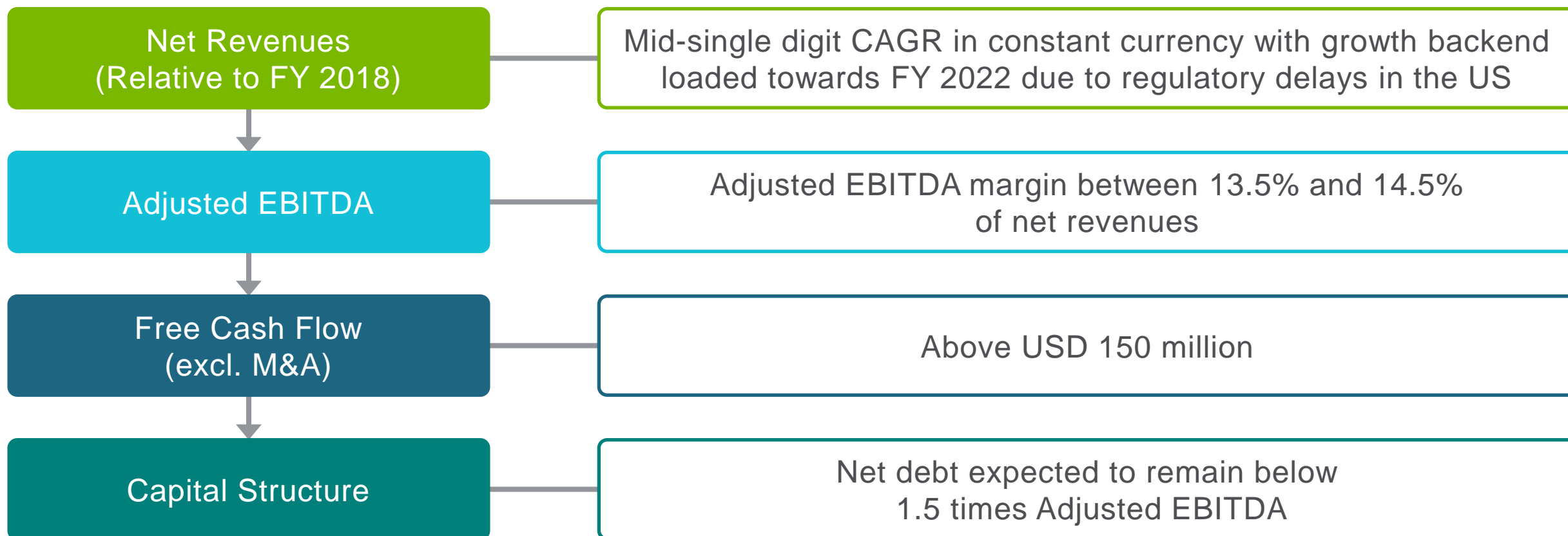
Enabling New Business Models Through
GRID EDGE INTELLIGENCE

