

REMUNERATION REPORT

REMUNERATION REPORT

Introduction

This report complies with the SIX guidance on the Corporate Governance Directive, which came into effect on January 1, 2023, replacing the previously applicable provisions of the Ordinance against Excessive Remuneration in Listed Public Companies (OaER). The report consequently meets the requirements of the Swiss Code of Obligations.

Once a year, in a separate and binding ballot, the Ordinary General Meeting approves the maximum sum for the total remuneration to be paid to the Board of Directors for the business year following the Ordinary General Meeting. In addition, a vote is taken on the maximum total amount of fixed remuneration to be paid to the Executive Board for the business year following the Ordinary General Meeting, the amount of short-term variable remuneration (bonus/short-term incentive) to be paid to the Executive Board for the business year preceding the Ordinary General Meeting, as well as the maximum total amount of the long-term participation (long-term incentive) for the Executive Board for the year of the respective Ordinary General Meeting.

The variable remuneration model for the Executive Board with the short-term incentive was supplemented by a long-term participation (long-term incentive) component, effective as of January 1, 2017. This long-term incentive consists of a performance share unit plan. Its aim is to link a significant portion of the Executive Board's remuneration even more closely with the company's long-term success and to make it more responsive to shareholders' interests. Details on the long-term incentive can be found in the chapter 'Elements of remuneration of the Executive Board' on pages 109 to 111. An amendment to the Articles of Association concerning this matter was approved by a large majority at the Ordinary General Meeting on April 6, 2017.

The shareholders will vote separately on the following four compensation motions at the 2024 Ordinary General Meeting:

- Maximum total remuneration for the Board of Directors for 2025
- Maximum fixed remuneration for the Executive Board for 2025
- Short-term variable remuneration of the Executive Board for 2023 (bonus/short-term incentive)
- Maximum total amount of the long-term participation for the Executive Board for 2024
(Long-Term Incentive Plan 2024 – 2026)

The total remuneration was approved by a large majority in a consultative vote on the 2022 remuneration report at the Ordinary General Meeting of March 30, 2023 (agenda item 5.1). Participants in the 2024 Ordinary General Meeting will also be invited to vote in a consultative ballot on the entire 2023 remuneration report.

Content and methodology for determining the remuneration

The Human Resources and Nomination Committee (HRNC): task and function

The Human Resources and Nomination Committee (HRNC) advises the Board of Directors in exercising its responsibilities for the Group in matters relating to human resources and nominations for both the Board of Directors and the most senior level of management. More specifically, the HRNC formulates personnel policy proposals for appointments to the Board of Directors and to the posts of Chairman, CEO, and other Executive Board members for submission to the Board of Directors. Furthermore, it assesses and approves the proposals of the Chairman of the Board and the CEO regarding Executive Board appointments and employment contracts. It also approves the acceptance of mandates by members of the Executive Board in companies that are not part of the Forbo Group.

The Human Resources and Nomination Committee meets as often as business requires, but at least twice a year. In the 2023 business year, the HRNC held four meetings with personal presence, each lasting a couple of hours. No external consultants participated in these meetings.

The Human Resources and Nomination Committee consists of at least two members of the Board of Directors. The Ordinary General Meeting of March 30, 2023, elected Dr. Peter Altorfer (Chair), Claudia Coninx-Kaczynski, and Michael Pieper to the HRNC for the 2023 business year.

The HRNC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous responsibilities/mandates. The relevant information can be found on pages 85 and 86 of this Annual Report.

The Remuneration Committee (RC): task and function

The Remuneration Committee supports the Board of Directors in defining the principles of remuneration policy and in determining the remuneration paid to members of the Board of Directors and the Executive Board out of the total sum of remuneration as approved by the Ordinary General Meeting. It supports the Board of Directors in drawing up participation programs and in all other tasks related to remuneration. The Remuneration Committee formulates appropriate recommendations for submission to the Board of Directors. The Board of Directors may delegate further duties and powers to the Remuneration Committee. The Chairman of the Board of Directors is regularly invited to its meetings in an advisory capacity, as is the CEO in certain circumstances. Agenda items and matters directly affecting the function or the person of the Chairman of the Board of Directors or the CEO are deliberated in their absence.

The Remuneration Committee meets as often as business requires, but at least twice a year. In the 2023 business year, the Remuneration Committee held three meetings with personal presence, each lasting a couple of hours. No external consultants participated in these meetings.

The Remuneration Committee consists of at least two members of the Board of Directors. The Ordinary General Meeting of March 30, 2023, elected Dr. Peter Altorfer (Chair), Claudia Coninx-Kaczynski, and Michael Pieper to the Remuneration Committee for the 2023 business year. The members of the Remuneration Committee are independent (non-executive) members of the Board of Directors, i.e. they have never belonged to the management of Forbo and have no, or only negligible, business relations with the company, though they may be shareholders.

