

LEM

Life Energy Motion

Invitation



Annual General Meeting of Shareholders
of LEM HOLDING SA
Thursday, 30 June 2022, at 15:30 (CEST)
HP/Hive Innovation Lab, Meyrin,
Switzerland



2022

Invitation to the Annual General Meeting of Shareholders 2022 of LEM HOLDING SA

LEM's Board of Directors is pleased to invite you to the Annual General Meeting of Shareholders 2022.

Date and time

Thursday, 30 June 2022
at 15:30 (CEST)
doors open at 15:00 (CEST)

Place

HP/Hive Innovation Lab
Route du Nant-d'Avril 150, 1217 Meyrin, Switzerland

Public transportation

From Geneva, Cornavin:

Take the train #L5 (direction La Plaine) and stop at Zimeysa. Then, take the bus #57 (direction Geneva-Airport) and exit at the bus stop Satigny, Nant-d'Avril. Walk about 1 minute, the HP/Hive Innovation Lab is across the street.

If taking a taxi from Geneva, Cornavin, please allow for about 20 minutes journey time.

From Geneva Airport:

Take the bus #56 (direction Meyrin, Hôpital de La Tour) or bus #57 (direction Zimeysa, gare) and exit at the bus stop Satigny, Nant-d'Avril. Walk about 1 minute, the HP/Hive Innovation Lab is across the street.

If taking a taxi from Geneva Airport, please allow for about 10 minutes journey time.

Car parking

Car parking is available at the HP/Hive Innovation Lab, Route du Nant-d'Avril 150, 1217 Meyrin.

life energy motion

For the past year, LEM has proven to be especially vital. The pandemic and disrupted supply chains impacted us all, but our teams adapted valiantly with creativity and new digital forms of collaboration. The record annual results reflect this exceptional commitment from everybody, and we are proud to celebrate our 50th year as a company. At special events throughout 2022, we will take time out to connect across cultures, locations, and disciplines, and to celebrate LEM moments together. Using this opportunity to learn from our history and go forward with renewed conviction.

Energy abounds in a company that is 50 years young. This dynamism enables LEM to continually recognize trends and opportunities and to design new and leading products to meet market demands. Our anniversary is the perfect occasion to celebrate LEM's ingenuity – our particularly clever way of thinking and engineering the best solutions for our customers' systems.

LEM sells literally millions of electrical sensors. What will the next half century bring? Progress set into motion by mega trends such as efficient renewable energy, mobility and automation. Success driven by our mindset of continuous learning and improvement. A future inspired by a common purpose of helping our customers and society accelerate the transition to a sustainable future.

Agenda and proposals

1 Reporting for the financial year 2021/22

- Management report
- Consolidated financial statements of the LEM Group
- Annual financial statements of LEM HOLDING SA
- Compensation report
- Auditors' reports

1.1 Approval of the management report, the consolidated financial statements of the LEM Group, and the annual financial statements of LEM HOLDING SA as at 31 March 2022

Proposal: The Board of Directors proposes that the management report, the consolidated financial statements of the LEM Group and the annual financial statements of LEM HOLDING SA be approved.

1.2 Consultative vote on the compensation report 2021/22

Proposal: The Board of Directors recommends that the compensation report as per pages 54 to 59 of the Financial Report be accepted (non-binding consultative vote).

Explanation: The compensation report contains the principles governing the compensation paid to the Board of Directors and the Executive Management and reports on the amounts paid to the members of both corporate bodies for the financial year 2021/22.

2 Appropriation of available earnings and distribution

Proposal: The Board of Directors proposes that the total available earnings for the financial year 2021/22 of LEM HOLDING SA be allocated as follows:

in CHF thousands

Balance brought forward from the previous financial year	76'949
Variation of treasury shares	179
Net profit of the financial year	318'308
Total available earnings	395'436
Proposal of the Board of Directors	
Ordinary dividend ¹	(57'000)
Balance to be carried forward	338'436

¹ Dividend-bearing shares are all shares issued except for treasury shares held by LEM HOLDING SA and its subsidiaries as of the record date. The amount of CHF 57 million is calculated on the total number of shares issued as of 31 March 2022. If the total amount of the ordinary dividend is higher or lower, the difference will be balanced through the appropriation of the available earnings reserve.