3

Leveraging IoT Expertise for Growth in
SMART INFRASTRUCTURE



Mid-term (FY 2022) Guidance



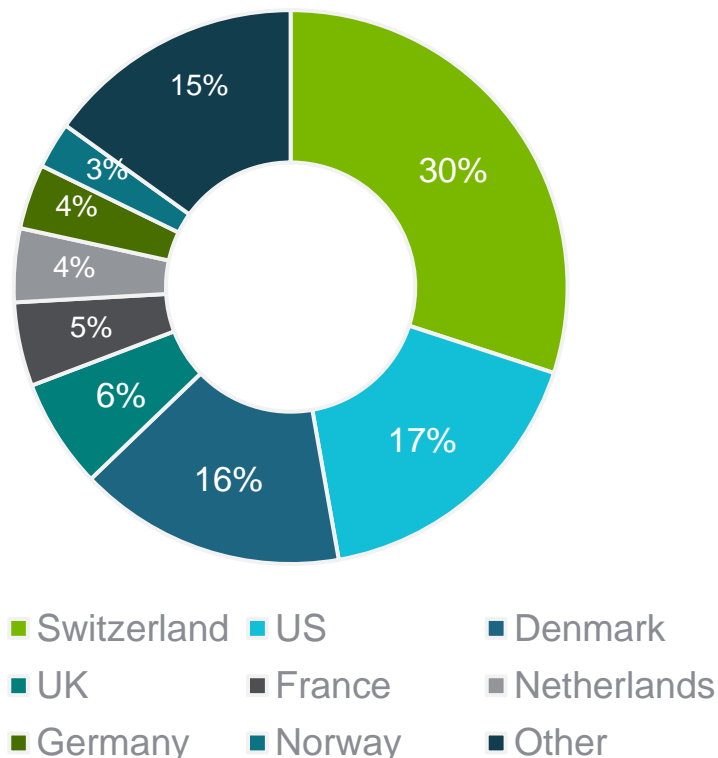
Mid-term guidance unchanged

Strong anchor investors and diversified shareholder base

Top shareholders

KIRKBI Invest A/S	15.20%
Rudolf Maag	10.26%
Franklin Resources	3.01%
Norges Bank	2.81%
Approx. 7,400 registered shareholders	

Geographical distribution



Capital structure

- One class of registered shares outstanding
- Strong commitment to “one share, one vote” principle
- No share blocking, vote ceilings or any other form of voting restrictions
- Conditional and authorized capital of 10% each but aggregate share issuance capped at 10% (introduced at 2020 AGM)
- Cancelled shares bought back under buyback program at AGMs

Sources: SIX filings, share register as of August 2020

Developments

Governance

- Introduced annual self-assessment (carried out by outside consultant) of Board to identify strengths and areas for improvement
- Introduced skill matrix for Board of Directors with six categories; existing Board of Directors collectively possesses all of the identified skills
- Increased international profile of Board by adding US market expertise with Peter Mainz
- Added Søren Thorup Sørensen as representative of anchor shareholder KIRKBI to the Board (FY2019)
- Created new “Nomination & Governance Committee” (FY2020)

Remuneration

- Continued review of remuneration programmes and systems by the Board of Directors during the past two years, in particular of the short- and long-term incentive plans
- Shareholder support for changes and enhancements made was expressed through very positive approval votes of all remuneration related resolutions both at the 2019 AGM and, most recently, at the 2020 AGM
- As of FY2020, the short-term incentive plan includes CSR-related targets, with a 10% weight, that are aligned with Landis+Gyr’s CSR strategy; the remaining 90% of the short-term incentive plan continue to be measured against financial targets

Sustainability

- Materiality analyses performed and reviewed by internal and external stakeholders
- Nine material topics being addressed with 71 activities
- Signed UN Global Compact support
- CSR topics part of Management remuneration package as of fiscal year 2020
- Smart meter CO₂ reduction benefits calculated
- CSR organization strengthened
- Reporting is being continuously enhanced
- Scope and targets going beyond own company



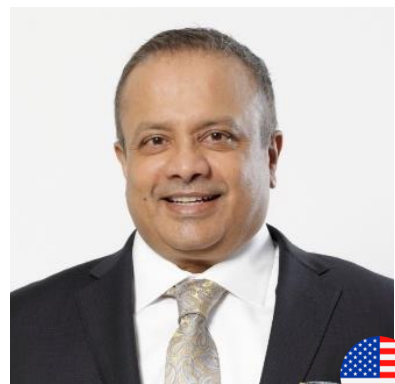
Corporate Governance

Group Executive Management



Werner Lieberherr
CEO

Since April 2020
Over 30 years multinational
experience o/w 16 years in
energy industry



Prasanna Venkatesan
EVP Americas

13 years with Landis+Gyr
Over 30 years technology
and management
experience



Susanne Seitz
EVP EMEA

1 year with Landis+Gyr
20 years international
B2B experience

CFO transition in 2020



Jonathan Elmer
Outgoing CFO

23 years with Landis+Gyr
Over 30 years experience
in financial & general
management



Elodie Cingari
Incoming CFO

Joining in the course of 2020
Over 20 years experience in
energy and IT industries

Board of Directors (I/II)



Andreas Umbach

Chairman since 2017
Not independent (former executive)

Experience

- President and CEO/COO of Landis+Gyr Group (2002-17)
- Various managerial positions within Siemens



Eric Elzvik

Lead Independent Director since 2017
Independent

Experience

- CFO of ABB Ltd. (2013-17)
- Various senior positions within ABB (finance, M&A, ventures)



Dave Geary

Member since 2017
Independent

Experience

- EVP Business Integration at Nokia Networks (2016)
- President of the Wireless Networks at Alcatel-Lucent (2009-15)