The RC brings together expertise and competencies in the areas relevant for the committee on the basis of executive functions in other companies, current directorships in other firms, and previous responsibilities/mandates. The relevant information can be found on pages 85 and 86 of this Annual Report.

Decision-making process of the Remuneration Committee

The maximum amount of the total remuneration paid to the Board of Directors and the maximum fixed remuneration paid to the Executive Board are usually determined by the Remuneration Committee once a year in the spring for the following business year and are submitted to the Board of Directors for acceptance at its February meeting. The amount of the short-term variable remuneration (bonus/short-term incentive) and the definition and objectives of the long-term participation (long-term incentive) for the Executive Board are determined by the Remuneration Committee once a year in November for the following year.

The Chairman of the Board of Directors is regularly invited to the meetings of the Remuneration Committee in an advisory capacity, as is the CEO in certain circumstances. Agenda items and matters directly affecting the function or the person of the Chairman of the Board of Directors or the CEO are deliberated in their absence. The other members of the Executive Board are not entitled to attend or participate in these meetings.

	Proposal	Acceptance	Approval
Remuneration budget			
Maximum total remuneration of the Board of Directors	RC	BoD	Ordinary General Meeting for the following business year
Maximum fixed remuneration of the Executive Board	RC	BoD	Ordinary General Meeting for the following business year
Short-term variable remuneration of the Executive Board (bonus/short-term incentive)	RC	BoD	Ordinary General Meeting for the preceding business year
Maximum total amount of the long-term participation for the Executive Board (long-term incentive)	RC	BoD	Ordinary General Meeting for the current business year
Performance targets			
Performance targets – Executive Board regarding short-term variable remuneration (bonus/short-term incentive)	RC	BoD	
Performance targets – Executive Board regarding long-term participation (long-term incentive)	RC	BoD	
Performance targets – CEO	RC	BoD	

Important changes in 2023

No important changes to the remuneration system were made in 2023. For the Board of Directors, the compensation structure of the Chairman of the Board of Directors was adjusted. To involve him to an even greater extent in the entrepreneurial risk, he is solely compensated in Forbo Holding Ltd shares, with the former cash component being completely omitted. The shares are locked up for a period of three years.

Principles of remuneration for the Board of Directors and the Executive Board

Forbo's remuneration strategy is geared to long-term and sustainable corporate development. The aim is to remunerate employees appropriately for their achievements, commitment, and performance, and thereby encourage their long-term loyalty to the company. The purpose of paying part of the remuneration in the form of shares is to link the interests of the managers to those of the shareholders. The portion of the remuneration paid in shares is derived from a fixed remuneration amount.

The members of the Board of Directors receive a fixed remuneration, the amount of which is determined based on whether the member is Board Chairman, a simple Board member, or also a member of one of the Board committees. The remuneration is paid out to members of the Board of Directors partly in the form of locked-up shares in Forbo Holding Ltd.

The members of the Executive Board receive a fixed and a variable remuneration. The fixed remuneration is paid mainly in cash but may also include shares of Forbo Holding Ltd. The portion paid in shares is derived from a fixed remuneration amount. The variable remuneration consists of a short-term remuneration (bonus/short-term incentive) and a long-term participation (long-term incentive).

The bonus/short-term incentive is a short-term, performance-related remuneration, at least 50% of which must be taken in the form of locked-up shares of Forbo Holding Ltd (see the description of the management investment plan [MIP] on pages 109 and 110 of this Remuneration Report). The portion paid in shares is derived from a fixed remuneration amount. The bonus is derived from the achievement of individual (qualitative) targets by each Executive Board member and of financial (quantitative) targets by the company. Depending on the function and responsibilities of the Executive Board member in question, these financial targets may be derived from Group and/or divisional objectives. It may not exceed 184% of the fixed remuneration of the individual Executive Board member.

The long-term incentive is a long-term participation plan consisting of a performance share unit plan. At the start of the performance period, each member of the Executive Board is granted a given number of future subscription rights in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share. The size of the PSU allocation corresponds to a defined percentage of the fixed remuneration. The PSUs are subject to a three-year vesting period. They are converted into vested shares only on condition that the Group's performance objectives are achieved. At the end of the performance period, the company will determine whether the objectives set by the Board of Directors at the start of the performance period for the performance indicators have been reached. Depending on the degree to which the objectives have been reached, a given percentage of the PSUs will be converted into shares, which are subject to a three-year vesting period up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, the PSUs will be converted, after the three-year performance period, into shares that are subject to a vesting period of one year. This was specified by the Remuneration Committee in November 2022.

