

Remuneration report

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 2015 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 the SIX Swiss Exchange and Bucher Industries AG's articles of association.

Remuneration policy Bucher Industries provides a remuneration system designed to align the interests of the directors and management with those of the Group, shareholders and other stakeholders. The basic principles of the remuneration package are set out in art. 23–28 of the articles of association of Bucher Industries AG. Since 2015, the overall remuneration of directors has been subject to approval by the annual general meeting of shareholders. The individual components of the remuneration package take account of the Group's sustainable short- and long-term business development. 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. As the objective is to attract and retain highly qualified executives and professionals, the remuneration system is focused on providing competitive remuneration with a fixed base salary and performance-related components paid in cash and in the form of interests in the company.

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 available market data of similar listed companies within the European mechanical engineering industry every three to five years and, if necessary, revised by the board at the request of the compensation committee.

Annual general meeting In accordance with art. 26 of Bucher Industries' articles of association the annual general meeting approves the overall remuneration to be awarded to the board of directors for the period of office following the annual general meeting, the overall fixed remuneration sum for group management for the financial year following the annual general meeting and the overall sum for the variable remuneration for group management for the previous completed financial year.

Compensation committee

Responsibility The compensation committee comprises three 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 of the company's articles of association which are available on the Bucher website in the summary of the internal rules of organisation (Rules of Organisation). 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.

www.bucherindustries.com/en/investor-relations/corporate-governance

Election and term of office The annual general meeting of 14 April 2015 elected Claude Cornaz, 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 package, 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 directors and group management, the participants in the share plan, and notes the remuneration sum for senior management. The compensation committee will also set before the board of directors proposals to be presented to the annual general meeting for prospective approval of the total fixed remuneration for directors and group management, as well as retrospective approval of total variable remuneration for group management, in accordance with art. 26 of Bucher Industries' articles of association.

It is also charged with preparation of the remuneration report to be submitted to the board of directors. The compensation committee also assesses the proposals for appointments submitted by members of general management, in accordance with art. 29 of Bucher Industries' articles of association. 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 remuneration planning for directors and group management. The committee presents 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 year 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. The compensation committee held seven meetings in the reporting year. The committee's focus was on the selection of candidates for the posts of CFO and division president of Bucher Municipal, and revision of the share plans. The committee was also involved in reviewing the remuneration of the members of group management and the regular duties described above.

Remuneration system

Board of directors Directors receive non-performance-related remuneration, which is proposed by the remuneration committee and determined by the board of directors every year. Their remuneration consists of a base fee, a base salary for the chairman and cash allowances for service on committees and for expenses. Half of the base fee is paid in cash and half in shares, with the number and valuation of the shares being determined using the end-of-year price for the reporting year. All components of the remuneration are paid out to the board of directors on the day after the annual general meeting for the previous period of office, with the exception of the chairman's salary, which is paid monthly.

Group management Group management members 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 Share Plan. Other benefits comprise a representation expense allowance and contributions to a voluntary pension plan. In addition, the members of group management are provided with a mid-range company car. The CEO, CFO and one further member of group management did not avail themselves of this option. 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. The annual financial targets for the variable, performance-related components of remuneration

are determined at the start of the business year by the board of directors. The determination takes into account the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Variable remuneration is paid following the retrospective approval by the annual general meeting in the following spring.

Fixed remuneration The fixed base salary of group management members is determined by 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 sum comprise a cash bonus and the share plan to remunerate group management members and senior managers. Its amount depends on their 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.

The remuneration system has remained unchanged since 2010 and for members of group management is structured as follows:

	fix remuneration		variable remuneration		
	base salary	target ¹⁾	cash bonus		in shares
			range	target ¹⁾	range
CEO	100%	50%	0 – 75%	60%	0 – 90%
Other members	100%	30%	0 – 45%	20%	0 – 30%

¹⁾ 100% target achievement. All percentage numbers are based on base salary.

Cash bonus The remuneration system for the cash bonus has remained unchanged since 2010 and for members of group management is structured as follows: The financial targets are weighted at 80% and individual targets at 20%. The individual annual targets are agreed between the chairman of the board and the CEO and between the CEO and each group management member. The cash bonus for full target achievement is 50% of base salary for the CEO and 30% of base salary for all other members of group management. The range of the cash bonus varies, depending on target achievement, from 0 to a maximum of 1.5 times the value for full target achievement. 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 Share Plan In the reporting year, the existing share plans, the Bucher Executive Participation Plan for group management members (BEPP) and the Bucher Participation Plan for senior management (BPP) were transferred into a new share plan. The company benefits remained unchanged. Co-investment by participants was discontinued; this was in order to improve shareholding by younger participants, particularly those with family commitments, and to eliminate any country-specific disadvantages as far as possible. The new rules also entail certain administrative simplifications, the same methods now being applied for calculations and valuations for all share-based remuneration. The new Bucher Share Plan (BPP) continues to be a share-based, performance-related component of remuneration for the members of group management, senior managers and selected specialists. The financial target for awarding shares is "earnings per share" and is set by the board of directors at the beginning of each financial year, taking into account the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Awards of shares are based on a percentage of base salary and depend on the achievement of the "earnings per share" financial target. The number of shares to be awarded is calculated and evaluated using the end-of-year share price for the reporting year. Upon full target completion, this percentage remained unchanged, cor-

responding to the sum of the previous BEPP and BPP share plans, and amounted to 60% for the CEO, 40% for the CEO designate, 20% for the other members of group management and 10% for all other participants in the plan. The level of target achievement ranges from 0 to a maximum of 1.5 times the value for full target achievement. The shares awarded are restricted for three years.