Pierre-Alain Graf

Member since 2017
Independent

Experience

- Senior Vice President of ABB Ltd. (since 2017)
- CEO of Swissgrid (2008-15)

Board of Directors (II/II)



Peter Mainz

Member since 2018
Independent

Experience

- Board member of Itron (2016-18)
- President and CEO of Sensus (2008-14)



Søren Thorup Sørensen

Member since 2019
Representative of KIRKBI

Experience

- CEO of KIRKBI A/S (since 2010)
- CFO of A. P. Møller-Mærsk Group (2006-09)



Andy Spreiter

Member since 2017
Independent

Experience

- CFO of Forbo (2013-17)
- CFO of Landis+Gyr Group (2002-12)



Christina Stercken

Member since 2017
Independent

Experience

- Partner in Euro Asia Consulting (2006-17)
- Managing Director Corporate Finance M&A of Siemens AG (2000-2006)

Board of Directors Governance (I/II)

Lead Independent Director

- Provides leadership to the independent directors
- Creating a governance means to address any potential issue where the Chairman – due to his previous role as CEO of the Group – may be conflicted
- Can call Board meeting without Chairman and chairs meetings if the Chairman is indisposed or conflicted
- Includes any deliberations or decision-taking involving the assessment of the Chairman's work

Audit & Finance Committee

- Oversight of financial reporting
- Assessing the adequacy of the Group's systems, policies, and controls regarding financial and non-financial risks.
- Compliance with legal and regulatory obligations, insurance and related matters.
- Evaluates the work of the internal control functions (e.g. Audit and Compliance) and of the external auditors.

Comprising fully independent board members

Remuneration Committee

- Establishes and reviews the compensation systems in alignment with business strategy and shareholders' interests
- Ensures executives and employees are paid in a way that incentivizes and rewards performance and innovation and that attracts and retains talent
- Prepares proposals to the shareholders' meeting regarding compensation
- Sets compensation targets for the Executive Management

Comprising fully independent board members

Nomination & Governance Committee

- Establishes and maintains a process for approving new Board members, the CEO, and the other Group Executives (GEM).
- Oversees the succession planning regarding all members of the Board and the GEM.
- Supports the Board and its Committees in their self-assessment.
- Responsible for Corporate Governance matters and practices.

Majority independent board members

Board of Directors Governance (II/II)

Limitation of Board mandates

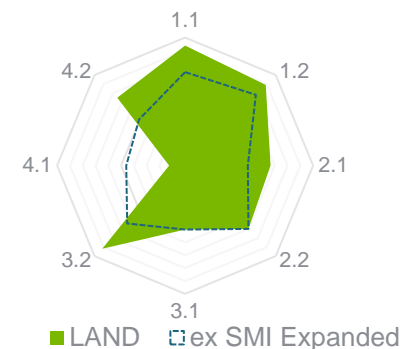
- No more than total five mandates (incl. LAND) at publicly traded companies (average: two); limit of total four for Chairman (two since April 2020)
- No member of current executive management on the Board

Attendance / Decision making process

- Board and Committees meet every two months; holds telephone conferences on an as needed basis
- Meeting attendance in FY 2018 was 100% and 99% in current financial year (FY2019)
- Annual two-day strategy session
- Introduction program for new Board members

Ranked well in 3rd party governance study

- Ranked #19 (of 174 Swiss companies) in zRating Corporate Governance study 2019



- 1.1 Shareholders and share categories
- 1.2 Balance sheet and capital structure
- 2.1 Shareholders' participation rights
- 2.2 Obligation to make an offer / change of control
- 3.1 Board of Directors
- 3.2 Executive Management and information policy
- 4.1 Remuneration and participation
- 4.2 Remuneration structure

Overview Board Committees

	Audit & Finance Committee	Remuneration Committee	Nomination & Governance Committee
Andreas Umbach, Chairman			Chair
Eric Elzvik, LID	Member	Chair	Member
Dave Geary		Member	
Pierre-Alain Graf		Member	
Peter Mainz			Member
Søren Thorup Sørensen			
Andy Spreiter	Chair		
Christina Stercken	Member		



Remuneration

Landis+Gyr Remuneration Framework



Highlights

Comprehensive remuneration governance with the Board of Directors' direct oversight of the remuneration policy at Landis+Gyr