The relevant statutory provisions governing the principles of performance-related remuneration, the distribution of shares, and the additional sum for remuneration of new members of the Executive Board who are appointed after the Ordinary General Meeting are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd. These can be found at:
www.forbo.com → Investors → Ordinary General Meeting

Determining the remuneration of the Board of Directors

In order to determine the remuneration of the Board of Directors, the compensation paid to Board members of Forbo Holding Ltd is compared periodically with that paid to Board members of comparable industrial companies based on information that is available from publicly accessible sources and from respected market data providers or is known to Board members from their experience of office in similar companies. Industrial companies are regarded as comparable if they are globally active and domiciled in Switzerland, report sales of between CHF 0.5 and 2.5 billion, have a market capitalization of CHF 1 to 4 billion, and employ 2,000 to 10,000 people, or if they are globally active, publicly listed corporations operating in the same business areas as Forbo. The remuneration for the Chairman of the Board of Directors takes into account that the remuneration is predominantly in restricted shares (solely as of the year under review) with a vesting period for three years to ensure a long-term orientation for the company. As a general rule, no external consultants are co-opted for determining the remuneration.

The relevant statutory provisions governing the principles of performance-driven remuneration and the distribution of shares are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd. These can be found at:
www.forbo.com → Investors → Ordinary General Meeting

Elements of remuneration for the Board of Directors

Non-executive members of the Board of Directors

The non-executive members of the Board of Directors receive a fixed remuneration, the amount of which is determined based on whether the member is Board Chairman, a simple Board member, or also a member of the Audit and Finance Committee (AFC), the Remuneration Committee (RC), the Human Resources and Nomination Committee (HRNC), and the SCC (Strategy and Sustainability Committee). Of the remuneration, 40% is paid to the Board of Directors in shares of Forbo Holding Ltd. The portion paid in shares is derived from a fixed remuneration amount. These shares have a lockup period of three years. The number of shares issued is determined on the basis of the average price in the ten stock market days after distribution of a dividend or repayment of par value. If no dividend is distributed or no par value repayment made, the average price during the first ten stock market days starting on June 1 of the relevant business year applies. The settlement or payment of the shares usually takes place in November.

For the purpose of reporting the remuneration, the shares issued are valued at fair value on the date of allocation. The total compensation for the non-executive members of the Board of Directors also includes a lump sum for expenses plus employer contributions to the usual social insurances.

The non-executive Board members do not participate in the management investment plan (MIP).

Chairman of the Board of Directors

The compensation for the Chairman of the Board of Directors is disclosed separately and included under total remuneration to the Board of Directors. Up until the Ordinary General Meeting of March 30, 2023, the Chairman of the Board of Directors operated as Executive Chairman, performing the additional role of CEO on an interim basis up to the beginning of March 2023. Since April 2023, the Chairman of the Board of Directors has had no executive role. To involve him to an even greater extent in the entrepreneurial risk, he has been solely compensated in shares since the year under review, with the former cash component of the base remuneration being completely omitted. The allocated shares are locked up for a period of three years.

With this share package, all compensations such as short-term and long-term variable remuneration elements are settled. This share package may not be either pledged or assigned and can be sold in three years at the earliest. This compensation model is thus also geared to long-term and sustainable corporate development and is fully consistent with the interests of the company and its shareholders.

The underlying share price used to calculate the number of shares is the weighted average price of the first ten days on which Forbo Holding Ltd shares were traded on the stock market in the calendar year. In 2023, the corresponding market value was CHF 1,150.20 (previous year: CHF 1,876.00). The share package corresponds to annual compensation at market value of CHF 3,401,141 (2,957 shares); previous year: CHF 2,264,336 (1,207 shares). In the year under review, the cash remuneration was CHF 0 (previous year: CHF 918,983).

The total compensation for the Chairman of the Board of Directors came to CHF 3,538,614 for the year under review (previous year: CHF 3,621,910). Contained in this amount and reported in the column 'Other payments' are employer contributions to the usual social insurances (which in the previous year also included employer contributions to the pension fund), private use of a company car, contributions for accident and health insurance, and location expenses.

Remuneration paid

For the remuneration paid to the Board of Directors in the year under review and the details concerning valuation of the shares, the reader is referred to pages 112 to 114 of this remuneration report.

Determining the remuneration of the Executive Board

Basic principles

In order to determine the remuneration of the Executive Board, criteria such as function, responsibility, and experience are taken into account, and the remuneration paid to Forbo Executive Board members is compared with that paid to Executive Board members in comparable industrial companies. This is based on information that is available from publicly accessible sources and from respected market data providers or is known to the members of the Remuneration Committee from their experience of office in similar companies. Industrial companies are regarded as comparable if they are globally active and domiciled in Switzerland, report sales of between CHF 0.5 and 2.5 billion, have a market capitalization of CHF 1 to 4 billion, and employ 2,000 to 10,000 people, or if they are globally active, publicly listed corporations operating in the same business areas as Forbo. As a general rule, no external consultants are co-opted for determining the remuneration.

