

# Remuneration report

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The remuneration report describes the remuneration policy and remuneration system of Bucher Industries and provides information about the annual remuneration of the members of the board of directors and group management. The 2022 remuneration report is based on the Ordinance against Excessive Compensation in Listed Corporations (VegüV) as well as the Directive on Information relating to Corporate Governance (RLCG) published by SIX Swiss Exchange valid on 31 December 2022 and Bucher Industries AG's articles of association.

## Remuneration policy

Bucher Industries' remuneration policy derives directly from its strategy, which is aligned with the interests of all of its stakeholders. The individual elements of the remuneration system aim to promote sustainable corporate development. The basic principles of the remuneration system are set out in art. 23 to 28 of the articles of association of Bucher Industries AG. Since 2015, the overall remuneration of the board of directors and group management has been subject to approval by the annual general meeting of shareholders. Directors are remunerated on a non-performance-related basis. Members of group management and senior management receive, in addition to their non-performance-related base salary, performance-related remuneration in recognition of their performance-oriented approach. All performance-related components of remuneration are subject to an upper limit and comprise a cash bonus and shares in the company. The objective of the remuneration system is to attract and retain highly qualified managers and specialists. The focus is on providing competitive remuneration comprising a fixed base salary and performance-related components. At the request of the compensation committee, the board of directors issues rules and regulations relevant to the remuneration system, which are additionally benchmarked against publicly available information about similar listed companies within the European mechanical engineering industry every three to five years and revised by the board if necessary, also at the request of the compensation committee.

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### Annual general meeting

In accordance with art. 26 of the articles of association of Bucher Industries AG, the annual general meeting approves the total remuneration to be awarded to the board of directors for the period of office following the annual general meeting, the total amount of fixed remuneration for group management for the financial year following the annual general meeting and the total amount of variable remuneration for group management for the previous financial year. Additionally, the annual general meeting of shareholders takes note of the remuneration report on a non-binding and consultative basis.

### Compensation committee

**Responsibility** The compensation committee comprises two to five members of the board of directors who are individually elected by the annual general meeting. The duties and responsibilities of the compensation committee are described in art. 20 and following of the company's articles of association, as well as in the summary of the internal rules of organisation that is publicly available. The compensation committee reports to the board of directors on its activities, findings and proposals. Overall responsibility for the tasks assigned to the compensation committee rests with the board of directors.

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**Election and term of office** The annual general meeting of 12 April 2022 elected Anita Hauser and Valentin Vogt to the compensation committee until the next annual general meeting. The board of directors nominated Valentin Vogt as chairman of the committee.

**Tasks and responsibilities** The compensation committee develops the remuneration policy and sets before the board of directors a proposal for a remuneration system, together with the appropriate corporate rules and regulations, for the directors, group management and senior management. It makes recommendations to the board for the annual remuneration of the board of directors and group management and the participants in the Bucher Participation Plan and takes note of the total remuneration for senior management. The compensation committee also sets before the board of directors proposals to be presented to the annual general meeting for the prospective approval of the total fixed remuneration for the board of directors and group management, as well as the retrospective approval of the total variable remuneration for group management, in accordance with art. 26 of the articles of association of Bucher Industries AG. It is also charged with the preparation of the remuneration report to be submitted to the board of directors. The compensation committee also reviews proposals to take on external directorships submitted by members of group management, in accordance with art. 29 of the articles of association of Bucher Industries AG. If agreement is unanimous, the committee recommends to the board of directors approval of the external mandates. The compensation committee also presents the board of directors with proposals for medium- and long-term personnel planning for the board of directors and group management. The committee provides the board of directors with proposals regarding the basic principles of the process for selecting candidates for the board of directors and group management and prepares selections based on these criteria.