Remuneration strategy based on the principles of **performance, shareholder value, talent management and market orientation**

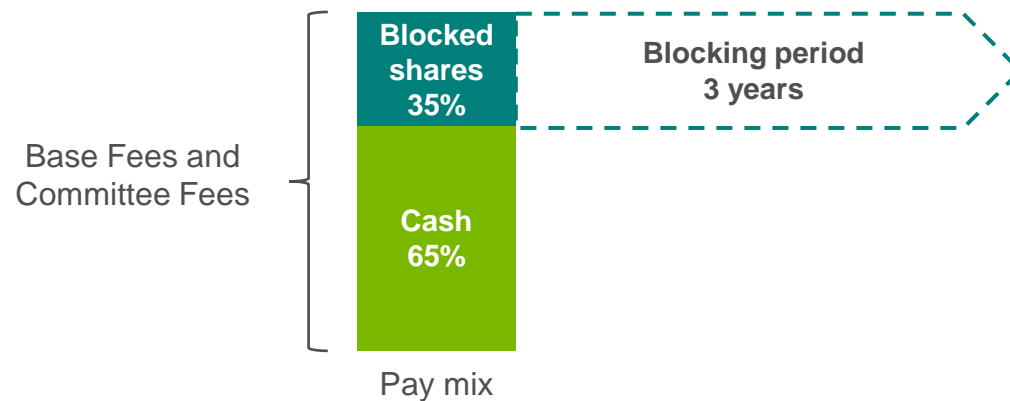
Board of Directors remuneration system **aligned with shareholder value**

Group Executive Management (GEM) remuneration system **driven by performance**

GEM Remuneration **balances short-term and long-term** performance drivers

Board of Directors remuneration system: aligned with shareholder value

- The remuneration of the Board of Directors **is fixed and does not contain any performance-based variable component**. This provides for the Board of Directors' independence in fulfilling its supervisory duties.
- Except for the Chairman, who receives a fixed annual base fee covering all activities, **Directors are also entitled to committee membership fees**.
- The amounts of the base fee and committee membership fee reflect the responsibility and time requirement inherent to the function and are **paid 65% in cash and 35% in Landis+Gyr's shares**, which are **blocked for sale for a period of three years** following grant.



- Due to his previous employment relationship, the **Chairman continues to participate in the company's collective pension scheme**. However, all contributions, including the employer contributions, are funded by the Chairman himself; his base fee payment is reduced accordingly by the amount of employer contributions which the company remits directly to the pension fund on behalf of the Chairman.

Group Executive Management remuneration system: driven by performance

Year 1	Year 2	Year 3	
Base salary			<ul style="list-style-type: none"> Fixed compensation reflecting the scope and responsibilities of the role, qualifications and experience required to perform the role and market value of the role in the location in which the company competes for talent, skills and expertise.
Benefits			<ul style="list-style-type: none"> Defined considering local market practice as well as legal requirements and covering pension benefits, fringe benefits, etc.
Short-term incentive 0-200% of target value			<ul style="list-style-type: none"> Annual cash incentive for Group and (if relevant) regional performance Target of up to 80% of base salary Payout capped at 200% of target amount
Long-term incentive 0-200% of number of granted PSUs 3-year performance-based award			<ul style="list-style-type: none"> Performance Share Units (PSUs) Settled in Landis+Gyr shares subject to performance achievement (relative TSR and EPS) Target award value of up to 80% of base salary converted into PSUs at grant Settlement in shares capped at 200% of number of granted PSUs
Shareholding guidelines	300% base salary for CEO 200% base salary for other GEM members		<ul style="list-style-type: none"> Guidance on share retention to build up within 5 years and hold as long as in office

There are no other incentives, nor any guaranteed amounts paid to Group Executive Management

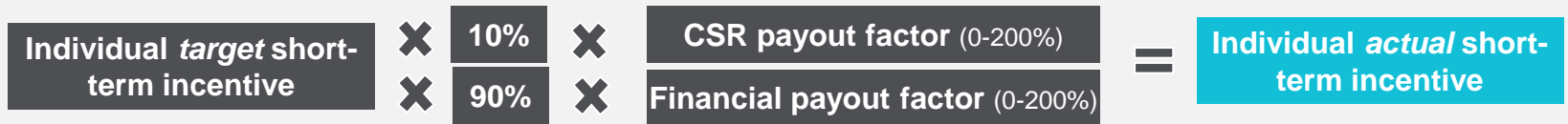
Group Executive Management remuneration system: Details on short-term incentive plan