Alignment of performance-based remuneration with the corporate strategy

The remuneration strategy of Forbo is geared to its current corporate strategy and linked to the relevant key ratios. This is reflected in the choice of performance criteria that are derived from Group and/or divisional objectives depending on the function of the individual Executive Board member; these include net sales, organic growth, EBIT, net working capital, return on net assets, and growth in earnings per share. The criteria for determining the remuneration paid to Executive Board members are thus transparent.

The Board of Directors is closely involved in the company's planning cycle. As a rule, the current corporate strategy is subjected to an in-depth review by the Board in the first half of the year. Once it has been confirmed or revised, the strategy is quantified in the three-year medium-term plan, which is approved at mid-year by the Board of Directors. Based on the medium-term plan, the Board of Directors sets the budget objectives for the coming business year. These budget objectives are the basis for the detailed budget, which is examined and adopted by the Board of Directors in the fourth quarter.

The Board of Directors assesses the current business year by means of an initial estimate at the end of May and a second estimate in mid-October. On completion of the business year, the extent to which the budget has been reached is checked and deviations are analyzed. The actual amount of the variable remuneration paid out to the Executive Board is determined on the basis of the achievement of these individual targets. The Board of Directors defines the relation between budget target achievement and payment ratio.

The short-term, variable remuneration (bonus/short-term incentive) for the previous year is paid out on completion of the business year and after approval by the shareholders. In the case of the long-term participation (long-term incentive), the performance share units are allocated after approval by the Ordinary General Meeting; any entitlement arising therefrom is determined in March on completion of the three-year performance period and converted into vested shares.

The contributing factors/performance criteria determining the amount of the payout/share allocation of the variable remuneration components are linked directly to the company's success.

The chart below provides a detailed breakdown of the timeline and the interdependence of the corporate targets and the remuneration.

Planning cycle

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Ordinary General Meeting				
Corporate strategy				
Reviewing/amending strategy				
Establishing mid-term plan				
Establishing budget				
Working out remuneration				
Defining maximum total remuneration of Board of Directors				
Defining maximum total remuneration of Executive Board				
Approving total remuneration of Board of Directors and fixed remuneration of Executive Board for the following business year by the Ordinary General Meeting				
Setting targets for Executive Board				
Assessing target achievement and proposal for variable remuneration elements of Executive Board				
Approving short-term, variable remuneration of Executive Board for the previous business year (bonus/short-term incentive)				
Approving maximum total amount of long-term participation of Executive Board for the current business year (long-term incentive)				

■ Decision period

Elements of remuneration of the Executive Board

Remuneration of the members of the Executive Board consists of a fixed base salary and two variable compensation component: the bonus/short-term incentive and the long-term incentive.

Fixed remuneration

The fixed base remuneration paid to the Executive Board in the reporting year consists of the gross base salary, private company car use, and social security payments made by the company. The Remuneration Committee may also decide that part of the remuneration will be paid in the form of shares in Forbo Holding Ltd (lockup period of five years).

Short-term variable remuneration (bonus/short-term incentive)

The bonus/short-term incentive is derived from qualitative (individual) and quantitative (financial) targets, which are defined in accordance with the operational responsibility of the Executive Board member in question. The Board of Directors defines and weights the individual and financial targets.

The qualitative targets are geared to the company's long-term sustainable development and may account for 10% of the bonus/short-term incentive. The remaining 90% depends on the achievement of the financial (quantitative) targets. The main targets for members of the Executive Board are: net sales of the Group and/or a division (30% to 40% of the variable remuneration), as well as EBIT of the Group and/or a division (50% to 60% of the variable remuneration).

Whereas achievement of the financial (quantitative) objectives (90%) can be objectively measured, assessing whether some qualitative objectives (10%) have been met may in certain cases involve discretionary decisions. The qualitative objectives contain a proportion of sustainability elements.

The defined objectives of the short-term variable remuneration are equivalent to 100% target achievement. The maximum target achievement is 145%. If a given threshold for a particular target is not reached, no bonus for that target is paid. Depending on the function, the variable remuneration may be as much as 127% of the fixed remuneration if targets are fully met. If the targets are exceeded, the variable remuneration may be as much as 184% of the fixed remuneration.

The amount of the short-term variable remuneration, which is based on achievement of the individual and Group targets, is set in March after completion of the business year and is submitted to shareholders for approval at the Ordinary General Meeting.