Explanation: The Board of Directors proposes the distribution of an ordinary dividend of CHF 50 per share. Net of the Swiss withholding tax of 35%, this is an ordinary net cash dividend of CHF 32.5 per share. The shares will be traded ex-dividend as of 5 July 2022. The net dividend will be paid on 7 July 2022.

3 Discharge of the Board of Directors and the Executive Management

Proposal: The Board of Directors proposes that the members of the Board of Directors and the Executive Management be granted discharge for the financial year 2021/22.

4 Approval of the compensation of the Board of Directors

Proposal: The Board of Directors proposes that a maximum aggregate amount of compensation of the members of the Board of Directors for the term of office from the Annual General Meeting 2022 until the Annual General Meeting 2023 of CHF 1'100'000 be approved.

Explanation: The proposed maximum aggregate amount of CHF 1'100'000 is composed of the following (non-binding) components:

- Fixed compensation of CHF 910'000 based on the gross Board of Directors membership fees (CHF 250'000 for the Chairman and CHF 80'000 for each member) and the gross Committee membership fees (CHF 40'000 for the Committee's chairman and CHF 20'000 for each member) for the six members of the Board of Directors proposed for re-election under agenda item 7 below. For further details on the compensation system of the Board of Directors, please refer to the compensation report 2021/22, pages 54 to 59 of the Financial Report; plus
- Related employer contributions to social security; plus
- Reserve amount, which allows for flexibility in the event of extraordinary events such as significant additional workload of all or certain members of the Board of Directors that requires additional compensation, including membership of ad hoc committees, or an increase in mandatory social security contributions due to a change of applicable contribution rates.

Members of the Board of Directors do not receive any variable compensation. The actual payout to the members of the Board of Directors for the term of office from the Annual General Meeting 2022 until the Annual General Meeting 2023 will be disclosed in the compensation report 2022/23.

5 Approval of the compensation of the Executive Management

The approval of the compensation of the members of the Executive Management is divided into three separate votes:

1. The first approval relates to the gross short-term variable compensation to be paid to the members of the Executive Management under the Leadership for Results (L4R) plan – short-term incentive for the financial year 2021/22 (retrospective approval).
2. The second approval relates to the maximum gross long-term variable compensation to be granted to the members of the Executive Management under the Leadership for Results (L4R) plan – long-term incentive for the financial year 2022/23 (prospective approval) to be paid out in July 2025.
3. The third approval relates to the maximum fixed compensation of the members of the Executive Management for the period from 1 October 2022 to 30 September 2023 (prospective approval).

5.1 Vote on the aggregate amount of short-term variable compensation of the Executive Management for the financial year 2021/22

Proposal: The Board of Directors proposes that an aggregate amount of short-term variable compensation of the members of the Executive Management for the preceding completed financial year 2021/22 of CHF 1'007'774 be approved.

Explanation: The proposed amount of CHF 1'007'774 is composed of the following components:

- Gross short-term variable compensation of the members of the Executive Management for the financial year 2021/22 of CHF 916'158; plus
- Related employer contributions to social security of CHF 91'616.

For further details, please refer to the compensation report 2021/22, pages 54 to 59 of the Financial Report.

5.2 Vote on the maximum aggregate amount of long-term variable compensation of the Executive Management for the financial year 2022/23

Proposal: The Board of Directors proposes that a maximum aggregate amount of long-term variable compensation to be granted to the members of the Executive Management for the financial year 2022/23 of up to CHF 2'860'000 be approved.