Purpose:

- Annual cash incentive plan with financial performance targets, focusing on Landis+Gyr's one-year operational and financial performance (90%), and CSR-related performance targets (10%), aligned with Landis+Gyr's CSR strategy
- Designed to motivate participants to deliver effective performance and increased contribution to the company's success
- Financial and CSR performance targets are recommended by the RemCo and set by the Board of Directors at the beginning of each financial year and correlate with the mid-term plan and long-term strategy and are aligned with business priorities, with the aim of achieving sustainable profitability and growth in alignment with shareholder's interests.

Design:

Illustrative



Performance achievement determines payout as % of individual target

CSR Performance Targets	Weight	Financial Performance Targets	Weight	
Three global targets aligned with CSR Strategy	10%	Net sales	30%	
		Adjusted EBITDA	40%	
		Operating Cash Flow less tax paid	30%	
		} of 90%		
		GEM function	Group Results	Region Performance
		CEO, CFO	100%	-
		Region EVPs	30%	70%

Threshold performance levels, below which payout is 0% of target incentive, and maximum performance levels, at which payout is capped at 200% of target incentive, apply.

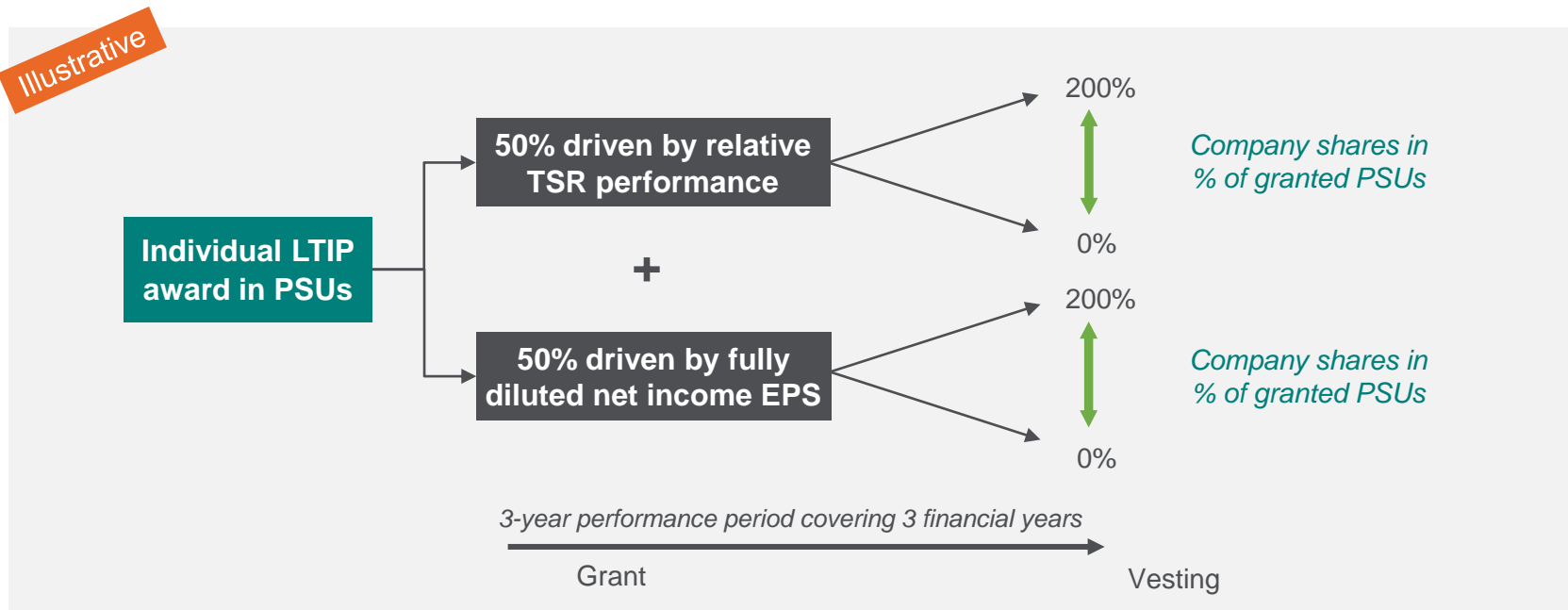
Linear interpolation applies between threshold, target and maximum performance.