Share options Share options granted in respect of previous reporting years remain valid as originally provided and are shown in the table on page 61 of this annual report.

Termination of employment If employment is terminated for any reason other than termination by the employee or employer, the variable annual remuneration and awards under the Bucher Share Plan will be paid on a pro rata basis after the retrospective approval of the annual general meeting in the following spring. Options granted under the share option plan may be exercised until the expiration of the option term. If employment is terminated by the employee or employer, all rights under the Bucher Share Plan will lapse and the cash bonus during the period of notice will also be forfeited from the time the employee is released from duties. Exercisable options must be exercised within six months after termination of employment, after which they will be forfeited. The period of notice for members of group management is twelve months.

Termination benefits There are no systems for termination benefits either for directors or group management, and none were paid during the reporting year.

Remuneration in the 2015 reporting year

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

Board or directors The overall remuneration awarded to directors totalled CHF 1.019 million and was within the total sum of CHF 1.150 million approved by the 2015 annual general meeting. The remuneration paid out and the share options held at the end of the reporting year are set out in a table on pages 59 and 61 of this report.

The components of remuneration for the board of directors remained unchanged in the reporting year. The base fee for the chairman amounted to CHF 150 000, for the deputy chairman CHF 105 000, and for the other directors CHF 90 000. The base salary of the chairman also remained unchanged at CHF 150 000. The flat-rate expenses remuneration amounted to CHF 4 000 for the chairman and CHF 2 000 for the other directors. For work in committees each member was awarded CHF 10 000. The respective share awards were granted and valued at the end-of-year share price for the reporting period of CHF 226.30 (2014 average price for the year: CHF 268.95). The shares awarded are subject to a three-year vesting period.

Group management

Overall remuneration The overall remuneration of group management was CHF 7.170 million, 5% below that of the previous year (2014: CHF 7.548 million). Remuneration of the CEO decreased by 0.9% compared with the previous year and that of the other members of group management by 6.6%. These amounts include the additional four months remuneration for the designated CEO and other changes to group management. The total variable remuneration requested and paid in the reporting year and the interests held by the CEO, other group management members and the total for group management at the end of 2015 are set out on pages 60 and 61 of this annual report.

Fixed remuneration The base salary of the CEO has remained unchanged since 2010, that of other group management members was not increased except for members newly appointed to group management in 2014. The designated CEO, Jacques Sanche, joined the Group on 1 September 2015. Along with other changes the fixed remuneration sum for group management de-

creased slightly. The overall sum of CHF 5.500 million for the fixed remuneration approved by the 2015 annual general meeting for the 2016 financial year only applies from the 2016 financial year, as per the articles of association.

Variable remuneration The variable remuneration of group management was CHF 2.524 million, 6.2% below that of the previous year (2014: CHF 2.691 million). Remuneration of the CEO increased by 1.8% compared with the previous year and that of the other members of group management decreased by 10.9%. The primary reasons for these changes were the lower degree of target achievement, the new calculation and valuation method using the end-of-year price for the share-based remuneration, and the changes in group management. The variable remuneration sum of CHF 2.694 million paid out to group management in the reporting year for the 2014 financial year is below the overall amount of CHF 2.900 million retrospectively approved by the 2015 annual general meeting.

In 2015, the level of target achievement for the performance-related cash bonus was between 88% and 115%, and the level of target achievement for the Bucher Share Plan was 99% (104%). The level of target achievement in percentage terms was in most cases below that of the previous year. The number of shares granted under the Bucher Share Plan was calculated and evaluated using the end-of-year share price for the year of CHF 226.30. In the previous year, the BEPP shares were calculated using the average price for the year of CHF 268.95 and the BPP shares at the price of the first three weeks of January 2015, CHF 235.80. The valuation of all shares granted was made at CHF 235.80. The number granted under the new Bucher Share Plan for the CEO and the other members of the management board was 4.3% below the number for the previous year as a result of the simplified method for calculation and evaluation and the different share price. The cash value of all the shares awarded under the new Bucher Share Plan was 8.2% lower than the previous year.

Additional remuneration, fees and loans to members of governing bodies No current or former directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year.

The following pages 59 to 61 are subject to examination by the auditors.