Explanation: The proposed maximum amount of CHF 2'860'000 is composed of the following (non-binding) components:

- Maximum gross long-term variable compensation under the Leadership for Results (L4R) plan of the members of the Executive Management. This maximum amount assumes that all performance targets will be reached at the maximum possible level under the L4R LTI (Long-Term Incentive) plan rules of CHF 2'600'000; plus
- Estimated related employer contributions to social security of CHF 260'000.

The L4R LTI plan is an annual long-term incentive plan, which is based on the performance of LEM evaluated over a period of three consecutive fiscal years.

As of the financial year 2022/23, the current cash-based L4R LTI plan will be replaced by a share-based Performance Share Unit (PSU) plan. Going forward, members of the Executive Management will receive an annual PSU award, which vests in LEM shares upon completion of a three-year plan cycle. The number of LEM shares obtained per PSU can thereby vary between 0% and 200% of the award, subject to continuous employment and depending on the achievement of pre-agreed performance conditions. Further, forfeiture rules in case of exit and the current claw-back regulations will continue to apply.

The performance criteria are the cumulated Economic Value Added (EVA), the absolute shareholder return, and the relative shareholder return over these three fiscal years.

The actual payout to the members of the Executive Management for grants awarded during the financial year 2022/23 will be disclosed in the compensation report 2024/25.

For further details, please refer to the compensation report 2021/22, pages 54 to 59 of the Financial Report.

5.3 Vote on the maximum aggregate amount of fixed compensation of the Executive Management for the period from 1 October 2022 to 30 September 2023

Proposal: The Board of Directors proposes that a maximum aggregate amount of fixed compensation for the members of the Executive Management for the period from 1 October 2022 to 30 September 2023 of up to CHF 3'348'000 be approved.

Explanation: The proposed maximum amount of CHF 3'348'000 is composed of the following (non-binding) components:

- Gross base salaries of the members of the Executive Management of CHF 2'700'000; plus
- Related employer contributions to social security and pension fund of CHF 648'000.

The actual payout to the members of the Executive Management for the period from 1 October 2022 to 30 September 2023 will be disclosed in the compensation reports 2022/23 and 2023/24, respectively.

6 Amendment to the Articles of Incorporation

Proposal: The Board of Directors proposes to move the registered office of LEM HOLDING SA from Plan-les-Ouates to Meyrin and to amend the Article 2 of the Articles of Incorporation as follows:

Old version

Original version in French: Le siège de la société est à Plan-les-Ouates.

Free translation in English: The registered office of the company is in Plan-les-Ouates.

New version

Original version in French: Le siège de la société est à Meyrin.

Free translation in English: The registered office of the company is in Meyrin.

Explanation: LEM HOLDING SA has moved to a new headquarters in Meyrin and wishes to change its registered office accordingly. This requires an amendment to the Articles of Incorporation.

7 Re-elections of members of the Board of Directors, re-election of the Chairman of the Board of Directors

Proposal: The Board of Directors proposes the re-election of

- Cohen Ilan as member
- Gabella François as member
- Hürlimann Andreas as member and Chairman (one single vote)
- Looser Ulrich Jakob as member
- Wampfler Ueli as member
- Weber Werner Carl as member

to the Board of Directors for a term of office of one year extending until completion of the next Annual General Meeting.

Explanation: The mandates of all members of the Board of Directors will expire at the end of the Annual General Meeting of 30 June 2022.

Ueli Wampfler will be 72 years old at the time of the Annual General Meeting of 30 June 2022. Considering the most valuable services provided by Ueli Wampfler to LEM as a member of the Board of Directors and his wide knowledge of LEM's business and culture, the Board of Directors proposes Ueli Wampfler's re-election based on the Article 17, last paragraph, of the Articles of Incorporation.

For further details on the nominees as well as their qualifications, see the biographies in the corporate governance report 2021/22, pages 44 to 53 of the Financial Report.

