

Remuneration report

Remuneration, shareholdings and loans

Remuneration package Bucher Industries provides a remuneration package designed to align the interests of the directors and management with those of the Group, shareholders and other stakeholders. The individual remuneration components take account of the Group's sustainable short- and long-term business development. Directors are remunerated on a non-performance-related basis. Group management and senior management are rewarded for driving performance with performance-related remuneration. All performance-related remuneration components have a ceiling. As the objective is to attract and retain highly qualified executives and professionals, the remuneration package 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.

The contractual remuneration components for group management and senior management comprise a fixed base salary and variable performance-related remuneration paid both in cash and in shares under the Bucher share plans.

The annual financial targets for the variable performance-related components are 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. Variable remuneration is paid in the spring following the board's approval of the financial statements for the reporting year. The remuneration of directors and group management is reported on an accrual basis. The remuneration packages for directors, group management and senior management, which are laid down in rules established by the board, are additionally benchmarked against available market data of similar listed companies within the European mechanical engineering industry every three to five years and revised by the board, if necessary, at the request of the CEO or human resources committee.

Base salary 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.

The remuneration package for members of group management did not change and is structured as follows:

	fix remuneration		variable remuneration				
	base salary	cash bonus		BEPP		BPP	
		target ¹⁾	range	in shares		in shares	
		target ¹⁾	range	target ¹⁾	range	target ¹⁾	range
CEO	100%	50%	0-75%	50%	0-75%	10%	0-15%
Other members	100%	30%	0-45%	10%	0-15%	10%	0-15%

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

Cash bonus The cash bonus is a performance-related component of remuneration paid to the members of group management and the Group's senior management. 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 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 from 0 to a maximum of 1.5 times the value for full target achievement. The financial criteria used to determine the cash bonus of 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 Executive Share Plan The Bucher Executive Share Plan (BEPP) is a share-based, performance-related component of remuneration for the members of group management. 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 using the average share price for the reporting year. Upon 100% target achievement, the applicable percentage is 50% of base salary for the CEO and 10% for the other group management members. The level of target achievement ranges from 0 to a maximum of 1.5 times the value for 100% target achievement. The shares awarded are restricted for three years.

Bucher Share Plan The Bucher Share Plan (BPP) is a share-based, performance-related component of remuneration for the members of group management, senior managers in the divisions and selected specialists. Group management and the employees may elect at the beginning of February each year to invest an amount equivalent to between 0% and a maximum of 10% of their base salary in the company's shares. If they choose to make an investment, it will be supplemented by the company. The amount of the company's investment depends on the achievement of the Group's annual financial "earnings per share" target set by the board of directors. Upon 100% target achievement, the company matches the employees' investments in company shares. The level of target achievement ranges from 0 to a maximum of 1.5 times the sum invested by the employee. The relevant number of shares is calculated using the average share price during the first three weeks of January in the financial year following the reporting year. The number of shares representing the employees' and company's investments is restricted for three years. Share options granted in respect of previous reporting years remain valid as originally provided and are shown in the table on page 111 of this annual report.

Termination benefits There are no systems for termination benefits, and none were paid during 2013. If employment is terminated for any reason other than termination by the employee or employer, the variable annual remuneration and awards under the Bucher Executive Share Plan will be paid on a pro rata basis after the board of directors has approved the financial statements for the year. 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 plans will lapse. Exercisable options must be exercised within six months after termination of employment, after which they will be forfeited. For the CEO, the period of notice is twelve months; for the other members of group management, six to twelve months.

Responsibility The human resources committee prepares the Group's remuneration policy for directors and group management members. It makes recommendations to the board for the annual remuneration of directors and the CEO, as well as the annual financial targets for the variable performance-related remuneration components for group management and senior management, determines the remuneration of the other group management members and takes note of the remuneration of division management members and specialists. In the reporting year, the human resources committee held three meetings, which focused on reviewing the remuneration of the members of group management, succession planning for senior management and the regular duties described above. Specialist management consultants with international experience were engaged to determine the remuneration benchmarks.