**Meetings and activities in the reporting period** The compensation committee meets at least twice a year. The meetings usually last for several hours. The chairman of the board of directors and the CEO attend the meetings in an advisory capacity, except when their own remuneration is being determined. Depending on the items on the agenda, members of group management or specialists are consulted. The compensation committee held four meetings in the reporting period. The committee's meetings focused on succession planning for management and the board of directors and on the promotion of diversity within the Group. The compensation committee also examined, with external support, the remuneration of the group management and dealt with the regular duties described above.

## Remuneration system

### Board of directors

The members of the board of directors receive non-performance-related remuneration, which is proposed by the compensation committee and submitted for approval to the annual general meeting by the board of directors every year. The remuneration includes a total amount, half of which is paid in cash and half is paid in shares. Work in the committees is remunerated in cash. All cash components of the remuneration are paid out to the board of directors on a monthly basis. The allocation of shares takes place on the day after the annual general meeting for the previous period of office. The number of the shares is calculated using the closing price on the day of the annual general meeting. The shares awarded are subject to a three-year vesting period.

### Group management

Members of group management receive a fixed remuneration amount in the form of a base salary commensurate with their responsibilities and experience and performance-related remuneration paid out as a cash bonus and shares under the Bucher Participation Plan. Other benefits comprise a representation expense allowance and contributions to a supplementary pension plan. In addition, the members of group management may be provided with a mid-range company car. The fixed and variable components of remuneration specified in the employment contracts of the members of group management are conditional on the approval of the annual general meeting. Variable remuneration is paid after retrospective approval by the annual general meeting in the following spring. Variable remuneration depends on the base salary, the achievement of the annual financial targets set for the Group and divisions by the board of directors and the achievement of individual non-financial annual targets.

- **Annual financial targets** The annual financial targets for the variable, performance-related components of remuneration are determined at the start of the financial year by the board of directors. The targets take into account the Group's long-term targets, the budget for the current year and the general economic environment.
- **Individual annual targets** The individual annual targets are agreed between the board of directors and the CEO, while the CEO sets the targets for the members of group management after consultation with the chairman of the board of directors. The individual annual targets take the strategic initiatives of the respective divisions into account. In addition, each member of group management has at least one target related to the implementation of the Group-wide sustainability strategy.

The remuneration system for members of group management is structured as follows:

	Fixed remuneration	Variable remuneration			
	Base salary	Cash bonus		Bucher Participation Plan	
		Target <sup>1)</sup>	Range	Target <sup>1)</sup>	Range
CEO	100%	50%	0 – 75%	50%	0 – 75%
Other members	100%	40%	0 – 60%	30%	0 – 45%

<sup>1)</sup> 100% target achievement, all percentages are based on base salary.

**Fixed remuneration** The fixed base salary of group management members is determined with reference to market benchmarks for the specific position in the country concerned, based on the level of individual responsibility and experience of the person concerned.

**Variable remuneration** The performance-related components of the variable remuneration comprise a cash bonus and the Bucher Participation Plan. The level of individual target achievement ranges from zero to a maximum of 1.5 times the value for 100% target achievement.

- **Cash bonus** The remuneration system for the cash bonus is structured as follows: The financial targets are weighted at 80% and individual targets at 20%. The cash bonus for 100% target achievement is 50% of base salary for the CEO and 40% of base salary for all other members of group management. The financial criteria used to determine the cash bonus for the CEO and CFO are the Group's "profit for the year" and its "net operating assets as a percentage of sales". For the other members of group management, the financial criteria are "operating profit (EBIT)" and "net operating assets as a percentage of sales" for their respective divisions.
- **Bucher Participation Plan** The Bucher Participation Plan is a share-based, performance-related component of remuneration for the members of group management, senior management and selected specialists. The financial target determining the share awards is "earnings per share" and is set by the board of directors at the beginning of each financial year. The target takes into account the Group's long-term targets, the budget for the current year and the general economic environment. Share awards are based on a percentage of base salary. For 100% target achievement, the applicable percentage is 50% of base salary for the CEO, 30% for the other group management members and 10% for other Bucher Participation Plan participants. The number and valuation of the shares is calculated using the closing price on the day of the annual general meeting. The shares awarded are subject to a three-year vesting period.