Conversion of remuneration into shares in the management investment plan (MIP)

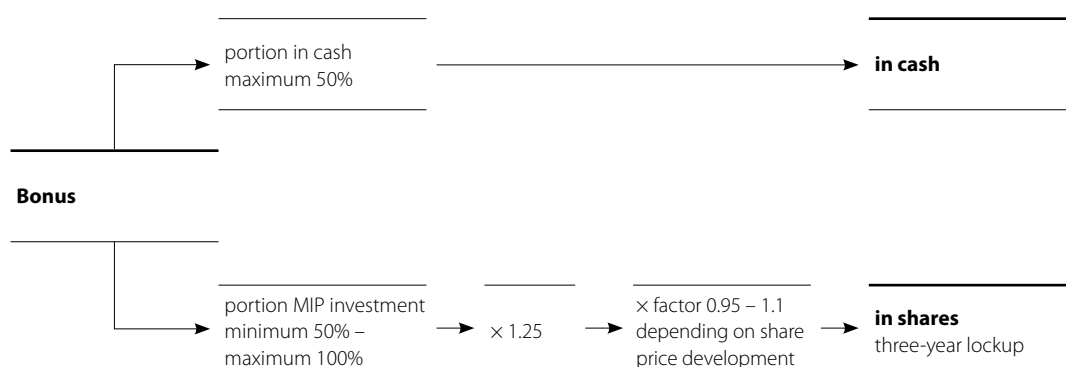
The bonus payment from the bonus/short-term incentive is linked to the management investment plan (MIP), which was introduced in 2006 and amended in 2012. According to this plan, at least 50% of the annual short-term variable remuneration of Executive Board members must be paid into the MIP. The portion paid in shares is derived from a fixed remuneration amount.

As for the remaining 50% of the annual short-term variable remuneration, the Executive Board members may either draw all or part of it in cash or pay it into the MIP. The Executive Board members may redefine the allocation of this remaining 50% every year. The portion paid in shares is derived from a fixed remuneration amount.

Following the amendment of the MIP, all the sums paid into it will be invested solely in shares of Forbo Holding Ltd as of January 1, 2013. As a first step, the amount invested in the MIP will be increased by 25%, partly in order to take account of the three-year lockup period. In addition, this amount will be multiplied by a factor that tracks the share price movement. This factor is calculated as follows:

$((SPA - SPP)/SPP) + 1$, where 'SPA' stands for the share price applicable for the allocation of shares in the year of allocation and 'SPP' for the applicable share price in the previous year. The upper limit for this factor is 1.1 and the lower limit is 0.95.

The relevant share price for the allocation of shares is calculated based on the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year. The shares are locked up for a period of three years. They cannot be sold or pledged during this time.



Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.

Long-term participation plan (long-term incentive)

The previous variable model for remuneration of the Executive Board, consisting of a short-term performance-related remuneration (bonus/short-term incentive), was supplemented by a long-term participation plan (long-term incentive), effective from January 1, 2017. The amendment was approved by the Ordinary General Meeting of April 6, 2017.

The aim of the long-term incentive is to link part of the remuneration of the Executive Board even more closely with the company's long-term success.

The long-term incentive consists of a performance share unit plan. At the start of the performance period, each member of the Executive Board is granted a given number of future subscription rights in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share. The size of the PSU allocation corresponds to a defined percentage of the Executive Board member's fixed remuneration; the percentage may vary from 46% to 92%. The PSUs are subject to a three-year vesting period. They are converted into vested shares only on condition that the Group's performance objectives are achieved. At the end of the performance period, the company will determine whether the objectives set by the Board of Directors at the start of the performance period for the performance indicators have been reached. Depending on the degree to which the objectives are reached, a given percentage of the PSUs will be converted into shares after the three-year vesting period. Converted shares are locked up for a period of three years up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, they are subject to a vesting period of one year. They cannot

be sold or pledged during this time. Immediately on termination of the plan participant's employment contract, regardless of whether the plan participant has terminated the contract or the company has terminated the contract with the plan participant, all PSUs are forfeited.

The relevant share price for the allocation of PSUs at the start of the performance period is calculated based on the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the relevant year.

The performance indicators of the long-term incentive are geared to the long-term and sustainable development of the company and consist of three evenly weighted objectives. These are organic growth, the return on net assets (RONA), and growth in earnings per share (EPS) adjusted for the share buybacks. The target achievement is in each case clearly measurable. There are no discretionary elements for the decisions.

The long-term incentive objectives are based on a target achievement of 100%. It is not possible to exceed the maximum target achievement level of 100%. If a member fails to reach a given threshold for an objective, no PSUs are converted into shares for this indicator.

Foreign members of the Executive Board may draw stock awards rather than shares when the PSUs are converted. The relevant shares are transferred after three years up until and including the Long-Term Incentive Plan 2022 – 2024. As from the Long-Term Incentive Plan 2023 – 2025, the relevant shares are transferred after one year.

The degree to which objectives have been achieved is determined in March after conclusion of the three-year performance period.

Actual bonus payments

Readers are referred to pages 112 to 114 of this remuneration report for the amount of the actual short-term variable remuneration (bonus/short-term incentive) paid to the Executive Board in the year under review and for details on the valuation and allocation of shares. The number of future subscription rights in the form of performance share units for the Executive Board as part of the long-term incentive can also be found on these pages.