Group Executive Management remuneration system: Details on long-term incentive plan

Purpose:

- To support long-term value creation for the company by providing the members of the GEM and other eligible key managers with a possibility to participate in the future long-term success and prosperity of Landis+Gyr, and
- To further align the long-term interests of the management with those of the shareholders.

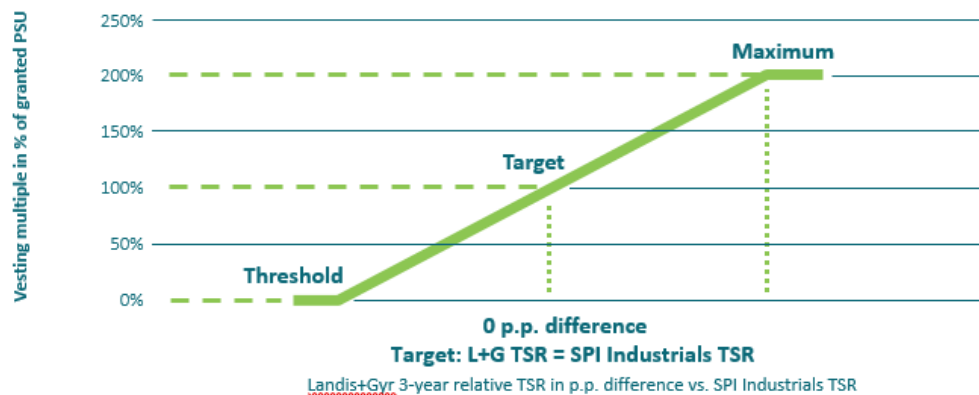
Design:



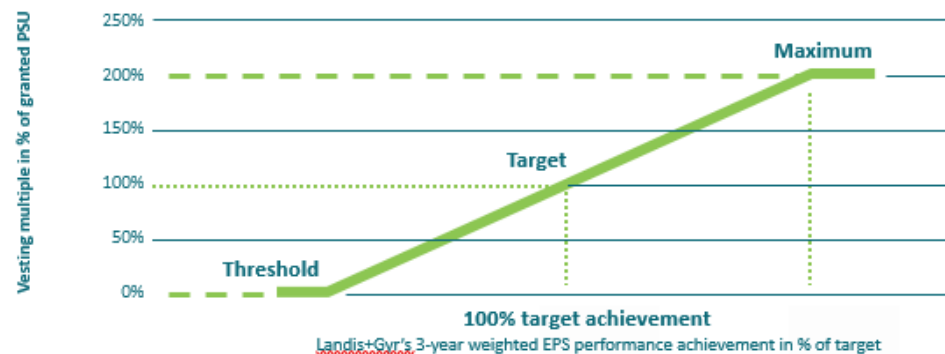
Group Executive Management remuneration system: Details on long-term incentive plan

Performance / vesting levels	Relative TSR ¹	Weighted cumulative EPS ²
Target performance: 100% vesting of granted PSUs	Landis+Gyr TSR is equivalent to SPI Industrials Index TSR ³	EPS target is achieved
Vesting between threshold, target and maximum performance	Linear interpolation	

VESTING CURVE 3-YEAR RELATIVE TSR



VESTING CURVE 3-YEAR WEIGHTED CUMULATIVE EPS



- 1.If Landis+Gyr's absolute TSR attributable to the respective 3-year performance period is negative, the relative TSR vesting multiple is set at zero, regardless of Landis+Gyr's performance relative to the SPI Industrials Index.
- 2.EPS target will not be disclosed on a prospective basis as it represents commercially sensitive information; information on achieved performance will be disclosed at the end of the respective performance period
- 3.SPI Industrials Index is the SWX ID Industry TR Index



