BUCHER

Tax Transparency Report 2022

Bucher Industries is dedicated to maintaining a transparent, ethical and responsible approach to taxes. We believe in contributing to the economies of the countries where we operate while adhering to all relevant tax laws and regulations.

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Introduction

Bucher Industries was founded in 1807 and has since developed into an industrial group that delivers innovative mechanical and vehicle engineering solutions. With close to 15'000 employees, the Group generated net sales of CHF 3.6 billion in 2022.

Bucher Industries stands for economical, state-of-the-art and environmentally sustainable machinery, systems and hydraulic components: for harvesting, producing and packaging foods as well as for keeping roads and public spaces clean and safe. Our operations are geared towards fundamental human needs.

An important aspect of Bucher Industries' more than 200-year success story is that it has a strong corporate culture with a long-term orientation. We believe that our corporate culture and our continued business success are built on our continuous compliance with laws and regulations as well as fair and ethical behaviour towards all our stakeholders, which include customers, employees, business partners, competitors and authorities.

These key elements, which form the source of our excellent reputation, also apply to our behaviour with respect to taxes. We are publishing this Tax Transparency Report, since we are committed to transparency in this regard. The Board of Directors strongly endorses our tax strategy, our approach to taxes as well as the publication of this Tax Transparency Report.

1 Our approach to tax

1.1 Guiding principles

In line with our Code of Conduct, our guiding principles for our day-to-day operations with respect to taxes are driven by integrity, professionalism as well as fair and ethical conduct. These guiding principles are:

- Ethical conduct: We conduct our tax affairs with integrity, honesty and transparency. We do not engage in any tax evasion, aggressive tax planning or artificial tax arrangements. Our tax positions are based on supportable and sustainable practices derived from legitimate commercial activities.

- Compliance: We comply with all applicable tax laws, regulations, international tax guidelines and reporting requirements in the countries where we operate. We are committed to meeting our tax obligations accurately and in a timely manner, providing sufficient detail to facilitate a comprehensive understanding of our tax affairs.

- Tax planning: We engage in responsible tax planning to maintain a sustainable tax position. We are committed to conducting our tax planning based on commercial substance and economic activity, and not to engage in artificial arrangements or use structures solely for tax purposes. As a principle, we are committed not to use secrecy jurisdictions or so-called "tax havens" for the purpose of tax avoidance.

- Transfer pricing: Our transfer pricing practices are based on the arm's length principle, and we adhere to the OECD transfer pricing guidelines throughout the organisation. Our transfer pricing policies are founded on substance and reflect the commercial activities, assets used, functions performed and risks assumed by the parties to the transactions. We are committed not to artificially transfer value created to low-tax jurisdictions.

- Collaboration with tax authorities: We maintain a cooperative and professional relationship with tax authorities in the countries where we operate. We engage in constructive dialogue, promptly respond to queries and provide any information necessary to ensure compliance and to foster trust and respect.

- Contribution to society: We emphasise the importance of contributing to the communities where we operate. Through our business operations, we aim to create sustainable value by supporting local economic growth and job creation. We consider the social and economic impact of our tax practices on local communities.

1.2 Tax governance and tax risk management

Effective tax governance is highly important to our shareholders, Group Management and staff. Therefore, we apply a robust tax governance system that supports us in our daily activities and which addresses topics such as the segregation of duties and responsibilities as well as internal and external reporting obligations. Day-to-day tax-related responsibilities are in the hands of the local entities, whereas the Group Tax function performs a supervisory role in overseeing the execution of the Group tax strategy as well as ensuring consistency between the local teams and fulfilment of compliance obligations.

The Head of Group Tax supports the Board of Directors and Group Management in Group tax matters. The aim is to achieve certainty on our tax positions and to engage qualified tax professionals and advisors to ensure our tax affairs are managed in compliance with laws, regulations and best practices. We regularly review our tax policies and practices to remain up to date on any changes in the tax landscape.