There are no option plans.

Employment contracts of the Executive Board members

The employment contracts of the Executive Board members are concluded for an indefinite duration with a maximum period of notice of twelve months.

The Board of Directors can order that lockup periods stipulated in the employment contracts of Executive Board members in connection with the MIP or the long-term incentive be revoked wholly or in part upon the occurrence of defined events (e.g. change of control, termination of employment, retirement, or death).

Should changes in control of the company occur, no additional remuneration or benefits will be paid out.

No severance payments have been agreed with Executive Board members.

Disclosure of remuneration for the Board of Directors and the Executive Board

Remuneration of the Board of Directors

The total remuneration paid to the non-executive members of the Board of Directors came to CHF 918,325 in the year under review (previous year: CHF 918,633). This sum consists of the base salary in cash (60% of the remuneration), amounting to CHF 494,195 (previous year: CHF 465,327) and the base remuneration in shares (40% of the remuneration) of CHF 355,287 (previous year: CHF 380,746). This corresponds to 272 shares (previous year: 261 shares) at a market value of CHF 1,306.20 each (previous year: CHF 1,458.80). The portion paid in shares is derived from a fixed remuneration amount. This total remuneration includes a lump sum for expenses plus employer contributions to the usual social insurances, which are reported separately in the column 'Other remuneration'.

The remuneration paid to the Chairman of the Board of Directors is explained in detail on page 106 of this remuneration report.

Remuneration of the Executive Board

The total remuneration paid to the members of the Executive Board came to CHF 3,991,264 in the year under review (previous year: CHF 2,964,710), subject to approval of the variable portion by the 2024 Ordinary General Meeting. This sum includes a fixed base salary of CHF 2,116,614 (previous year: CHF 1,526,623) and short-term variable bonus remuneration (short-term incentive) of CHF 364,636 (previous year: CHF 657,970), a long-term participation (long-term incentive) of CHF 911,153 (previous year: CHF 360,460) plus the private use of a company car, and employer contributions to the pension fund as well as other usual social insurances, which are reported separately in the column 'Other remuneration'.

The fixed portion of the base salary paid in shares (lockup period of five years) came to CHF 85,914 (previous year: CHF 80,762). The portion paid in shares is derived from a fixed remuneration amount. The portion of the variable remuneration (short-term incentive) paid in shares in connection with the MIP (lockup period of three years) came to CHF 100,614 (previous year: CHF 498,714), which is subject to approval by the 2024 Ordinary General Meeting. The portion paid in shares is derived from a fixed remuneration amount.

For the three actual long-term incentive plans, a total of 1,213 future subscription rights in the form of performance share units were issued.

Plan	Allocation of subscrip- tion rights	Performance period	Vesting date (PSUs)	Unlocking of shares	Number of PSUs allocated	Value of PSUs in CHF (allocation)
2021 – 2023	April 2021	2021 – 2023	April 2024	April 2027	222	343,921
2022 – 2024	April 2022	2022 – 2024	April 2025	April 2028	198	360,460
2023 – 2025	April 2023	2023 – 2025	April 2026	April 2029	793	911,153

Disclosure of remuneration of the Board of Directors and Executive Board

Remuneration For the year 2023 ¹⁾ (audited)										
Name and function	Base salary			Variable remunerations				Other remuneration ⁴⁾		Total
				Bonus/short-term incentive ²⁾		Long-term incentive ³⁾				
	Cash	Shares		Cash	Shares	Allocation Performance Share Units				
	CHF	Number	CHF	CHF	Number	CHF	Number	CHF	CHF	CHF
This E. Schneider, Chairman ⁵⁾	0	2,957	3,401,141						137,473	3,538,614
Michael Pieper, Vice Chairman	86,874	53	69,229						12,927	169,030
Dr. Peter Altorfer, Vice Chairman	130,424	68	88,822						17,106	236,352
Claudia Coninx-Kaczynski, member	74,551	46	60,085						14,096	148,732
Jens Fankhänel, member ⁶⁾	31,250	0	0						3,524	34,774
Dr. Eveline Saupper member	81,415	50	65,310						12,318	159,043
Vincent Studer, member	89,681	55	71,841						8,872	170,394
Board of Directors total⁷⁾	494,195	3,229	3,756,428						206,316	4,456,939
Executive Board^{8/9/10)} total	2,030,700	82	85,914	264,022	100	100,614	793	911,153	598,861	3,991,264
Of which highest-paid member of Executive Board (Jens Fankhänel) ¹¹⁾	541,667	0	0	0	54	54,332	433	500,000	199,333	1,295,332