**Termination of employment** If employment is terminated for any reason other than by normal notice of termination, the cash bonus and awards under the Bucher Participation Plan will be paid on a pro-rata basis after the retrospective approval of the annual general meeting in the following spring. If employment is terminated by normal notice of termination, all rights under the Bucher Participation Plan lapse. The period of notice for members of group management is twelve months.

#### **Termination benefits**

There are no systems in place for termination benefits for either the board of directors or group management, and none were paid during the reporting period.

## Remuneration in 2022

The remuneration of the board of directors and group management is reported here on an accrual basis.

### Board of directors

The overall remuneration awarded to directors came to CHF 1.174 million (2021: CHF 1.176 million) and was within the total sum of CHF 1.300 million approved by the 2022 annual general meeting for the period of office. While the chairman's remuneration remained unchanged, the total amount for the other members of the board was increased by CHF 10'000. In addition, as of the new period of office, the payment of flat-rate expenses was waived and integrated into the total amount. This led to a shift within the categories. The flat-rate expenses for the chairman amounted to CHF 12'000 and CHF 6'000 for the other members. The total amount is paid half in cash and half in shares. The total compensation for the new period of office 2022/2023 for the chairman was CHF 352'000, for the deputy chairwoman CHF 141'000 and for the other members of the board of directors CHF 126'000. For their work in committees, committee members were each awarded CHF 10'000, with committee chairmen receiving an additional CHF 5'000. The corresponding share allocations are based on the closing share price on the day of the annual general meeting. Other remuneration included social security contributions, expenses and fees for service on the board committees.

### Remuneration of the board of directors (audited)

CHF 1'000	Base compensation in cash	Compensation in shares	Other remuneration	Total remuneration
				<b>2022</b>
Philip Mosimann, chairman	174.0	174.0	38.0	<b>386.0</b>
Anita Hauser, deputy chairwoman	67.8	67.8	39.2	<b>174.8</b>
Michael Hauser	60.3	60.3	28.5	<b>149.1</b>
Martin Hirzel	60.3	60.3	34.2	<b>154.8</b>
Stefan Scheiber <sup>1)</sup>	42.0	42.0	18.1	<b>102.1</b>
Heinrich Spoerry <sup>2)</sup>	18.3	18.3	15.7	<b>52.3</b>
Valentin Vogt	61.3	61.3	32.5	<b>155.1</b>
<b>Board of directors</b>	<b>484.0</b>	<b>484.0</b>	<b>206.2</b>	<b>1'174.2</b>
<b>Approval by the annual general meeting 2022</b>				<b>1'300.0</b>
				<b>2021</b>
Philip Mosimann, chairman	170.0	170.0	45.2	<b>385.2</b>
Anita Hauser, deputy chairwoman	62.5	62.5	41.8	<b>166.8</b>
Claude R. Cornaz <sup>3)</sup>	18.3	18.3	14.4	<b>51.0</b>
Michael Hauser	55.0	55.0	31.3	<b>141.3</b>
Martin Hirzel	55.0	55.0	35.0	<b>145.0</b>
Heinrich Spoerry	55.0	55.0	28.5	<b>138.5</b>
Valentin Vogt	58.0	58.0	31.7	<b>147.7</b>
<b>Board of directors</b>	<b>473.8</b>	<b>473.8</b>	<b>227.9</b>	<b>1'175.5</b>
<b>Approval by the annual general meeting 2021</b>				<b>1'300.0</b>

<sup>1)</sup> From 12 April 2022

<sup>2)</sup> Until 12 April 2022

<sup>3)</sup> Until 15 April 2021

## Group management

The total remuneration of group management was 2% below the level of the previous year and amounted to CHF 7.507 million (2021: CHF 7.661 million).