Directors' remuneration

CHF 1 000	Base amount	Share awards		Other remuneration	Overall remuneration
		Number	Value		
					2015
Rolf Broglie, chairman	225.0	332	75.0	29.3	329.3
Anita Hauser, deputy chairman	52.5	232	52.5	23.8	128.8
Ernst Bärtschi	45.0	199	45.0	22.1	112.1
Claude R. Cornaz	45.0	199	45.0	22.1	112.1
Michael Hauser	45.0	199	45.0	22.1	112.1
Heinrich Spoerry	45.0	199	45.0	22.1	112.1
Valentin Vogt	46.0	204	46.0	20.4	112.4
Board of Directors	503.5	1564	353.5	161.9	1018.9
Approval by the general meeting 2015					1150.0
					2014
Rolf Broglie, chairman	225.0	279	75.0	38.1	338.1
Anita Hauser, deputy chairman	52.5	196	52.5	23.6	128.6
Ernst Bärtschi	45.0	168	45.0	22.1	112.1
Claude R. Cornaz	45.0	168	45.0	22.1	112.1
Michael Hauser	45.0	168	45.0	22.1	112.1
Heinrich Spoerry	45.0	168	45.0	22.1	112.1
Valentin Vogt ¹⁾	34.5	129	34.5	7.0	76.0
Board of Directors	492.0	1276	342.0	157.1	991.1

¹⁾ Since 10 April 2014

Directors' share awards were classified as directors' fees. Share awards and their valuation were calculated using the end-of-year share price of CHF 226.30 (2014 average price for the year: CHF 268.95). Other remuneration included social contributions expenses and fees for service on the board committees.

Group management remuneration

CHF 1000	Base salary	Other remuneration	Fixed remuneration	Cash bonus	Share awards under share plans		Other remuneration	Variable remuneration	Overall remuneration	
					Number	Value				
									2015	
Philip Mosimann, CEO	860.0	244.6	1104.6	412.8	2258	510.8	80.7	1004.3	2108.9	
Other members	2740.4	801.2	3541.6	854.5	2248	508.2	156.5	1519.2	5060.8	
Group management	3600.4	1045.8	4646.2	1267.3	4506	1019.0	237.2	2523.5	7169.7	
									2014	
CHF 1000	Base salary	Other remuneration	Fixed remuneration	Cash bonus	Share awards under share plans		Other remuneration	Variable remuneration	Overall remuneration	
					BEPP Number	BPP Number				Value
Philip Mosimann, CEO	860.0	282.1	1142.1	438.6	1663	380	481.7	65.8	986.1	2128.2
Other members	2927.0	788.1	3715.1	890.4	1611	1056	628.8	185.7	1704.9	5420.0
Group management	3787.0	1070.2	4857.2	1329.0	3274	1436	1110.5	251.5	2691.0	7548.2
Approval by the general meeting 2015			n.a.					2900.0		

The shares awarded to group management members for the reporting year are based on the new Bucher Share Plan. The shares awarded represent a fixed percentage of base salary and the level of target achievement during the year. The number of shares awarded was calculated and valued based on the end-of-year price CHF 226.30. Other remuneration included social contributions and expenses.

Loans and credits There were no outstanding loans or credits to active or former members of the board of directors or group management nor to persons close to them as per 31 December 2015.

Directors' interests in shares

	Number of shares	
	2015	2014
Rolf Broglie, chairman	14 055	13 776
Anita Hauser, deputy chairman	439 511	439 315
Ernst Bärtschi	628	719
Claude R. Cornaz	5 866	5 698
Michael Hauser	604 636	604 468
Heinrich Spoerry	3 254	3 086
Valentin Vogt	3 129	1 050
Board of directors	1 071 079	1 068 112

The directors did not hold any share options on 31 December 2015.

Group management's interests in shares and share options

		Number of shares		Number of options	
		2015	2014	2015	2014
Philip Mosimann	CEO	63 916	61 508	–	–
Jacques Sanche	designated CEO	–	–	–	–
Roger Baillod	CFO	9 485	8 938	4 200	4 200
Stefan Düring	Bucher Specials	1 399	1 048	1 200	1 200
Martin Jetter	Bucher Emhart Glass	4 403	2 050	1 200	1 200
Thierry Krier	Kuhn Group	1 255	749	–	–
Daniel Waller	Bucher Hydraulics	11 380	9 066	7 200	10 030
Group management		91 838	83 359	13 800	16 630

Grant year	Number of options				
	2009	2008	2007	Total	
Exercise price (CHF)	115.00	149.00	221.00		
Roger Baillod	CFO	2 400	1 800	–	4 200
Stefan Düring	Bucher Specials	1 200	–	–	1 200
Martin Jetter	Bucher Emhart Glass	–	–	1 200	1 200
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	7 200
Group management		6 000	4 200	3 600	13 800

No share options have been granted since the 2010 financial year. Share options with a term of ten years granted in respect of previous reporting years remain

valid as originally provided and can be exercised at any time. Each option entitles the holder to purchase one share.

Report of the statutory auditor

To the General Meeting Bucher Industries AG,
Niederweningen

We have audited the accompanying remuneration report (pages 59 to 61) of Bucher Industries AG for the year ended 31 December 2015.

Board of Directors' responsibility The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion In our opinion, the remuneration report of Bucher Industries AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Christian Kessler
Audit expert
Auditor in charge



Ralf Zwick
Audit expert

Zurich, 26 February 2016