

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.

The remuneration package is the same as in 2010 and structured as follows:

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.

Variable annual remuneration Variable annual remuneration is a performance-related component of remuneration paid in cash 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 range of the variable annual remuneration varies from 0% to a maximum of 75% of base salary for the CEO and from 0% to a maximum of 45% of base salary for all other members of group management, depending on the level of target achievement. The financial criteria used to determine the variable annual remuneration 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 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 Group’s annual financial “earnings per share” target. The number of shares to be awarded is calculated using the average share price for the reporting year. Upon full 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 150%. The shares awarded are restricted for three years.

Bucher Share Plan The Bucher Share Plan is a share-based, performance-related component of remuneration for the members of group management, division managements and selected specialists. 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 full target achievement, the company matches the employees’ investments in company shares. The level of target achievement ranges from 0% to a maximum of 150%. 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 are 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 115 of this annual report.

Termination benefits There are no systems for termination benefits, and none were paid during 2011. 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 and all unvested options will lapse. Exercisable options must be exercised within six months after termination of employment, after which they will be forfeited.

Responsibility The human resources committee prepares the Group’s remuneration policy for directors and group managements 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 succession planning for senior management and the regular duties described above. No external consultants were used.

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 remained unchanged during the year at CHF 120 000 for the chairman, 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 173.80 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. For the comparison with the previous period, it must be borne in mind that from January 2010 to the end of April 2010, the chairman's base salary of CHF 150 000 was split on a pro rata basis in the proportion of CHF 48 000 for Thomas W. Hauser (chairman until the 2010 annual general meeting) and CHF 102 000 for Rolf Broglie (chairman since the 2010 annual general meeting). The remuneration paid to directors last year and their interests in shares at the end of the year are shown on pages 58 and 59 of this annual report.

Group management's remuneration Group management members receive a base salary commensurate with their responsibilities and experience, a performance-related variable annual cash remuneration 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 173.80 for the year and those under the Bucher Share Plan using the average share price of CHF 173.90 during the first three weeks of January 2012. The shares awarded under the Bucher share plans were valued at a share price of CHF 173.90. The base salary of the CEO remained unchanged, that of other group management members was increased in line with general rises customary in the country. Last year, the level of target achievement the performance-related variable annual remuneration was between 38% and 130% and the level of target achievement for the Bucher share plans was 107%. In view of the significantly higher performance targets in the reporting year, the level of target achievement was in some cases well below the previous year's levels, despite the 30% increase in the Group's profit for the year. The number of shares awarded to the CEO under the Bucher share plans decreased from 5 906 to 3 671 and the aggregate awarded to the other group management members from 5 797 to 4 688. The decrease in the number of shares awarded is due to the higher average share price and the lower level of target achievement. Accordingly, there was a marked year-on-year reduction in the cash value of the shares awarded. 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 2011 are set out on pages 59 and 60 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 1 000 | Base salary | Share awards | | Social security and pension benefits | Other remuneration | Total | Paid in cash |
|---|--------------|--------------|--------------|--------------------------------------|--------------------|--------------|--------------|
| | | Number | Value | | | | |
| 2011 | | | | | | | |
| Rolf Broglie, chairman | 210.0 | 345 | 60.0 | 21.1 | 14.0 | 305.1 | 224.0 |
| Thomas W. Hauser, deputy chairman ¹⁾ | 17.5 | 101 | 17.5 | 3.5 | 0.7 | 39.2 | 18.2 |
| Anita Hauser, deputy chairman ²⁾ | 50.0 | 288 | 50.0 | 12.1 | 22.0 | 134.1 | 72.0 |
| Ernst Bärtschi | 45.0 | 259 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Thomas W. Bechtler | 45.0 | 259 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Claude R. Cornaz | 45.0 | 259 | 45.0 | 9.1 | 2.0 | 101.1 | 47.0 |
| Michael Hauser ²⁾ | 30.0 | 173 | 30.0 | 6.1 | 1.3 | 67.4 | 31.3 |
| Heinrich Spoerry | 45.0 | 259 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Directors | 487.5 | 1943 | 337.5 | 82.2 | 76.0 | 983.2 | 563.5 |
| 2010 | | | | | | | |
| Rolf Broglie, chairman ³⁾ | 191.5 | 423 | 57.5 | 19.7 | 13.3 | 282.0 | 204.8 |
| Thomas W. Hauser, deputy chairman ³⁾ | 71.0 | 404 | 55.0 | 13.0 | 12.7 | 151.7 | 83.7 |
| Ernst Bärtschi | 45.0 | 331 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Thomas W. Bechtler | 45.0 | 331 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Claude R. Cornaz | 45.0 | 331 | 45.0 | 9.1 | 2.0 | 101.1 | 47.0 |
| Anita Hauser | 45.0 | 331 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Heinrich Spoerry | 45.0 | 331 | 45.0 | 10.1 | 12.0 | 112.1 | 57.0 |
| Directors | 487.5 | 2 482 | 337.5 | 82.2 | 76.0 | 983.2 | 563.5 |

¹⁾ Until 14 April 2011

²⁾ Since 14 April 2011

³⁾ Since 15 April 2010

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 173.80 for the year (2010: CHF 136.00). Other remuneration included expenses and fees for service on the board committees.