CSR / Sustainability

Corporate Social Responsibility



Materiality

Nine topics defined and reviewed with internal and external* stakeholders

Ambitions

CSR21 Roadmap

Execution

Integrated program and KPIs

Reporting

Impact Tracking

Goal

Be a responsible citizen

- Setting 3-year ambitions

- Strategy update

- Define programs

- Setting yearly CSR incentive goals

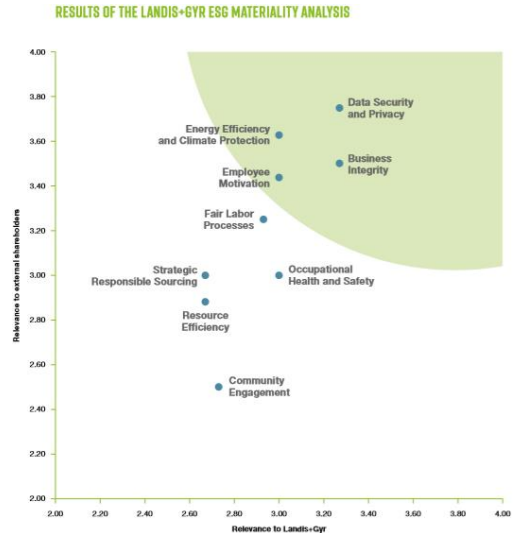
- External reporting

* Customers, Suppliers, Investors, NGOs, Board

Corporate Social Responsibility Priorities

Nine material topics resulting from the ESG materiality analysis

Environmental	Social	Governance
<ul style="list-style-type: none"> • Energy efficiency & climate protection • Resource efficiency • Strategic responsible sourcing 	<ul style="list-style-type: none"> • Employee motivation • Occupational health and safety • Fair labor practices • Community engagement 	<ul style="list-style-type: none"> • Data security and privacy • Business integrity



Helping our customers, energy consumers and ultimately society to manage energy better and reduce their CO₂ emissions substantially for a sustainable future

WE SUPPORT



Participant since 2019

Environmental Impacts of Smart Metering

Number of functions and use cases proven to significantly contribute to overall reduction of CO₂



Insights

into energy consumption increase awareness and help **reduce the consumption**



Remote

reads and supply switch management significantly **reduce truck rolls**



Proactive **alarming of faults** and outages leading to faster service restoration **positively impacting CO₂ emissions**



Smart Metering supports **peak load shifting** leading to **enhanced efficiency**

Landis+Gyr enabled **8 million tons** of direct **CO₂ emission reduction** in 2019 through the installed Smart Meter base



Equal to 8x the CO₂ Emissions of the City of Zurich

2018/19 Key Environmental Figures



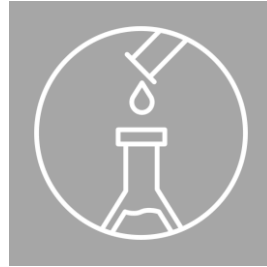
Water
+9.9%

Due to weather conditions and more consumption at production sites



Waste
+6.4%

Mainly due to the transfer of assembly lines



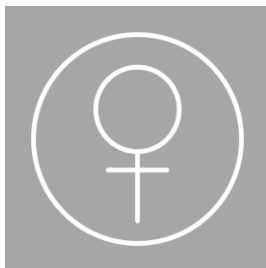
Chemicals
-10.7%

Reductions stem from the phase out of older products



CO₂E
-2.7%

Overall CO₂ emissions declined



Gender Diversity
32%

Nearly one third of employees are female



Reporting since 2007

	2014/15	2015/16	2016/17	2017/18	2018/19
Turnover in USD billion	1.5	1.6	1.7	1.7	1.8
Employees	5,755	6,036	5,919	5,915	5,611
m ³ water	107,265	116,340	116,520	104,962	115,326
t waste	2,771	3,949	3,874	4,083	4,345
t chemicals	17.4	13.6	12.2	11.9	10.6
t CO ₂ e	34,005	32,296	31,594	28,088	27,334
kg CO ₂ e/USD 100 turnover	1.8	1.7	1.5	1.3	1.3
kg CO ₂ e per product	1.5	1.5	1.1	1.0	1.2
t CO ₂ e per employee	4.8	4.3	4.2	3.8	4.0

Landis+Gyr Group's fiscal year runs from April 1 to March 31.

Dates and Contacts



Important Dates

Release of H1 FY 2020 Results:
October 28, 2020

Capital Markets Day:
January 27, 2021

Release of FY 2020 Results:
May 5, 2021

Annual General Meeting 2021:
June 24, 2021



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