Directors' remuneration Directors receive non-performance-related remuneration, which is proposed by the human resources 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 expenses. Half of the base fee is paid in cash and half in shares.

The remuneration components are determined annually. The base fee for the chairman was increased in the reporting year by CHF 30 000 to CHF 150 000. For the other board members the basic amount remained unchanged during the year at CHF 105 000 for the deputy chairman and CHF 90 000 for each of the other directors. The respective share awards were granted and valued at the average share price of CHF 226.00 (2012: CHF 173.50) for the reporting period. The shares awarded are subject to a three-year vesting period. The cash allowances paid to directors for service on committees and expenses remained unchanged during the year, as did the chairman's base salary of CHF 150 000. The remuneration paid to directors last year and their interests in shares at the end of the year are shown on pages 55 and 56 of this annual report.

Group management's remuneration Group management members receive a base salary commensurate with their responsibilities and experience, a performance-related cash bonus and shares under the Bucher share plans. Other benefits comprise a representation expense allowance and contributions to a voluntary pension plan. In addition, division presidents are provided with a middle class company car. The number of shares awarded under the Bucher Executive Share Plan was calculated using the average share price of CHF 226.00 (2012: CHF 173.50) for the year and those under the Bucher Share Plan using the average share price of CHF 226.00 (CHF 189.00) during the first three weeks of January 2013. The shares awarded under the Bucher share plans were valued at a share price of CHF 266.00 (CHF 189.00). Since 2010 the base salary of the CEO has remained unchanged. The base salary of other group management members was increased in line with general rises customary in the country as well as the performance against external benchmarking. Last year, the level of target achievement for the performance-related cash bonus was between 80% and 125% and the level of target achievement for the Bucher share plans was 124% (113%). The level of target achievement was in the same range as the previous year's levels, despite the Group achieving a record profit for the year and the highest profitability in its history. The number of shares awarded to the CEO and other members of group management under the Bucher share plans was significantly lower than in the previous year as a result of the higher share price: 30% higher in the case of the Bucher Executive Share Plan and 41% higher for the Bucher Share Plan. In keeping with the 41% rise in the share price, which affected the valuation of the allocated shares, the cash value of the shares awarded was significantly higher than the previous year. As a result, the CEO's total remuneration package increased by 8.4% compared with the previous year and that of the other members of group management by 7.3%. The total remuneration paid last year and the interests held by the CEO, other group management members and the total for group management at the end of 2013 are set out on pages 56 and 57 of this annual report.

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.

Remuneration and interests of directors and group management members

Directors' remuneration

CHF 1000	Base salary	Share awards		Social security and pension benefits	Other remuneration	Total	Paid in cash
		Number	Value				
							2013
Rolf Broglie, chairman	225.0	332	75.0	24.1	14.0	338.1	239.0
Anita Hauser, deputy chairman	52.5	233	52.5	11.6	12.0	128.6	64.5
Ernst Bärtschi	45.0	200	45.0	10.1	12.0	112.1	57.0
Claude R. Cornaz	45.0	200	45.0	10.1	12.0	112.1	57.0
Michael Hauser	45.0	200	45.0	10.1	12.0	112.1	57.0
Heinrich Spoerry	45.0	200	45.0	10.1	12.0	112.1	57.0
Directors	457.5	1365	307.5	76.1	74.0	915.1	531.5
							2012
Rolf Broglie, chairman	210.0	346	60.0	21.1	14.0	305.1	224.0
Anita Hauser, deputy chairman	52.5	303	52.5	11.6	12.0	128.6	64.5
Ernst Bärtschi	45.0	260	45.0	10.1	12.0	112.1	57.0
Thomas W. Bechtler	45.0	260	45.0	10.1	12.0	112.1	57.0
Claude R. Cornaz	45.0	260	45.0	9.1	2.0	101.1	47.0
Michael Hauser	45.0	260	45.0	10.1	12.0	112.1	57.0
Heinrich Spoerry	45.0	260	45.0	10.1	12.0	112.1	57.0
Directors	487.5	1949	337.5	82.2	76.0	983.2	563.5

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 226.00 for the year (2012: CHF 173.50). Other remuneration included expenses and fees for service on the board committees.