- 1) The remuneration of the Board of Directors and the Executive Board is reported gross before deduction of employee social insurance contributions. The amounts shown in the table are based on the valuation models used and disclosed in the consolidated financial statements.
- 2) The variable short-term remuneration of the Executive Board (bonus/short-term incentive) corresponds to the actual degree to which targets were reached in 2023 and will be submitted to the April 2024 Ordinary General Meeting for approval. The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year in connection with the MIP. The allocation takes place in April (subject to approval by the Ordinary General Meeting) for the period from January to December of the previous year. The value at allocation was CHF 1,006.14. The shares are locked up for a period of three years.
- 3) The long-term incentive for the Executive Board corresponds to the long-term participation plan for 2023 (Long-Term Incentive Plan 2023 – 2025) and to the number of future subscription rights allocated to the plan in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share and is subject to a three-year vesting period.
- 4) 'Other remuneration' includes in particular employer contributions to the usual social insurances, private use of a company car, and lump sum or on-site expenses.
- 5) Please refer to page 106 of this remuneration report for details on the structure of the remuneration of the Chairman of the Board of Directors. These details also contain the criterion for determining the number of shares issued and their lockup periods.
- 6) The 2023 remuneration for Jens Fankhänel was paid pro rata temporis (3 months).
- 7) The criterion for determining the number of shares issued for the non-executive members of the Board of Directors is the average share price in the ten trading days after payment of the dividend or repayment of the par value: CHF 1,306.20. The allocation is made at the discounted tax value of CHF 1,096.71. The shares are locked up for a period of three years and are reported at market value in the table above.
- 8) The criterion for determining the number of shares issued for the base salary is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares are allocated in April for the period from May of the previous year to April of the year of allocation. The shares are locked up for a period of five years. The value of the shares allocated was CHF 1,154.34 for 2023 and for 2024 CHF 1,006.14.
- 9) The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares for the bonus for the 2023 business year will be allocated in April 2024, subject to approval by the 2024 Ordinary General Meeting. The shares are locked up for a period of three years. The value at allocation was CHF 1,006.14. Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.
- 10) The remuneration of the Executive Board for 2023 includes the pro rata remuneration relating to the change of CEO.
- 11) The remuneration was paid pro rata temporis (10 months).

Remuneration										
For the year 2022 ¹⁾										
(audited)										
Name and function	Base salary			Variable remunerations			Other remuneration ⁴⁾		Total	
				Bonus/short-term incentive ²⁾			Long-term incentive ³⁾			
	Cash	Shares		Cash	Shares		Allocation	Performance		
	CHF	Number	CHF	CHF	Number	CHF	Number	Share Units	CHF	CHF
This E. Schneider, Chairman ⁵⁾	918,983	1,207	2,264,336						438,591	3,621,910
Michael Pieper, Vice-Chairman	79,884	45	65,646						12,231	157,761
Dr. Peter Altorfer, Vice-Chairman and Lead Independent Director	103,962	58	84,610						15,016	203,588
Claudia Coninx-Kaczynski, member	71,008	40	58,352						13,676	143,036
Jens Fankhänel, member ⁶⁾	53,256	30	43,764						10,257	107,277
Dr. Reto Müller, member ⁶⁾	17,752	10	14,588						2,797	35,137
Dr. Eveline Saupper, member ⁶⁾	53,256	30	43,764						9,842	106,862
Vincent Studer, member	86,209	48	70,022						8,741	164,972
Board of Directors total⁷⁾	1,384,310	1,468	2,645,082						511,151	4,540,543
Executive Board⁸⁾⁹⁾ total	1,445,861	62	80,762	159,256	432	498,714	198	360,460	419,657	2,964,710
Of which highest-paid member of Executive Board (Michael Schumacher)	600,000	0	0	71,250	220	253,975	0	0	173,739	1,098,964

1) The remuneration of the Board of Directors and the Executive Board is reported gross before deduction of employee social insurance contributions. The amounts shown in the table are based on the valuation models used and disclosed in the consolidated financial statements.

2) The variable short-term remuneration of the Executive Board (bonus/short-term incentive) corresponds to the actual degree to which targets were reached in 2022 and will be submitted to the April 2023 Ordinary General Meeting for approval. The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing prices of the Forbo share in the first 14 trading days in January of the allocation year in connection with the MIP. The allocation takes place in April (subject to approval by the Ordinary General Meeting) for the period from January to December of the previous year. The value at allocation was CHF 1,154.34. The shares are locked up for a period of three years.

3) The long-term incentive for the Executive Board corresponds to the long-term participation plan for 2022 (Long-Term Incentive Plan 2022–2024) and to the number of future subscription rights allocated to the plan in the form of performance share units (PSUs). One PSU corresponds to a future subscription right to one share and is subject to a three-year vesting period.

4) 'Other remuneration' includes in particular employer contributions to the usual social insurances, private use of a company car, and lump sum or on-site expenses.