We maintain an effective tax risk management approach by proactively identifying and managing tax risks to ensure compliance and minimise uncertainties. The management of tax risk encompasses the identification and evaluation of various potential tax risks, considering both long-term and short-term effects. It also entails implementing appropriate controls to mitigate these risks and ensuring alignment with the Group's accepted risk position.

The Group's tax risks are monitored and evaluated on an ongoing basis. Relevant tax risks are reflected by means of adequate provisioning in line with our accounting rules and standards.

1.3 Stakeholder engagement

We strive to cultivate strong working relationships with tax authorities, government bodies and external stakeholders. Our interactions with tax authorities and government officials are conducted in a professional, courteous and timely manner, reflecting our commitment to effective communication and cooperation. In case of significant transactions or tax events, we may proactively engage with relevant tax authorities to seek agreement or clarification on how tax legislation should be applied.

Being a company with a strong global footprint, we are subject to tax audits across various jurisdictions. We not only feel that tax audits are an integral part of the regulatory requirements, but also that tax audits offer us a valuable platform for engaging in constructive dialogues and interactions with tax authorities. These interactions enable us to address historical tax matters, ensure our ongoing compliance with tax regulations and reduce potential tax risks going forward.

2 We contribute where we do business – country-by-country information

Since 2017, Bucher Industries has been submitting its annual Country-by-Country Report (CbCR) to the Swiss Federal Tax Authority, which automatically shares the CbCR with tax authorities in jurisdictions where the Group operates.

The Group has long maintained a commitment to pay taxes where they are due based on the operations the Group has in the various jurisdictions. Expanding on this commitment, we believe we are well-positioned to promote tax transparency by openly disclosing essential tax information related to the jurisdictions in which the Group conducts its operations.

The country-specific information below includes the most relevant details from the CbCR for specific countries where the Group conducts significant business activities. These countries represent at least 90% of total revenues as per the CbCR data. The remainder of the countries are subsumed in two categories (other EU countries and other non-EU countries).

The information for each country equals the sum of the data of the entities located in a specific jurisdiction and is based on the Swiss GAAP FER financial statements for 2022 on a standalone basis. This implies that, as opposed to the Group's consolidated financial statements, intercompany transactions are not eliminated. In addition, definitions under the OECD standard for the categories of information provided in the CbCR may differ in certain cases from the accounting rules and standards applied when preparing the Group's consolidated financial statements.

CHF millions

Country	Total revenues	Profit (loss) before income tax	Income tax paid (cash)	Income tax accrued	FTEs	Tangible assets
Australia	135	-1	0	0	403	109
Brazil	278	81	14	17	1’202	102
China	207	30	6	5	1’193	124
France	1’430	84	12	18	3’560	627
Germany	558	53	8	11	1’500	312
Italy	200	13	3	2	564	128
Netherlands	151	2	1	0	528	98
Sweden	180	7	1	1	361	115
Switzerland	1’010	105	12	15	1’059	422
United Kingdom	225	10	0	1	573	129
United States of America	747	41	11	12	1’498	422
Other EU countries (9)	278	2	2	1	1’325	190
Other non-EU countries (14)	205	1	3	4	777	117
Total	**5’603**	**428**	**74**	**89**	**14’543**	**2’895**

Total revenues:	Unlike in the consolidated financial statements, total revenues for CbCR purposes include not only revenues from third parties but also revenues from intercompany transactions (domestic and foreign) as well as certain other income. Dividend income from related parties, however, is not included.
Income tax paid (cash):	Income tax paid (cash) includes corporate income tax paid on a cash basis in the financial year (including for prior years) as well as withholding tax paid on dividends.
Income tax accrued:	Income tax accrued comprises the current corporate income tax accrued on the profit/loss of the financial year, including withholding tax on dividends and uncertain tax positions.
FTEs:	These figures represent the full-time equivalents at the end of the financial year.
Tangible assets:	Tangible assets comprise all assets of the respective entities excluding cash and cash equivalents, deferred tax assets and financial assets.