**Fixed remuneration** Fixed remuneration awarded to group management totalled CHF 4.315 million (2021: CHF 4.377 million) and was within the total of CHF 5.000 million approved by the 2021 annual general meeting.

**Variable remuneration** The variable remuneration of group management decreased by 3% compared with the previous year and amounted to CHF 3.192 million (2021: CHF 3.284 million). The percentage for the cash bonus and the Bucher Participation Plan allocated to the CEO was 50% of base salary. For the other members of group management, the percentages for the cash bonus and the Bucher Participation Plan were between 36 and 40% and between 25 and 30%, respectively. These will be gradually adjusted over the next few years to 40 and 30% of base salary, respectively. The variable remuneration of CHF 3.421 million paid out to group management in spring 2022 for the financial year 2021 was less than the total amount of CHF 3.500 million approved retrospectively by the 2022 annual general meeting. In the reporting period, the target achievement determining the performance-related cash bonus was between 83 and 129%, and the target achievement for the Bucher Participation Plan was 132% (150%). Target achievement in percentage terms was thus about ten percentage points below the previous year's high level. The number of shares granted under the Bucher Participation Plan is calculated using the closing share price on the day of the annual general meeting. The cash bonus is paid out and the shares are allocated after approval by the annual general meeting. Other remuneration included social security contributions and expenses.

## Remuneration of group management (audited)

	Fixed remuneration			Variable remuneration				
CHF 1'000	Base salary	Other remuneration	Total	Cash bonus	Remuneration in shares	Other remuneration	Total	Total remuneration
	2022							
Jacques Sanche, CEO	800.0	250.0	1'050.0	476.0	528.0	79.0	1'083.0	2'133.0
Other members	2'506.3	758.6	3'264.9	1'040.8	848.3	220.3	2'109.4	5'374.3
Group management	3'306.3	1'008.6	4'314.9	1'516.8	1'376.3	299.3	3'192.4	7'507.3
Approval by/proposal to the annual general meeting 2021/2023	5'000.0			3'500.0				
	2021							
Jacques Sanche, CEO	800.0	243.4	1'043.4	524.0	600.0	88.8	1'212.8	2'256.2
Other members	2'546.7	786.7	3'333.4	1'098.1	736.9	236.1	2'071.1	5'404.5
Group management	3'346.7	1'030.1	4'376.8	1'622.1	1'336.9	324.9	3'283.9	7'660.7
Approval by the annual general meeting 2020/2022	5'000.0			3'500.0				

### Additional remuneration, loans to members of governing bodies and interests in shares

No additional remuneration or fees were paid and no loans were granted to members of governing bodies in the reporting period. As at 31 December 2022, there were no outstanding loans or credits to current or former members of the board of directors or group management nor to persons connected with them. The interests in shares held at the end of the reporting period are set out in the tables below.

#### Directors' interests in shares

		Number of shares	
		2022	2021
Philip Mosimann, chairman		47'369	46'903
Anita Hauser, deputy chairwoman		440'828	440'656
Michael Hauser		605'782	605'631
Martin Hirzel		653	502
Stefan Scheiber		80	n.a.
Heinrich Spoerry		n.a.	4'249
Valentin Vogt		5'335	5'176
<b>Board of directors</b>		<b>1'100'047</b>	<b>1'103'117</b>

#### Group management's interests in shares

		Number of shares	
		2022	2021
Jacques Sanche	CEO	7'332	5'689
Manuela Suter	CFO	1'184	747
Thierry Krier	Kuhn Group	3'900	3'403
Aurelio Lemos	Bucher Municipal	882	768
Daniel Waller	Bucher Hydraulics	9'499	9'092
Matthias Kümmerle	Bucher Emhart Glass	690	283
Stefan Düring	Bucher Specials	2'132	1'768
<b>Group management</b>		<b>25'619</b>	<b>21'750</b>