8 Re-elections to the Nomination & Compensation Committee

Proposal: The Board of Directors proposes the re-election of

- Hürlimann Andreas
- Looser Ulrich Jakob

to the Nomination & Compensation Committee for a term of office of one year extending until completion of the next Annual General Meeting. In case of re-election, Ulrich Jakob Looser will be appointed as chairman of the Nomination & Compensation Committee.

9 Re-election of the Independent Representative

Proposal: The Board of Directors proposes the re-election of the law firm Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, 1701 Fribourg/Freiburg, Switzerland, as Independent Representative for a term of office of one year extending until completion of the next Annual General Meeting.

10 Re-election of the statutory auditors

Proposal: The Board of Directors proposes the re-election of Ernst & Young Ltd., Lancy, Switzerland, as statutory auditors for the financial year 2022/23.

Organizational information

Annual report

The annual report 2021/22 is available in two documents. The first is the Annual Review, which is effectively the management report on the year's performance. The second is the Financial Report, consisting of the consolidated financial statements of the LEM Group, the annual financial statements of LEM HOLDING SA, the compensation report, the corporate governance report and the reports of the statutory auditors. Both documents can be accessed on LEM's website <https://www.lem.com/en/investors> and select > Financial Reports). A hard copy of the Annual Review is sent to shareholders. The full annual report is available for inspection from 9 June 2022 at the registered office of LEM HOLDING SA, which is located at chemin des Aulx 8, 1228 Plan-les-Ouates, Switzerland. The annual report 2021/22 is only available in English.

Voting entitlement

Those shareholders entered in the share register on 21 June 2022, 17:00 (CEST), are entitled to vote.

From 21 June 2022, 17:00 (CEST), up to and including 30 June 2022, no entries will be made in the share register which would create a right to vote at this year's Annual General Meeting. Shareholders who sell part or all of their shares before the Annual General Meeting are no longer entitled to vote to that extent.

Personal attendance at the Annual General Meeting

If you wish to attend the Annual General Meeting in person, please use the enclosed registration form to order your admission card.

Proxies to the Independent Representative

If you cannot attend the Annual General Meeting in person, according to Article 14 of the Articles of Association of LEM HOLDING SA, you may arrange to be represented by:

- another person, who does not need to be a shareholder, or
- the Independent Representative, Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, P.O. Box 343, CH-1701 Fribourg/Freiburg, Switzerland.

The enclosed registration form may be used as power of attorney to the Independent Representative and for voting instructions. Both have to be returned by enclosed envelope not later than 27 June 2022 to LEM HOLDING SA, c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

To the extent you do not provide specific instructions to the Independent Representative, you instruct the Independent Representative to vote your shares in favor of the proposals of the Board of Directors with respect to the items listed on the agenda. The same shall apply for additional or alternative proposals to the agenda items included in this invitation and for new agenda items.

Electronic proxies and voting instructions

Alternatively, shareholders have the possibility to cast their votes by issuing electronic proxies and voting instructions to the Independent Representative via Netvote: <https://lem.netvote.ch>. Shareholders may provide or change any voting instructions they have communicated electronically until but not later than 27 June 2022, 23:59 (CEST).

The e-voting fact sheet and requisite login data are part of the enclosed meeting materials supplied to the shareholders.

Correspondence

We kindly request that shareholders submit any correspondence in connection with the Annual General Meeting by priority mail to LEM HOLDING SA, c/o areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

Language

The Annual General Meeting will be held in French. Presentations will be projected in French and English. There will be no simultaneous translation into other languages.

Invitation

This invitation will be published in the Swiss Commercial Gazette on 9 June 2022.

At the end of the Annual General Meeting, we are pleased to welcome all shareholders to a cocktail buffet.

Meyrin, 24 May 2022

On behalf of the Board of Directors of LEM HOLDING SA



Andreas Hürlimann,
Chairman of the Board of Directors

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