Group management remuneration

| CHF 1000 | Base salary | Bonus | Share awards under share plans | | Social security and pension benefits | Other remuneration | Total | Paid in cash |
|-------------------------|----------------|----------------|--------------------------------|----------------|--------------------------------------|--------------------|----------------|----------------|
| | | | Number | Value | | | | |
| 2011 | | | | | | | | |
| Philip Mosimann, CEO | 860.0 | 528.9 | 3 671 | 552.3 | 402.4 | 19.2 | 2 362.8 | 1 408.1 |
| Other members | 2 439.3 | 827.3 | 4 688 | 599.6 | 948.5 | 30.0 | 4 844.7 | 3 296.6 |
| Group management | 3 299.3 | 1 356.2 | 8 359 | 1 151.9 | 1 350.9 | 49.2 | 7 207.5 | 4 704.7 |
| 2010 | | | | | | | | |
| Philip Mosimann, CEO | 860.0 | 561.6 | 5 906 | 1 006.6 | 373.1 | 19.2 | 2 820.5 | 1 440.8 |
| Other members | 2 554.8 | 948.5 | 5 797 | 914.1 | 896.9 | 30.0 | 5 344.3 | 3 533.3 |
| Group management | 3 414.8 | 1 510.1 | 11 703 | 1 920.7 | 1 270.0 | 49.2 | 8 164.8 | 4 974.1 |

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 was calculated using the average share price of CHF 173.80 for the year and those under the Bucher Share Plan using a share price of CHF 173.90 representing the average share price during the first three weeks of January 2012. All shares awarded were valued at CHF 173.90.

Directors' interests in shares at 31 December 2011

| | Number of shares | |
|-------------------------------|------------------|----------------|
| | 2011 | 2010 |
| Rolf Broglie, chairman | 12 752 | 12 239 |
| Anita Hauser, deputy chairman | 438 491 | 101 160 |
| Ernst Bärtschi | 3 109 | 2 778 |
| Thomas W. Bechtler | 2 491 | 2 160 |
| Claude R. Cornaz | 4 979 | 4 648 |
| Michael Hauser | 603 835 | – |
| Heinrich Spoerry | 2 517 | 1 852 |
| Directors | 1 068 174 | 124 837 |

The directors did not hold any share options on 31 December 2011.

Group management's interests in shares and share options at 31 December

| | | Number of shares | | Number of options | |
|-------------------------|-------------------|------------------|---------------|-------------------|---------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Philip Mosimann | CEO | 48 806 | 42 900 | 15 300 | 15 300 |
| Roger Baillod | CFO | 11 806 | 10 964 | 7 800 | 7 800 |
| Jean-Pierre Bernheim | Bucher Vaslin | 8 611 | 8 018 | 11 680 | 11 680 |
| Michael Häusermann | Bucher Municipal | 6 227 | 5 169 | 12 000 | 12 000 |
| Martin Jetter | Emhart Glass | 1 693 | 1 019 | 8 400 | 8 400 |
| Michel Siebert | Kuhn Group | 5 674 | 3 576 | 10 200 | 10 200 |
| Daniel Waller | Bucher Hydraulics | 5 802 | 4 909 | 11 400 | 11 400 |
| Group management | | 88 619 | 76 555 | 76 780 | 76 780 |

| | | 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 | 2 700 | 1 800 | 15 300 |
| Roger Baillod | CFO | 2 400 | 2 400 | 2 400 | 600 | – | 7 800 |
| Jean-Pierre Bernheim | Bucher Vaslin | 2 400 | 2 400 | 2 400 | 2 400 | 2 080 | 11 680 |
| Michael Häusermann | Bucher Municipal | 2 400 | 2 400 | 2 400 | 2 400 | 2 400 | 12 000 |
| Martin Jetter | Emhart Glass | 2 400 | 2 400 | 2 400 | 1 200 | – | 8 400 |
| Michel Siebert | Kuhn Group | 2 400 | 2 400 | 2 400 | 1 800 | 1 200 | 10 200 |
| Daniel Waller | Bucher Hydraulics | 2 400 | 2 400 | 2 400 | 2 400 | 1 800 | 11 400 |
| Group management | | 18 000 | 18 000 | 18 000 | 13 500 | 9 280 | 76 780 |

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.