Group management remuneration

CHF 1 000	Base salary	Cash bonus	Share awards under share plans			Social security and pension benefits	Other remuneration	Total	Paid in cash
			BEPP Number	BPP Number	Value				
									2013
Philip Mosimann, CEO	860.0	494.5	2 360	401	734.4	439.1	19.2	2 547.2	1 373.7
Other members	2 718.4	906.1	1 958	1 192	837.9	1 017.5	30.0	5 509.9	3 654.5
Group management	3 578.4	1 400.6	4 318	1 593	1 572.3	1 456.6	49.2	8 057.1	5 028.2
									2012
Philip Mosimann, CEO	860.0	473.0	2 801	515	626.7	370.7	19.2	2 349.6	1 352.2
Other members	2 662.6	806.5	2 338	1 520	729.2	905.5	30.0	5 133.8	3 499.1
Group management	3 522.6	1 279.5	5 139	2 035	1 355.9	1 276.2	49.2	7 483.4	4 851.3

The shares awarded to group management members for the reporting year are based on the Bucher share plans. The shares awarded represent a fixed percentage of base salary and the level of target achievement during the year. The number of shares awarded under the Bucher Executive Share Plan (BEPP) was calculated using the average

share price of CHF 226.00 (2012: CHF 173.50) for the year and those under the Bucher Share Plan (BPP) using a share price of CHF 266.00 (189.00), representing the average share price during the first three weeks of January 2014. All shares awarded were valued at CHF 266.00 (189.00).

Directors' interests in shares

	Number of shares	
	2013	2012
Rolf Broglie, chairman	13 444	13 008
Anita Hauser, deputy chairman	439 082	438 779
Ernst Bärtschi	2 628	4 368
Claude R. Cornaz	5 498	5 238
Michael Hauser	604 268	604 008
Heinrich Spoerry	3 036	2 776
Directors	1 067 956	1 068 177

The directors did not hold any share options on 31 December 2013.

Group management's interests in shares and share options

		Number of shares		Number of options	
		2013	2012	2013	2012
Philip Mosimann	CEO	55 642	52 478	10 800	15 300
Roger Baillod	CFO	11 135	13 072	5 400	6 600
Jean-Pierre Bernheim	Bucher Vaslin	5 112	8 960	8 400	10 480
Michael Häusermann	Bucher Municipal	6 894	7 006	5 400	12 000
Martin Jetter	Bucher Emhart Glass	2 121	1 652	3 000	6 000
Michel Siebert	Kuhn Group	12 088	7 145	2 000	10 200
Daniel Waller	Bucher Hydraulics	7 116	6 419	11 400	11 400
Group management		100 108	96 732	46 400	71 980

		Number of options					
Grant year		2009	2008	2007	2006	2005	Total
Exercise price (CHF)		115.00	149.00	221.00	116.00	108.00	
Staggered vesting over 4 years		2010–2013	2009–2012	2008–2011	2007–2010	2006–2009	
Life (years)		10	10	10	10	10	
Philip Mosimann	CEO	3 600	3 600	3 600	–	–	10 800
Roger Baillod	CFO	2 400	1 800	1 200	–	–	5 400
Jean-Pierre Bernheim	Bucher Vaslin	1 800	1 800	2 400	2 400	–	8 400
Michael Häusermann	Bucher Municipal	600	2 400	2 400	–	–	5 400
Martin Jetter	Bucher Emhart Glass	600	–	2 400	–	–	3 000
Michel Siebert	Kuhn Group	–	–	2 000	–	–	2 000
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	2 400	1 800	11 400
Group management		11 400	12 000	16 400	4 800	1 800	46 400

No share options have been granted since the 2010 financial year. Share options granted in respect of previous reporting years remain valid as originally provided. Each option entitles the holder to purchase one share.