5) Please refer to page 106 of this remuneration report for details on the structure of the remuneration of the Executive Chairman of the Board of Directors. These details also contain the criterion for determining the number of shares issued and their lockup periods.

6) The 2022 remuneration of the following individuals was paid pro rata temporis: Dr. Reto Müller until the 2022 Ordinary General Meeting (3 months); Jens Fankhänel and Dr. Eveline Saupper from the 2022 Ordinary General Meeting (9 months).

7) The criterion for determining the number of shares issued for the non-executive members of the Board of Directors is the average share price in the ten trading days after payment of the dividend or repayment of the par value: CHF 1,458.80. The allocation is made at the discounted tax value of CHF 1,224.80. The shares are locked up for a period of three years and are reported at market value in the table above.

8) The criterion for determining the number of shares issued for the base salary is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares are allocated in April for the period from May of the previous year to April of the year of allocation. The shares are locked up for a period of five years. The value of the shares allocated was CHF 1,861.14 for 2022 and for 2023 CHF 1,154.34.

9) The criterion for determining the number of shares issued for the variable remuneration is the unweighted average of the closing price of the Forbo share in the first 14 trading days in January of the allocation year. The shares for the bonus for the 2022 business year will be allocated in April 2023, subject to approval by the 2023 Ordinary General Meeting. The shares are locked up for a period of three years. The value at allocation was CHF 1,154.34. Foreign members of the Executive Board may acquire stock awards instead of shares. The stock in question will be transferred after three years.

Advances and loans (audited)

As of December 31, 2023, no advances or loans to members of the Board of Directors or the Executive Board were outstanding.

The relevant statutory provisions concerning advances, loans, and employee benefits for members of the Board of Directors and the Executive Board are set out in Chapter IV, pages 9 and 10 of the Articles of Association of Forbo Holding Ltd, which can be downloaded at:

www.forbo.com → Investors → Ordinary General Meeting

Disclosure of shareholdings pursuant to Article 734d CO

2023 business year

As at December 31, 2023, the individual members of the Board of Directors and the Executive Board (including related parties) held the following number of shares in Forbo Holding Ltd:

Shareholdings 2023	
(audited)	
Name and function	Number of shares
This E. Schneider, Chairman	45,513
Michael Pieper, Vice-Chairman and independent ¹⁾ member	414,985
Dr. Peter Altorfer, Vice-Chairman, independent ¹⁾ member	1,579
Claudia Coninx-Kaczynski, independent ¹⁾ member	412
Dr. Eveline Saupper, independent ¹⁾ member	1,330
Vincent Studer, independent ¹⁾ member	1,161
Total Board of Directors	464,980
Jens Fankhänel, Chief Executive Officer	1,380
Marc Deimling, Executive Vice President Movement Systems	219
Andreas Jaeger, Chief Financial Officer	185
Jean-Michel Wins, Executive Vice President Flooring Systems	723
Total Executive Board	2,507

1) Independent as defined in the 'Swiss code of best practice for corporate governance'

As at December 31, 2022, the individual members of the Board of Directors and the Executive Board (including related parties) held the following number of shares in Forbo Holding Ltd:

Shareholdings 2022	
(audited)	
Name and function	Number of shares
This E. Schneider, Executive Chairman	39,914
Michael Pieper, Vice-Chairman and independent ¹⁾ member	413,832
Dr. Peter Altorfer, Vice-Chairman, independent ¹⁾ member and Lead Independent Director	1,511
Claudia Coninx-Kaczynski, independent ¹⁾ member	429
Jens Fankhänel, independent ¹⁾ member	210
Dr. Eveline Sauppper, independent ¹⁾ member	280
Vincent Studer, independent ¹⁾ member	1,106
Total Board of Directors	457,282
Michael Schumacher, Chief Executive Officer	0
Marc Deimling, Executive Vice-President Movement Systems	175
Andreas Jaeger, Chief Financial Officer	111
Jean-Michel Wins, Executive Vice-President Flooring Systems	534
Total Executive Board	820

1) Independent as defined in the 'Swiss code of best practice for corporate governance'

Report of the statutory auditor



Report of the statutory auditor

To the General Meeting of Forbo Holding Ltd., Baar

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Forbo Holding Ltd. (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 113 to 116 of the remuneration report, as well as the sections marked "audited" on pages 41 to 45 of the annual report.

In our opinion, the information pursuant to Art. 734a-734f CO in the 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 and sections marked "audited" in the remuneration and annual report, the consolidated financial statements, the stand-alone 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.

Report of the statutory auditor



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. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 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 skepticism throughout the audit. We also:

- 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 to 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.



KPMG AG

A handwritten signature in black ink, appearing to read 'Regula Tobler'.

Regula Tobler
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'A. Stampfli'.

André Stampfli
Licensed Audit Expert

Zurich, 4 March 2024