

# GOVERNANCE

Bühler follows international standards of corporate governance. We base our corporate governance activities on the principles of the Swiss Code of Best Practice – a useful instrument for clearly defining internal powers and responsibilities and optimally designing the interaction between the Board of Directors, the Executive Board, and the Internal Audit Group.

## GROUP STRUCTURE

Bühler follows international standards of corporate governance.

As a non-listed, family-owned, but economically significant company, Bühler has decided to pay special attention to the design of its corporate governance. As a consequence, Bühler's corporate governance goes far beyond the statutory requirements of Swiss corporate law and incorporates, to a great extent, the recommendations contained in the "Swiss Code of Best Practice for Corporate Governance" issued by *economiesuisse*.

Bühler's Articles of Incorporation set material parameters of the corporate governance system. The Articles of Incorporation are complemented by Bühler's Organizational Regulations, which further specify the responsibilities, competencies, and regulations of the governing bodies of the company. Unless prescribed by law or the Articles of Incorporation, the management is delegated by the Board of Directors, with the power to subdelegate to the Chief Executive Officer, the Executive Board, and its members. Separate charters specify the organization of the Nomination and Compensation Committee and the Audit Committee.

The Board of Directors has also issued a regulation governing the cooperation between the Board of Directors, the CEO/ Executive Board, and the Urs Bühler Innovation Fund.

### **Bühler remains a family-owned company**

In 2014, Urs Bühler transferred his shares in Bühler to his three daughters, Karin, Maya, and Jeannine Bühler, each of whom now owns a third of the company. For the three sisters, continuity is the top priority, as they want to build on the strengths and values of Bühler. They continue to maintain optimal general conditions for the company to operate in: a stable shareholder structure, a long-term orientation, steady company management that is not subject to the constraints of quarterly reporting – but nevertheless a management style pursuing business success. The three owners are represented on the Board of Directors and have a clear and unified voice in relation to the company.

## Board of Directors

### Chairman

Calvin Grieder

Clemens Blum  
 Frank N.J. Braeken

### Vice Chairman

Josef M. Müller<sup>1</sup>

Jeannine Bühler  
 Karin Bühler

Maya Bühler  
 Konrad Hummler

Ruth Metzler-Arnold  
 Linda Yang

## Executive Board

### CEO

Stefan Scheiber

### CTO

Ian Roberts

### CFO

Andreas R. Herzog

### Manufacturing, Logistics & Supply Chain

Holger Feldhege

### Grains & Food

Johannes Wick

### Sales & Services<sup>2</sup>

Dieter Voegtli

### Advanced Materials

Samuel Schär

### Human Resources

Dipak Mane

## Business Areas

### Grains & Food

Grain Quality & Supply<sup>2</sup>

Milling Solutions<sup>2</sup>

Value Nutrition

Digital Technologies<sup>2</sup>

Consumer Foods

### Advanced Materials

Die Casting

Leybold Optics

Grinding & Dispersing

### Haas Group<sup>2</sup>

Wafer & CFT  
 (Convenience Food and Cones)

Biscuits

Mixing Systems

Non Food

## Regions

North America

Middle East & Africa

South America

South Asia

Europe

Asia

## Urs Bühler Innovation Fund

### Founder

Urs Bühler

### Chairman

Ian Roberts

Hal Gurley

Dr. Matthias Kaiserswerth

Edward S. Steinfeld

<sup>1</sup> Resigned effective February 6, 2018. <sup>2</sup> Effective January 2018.

# BOARD OF DIRECTORS





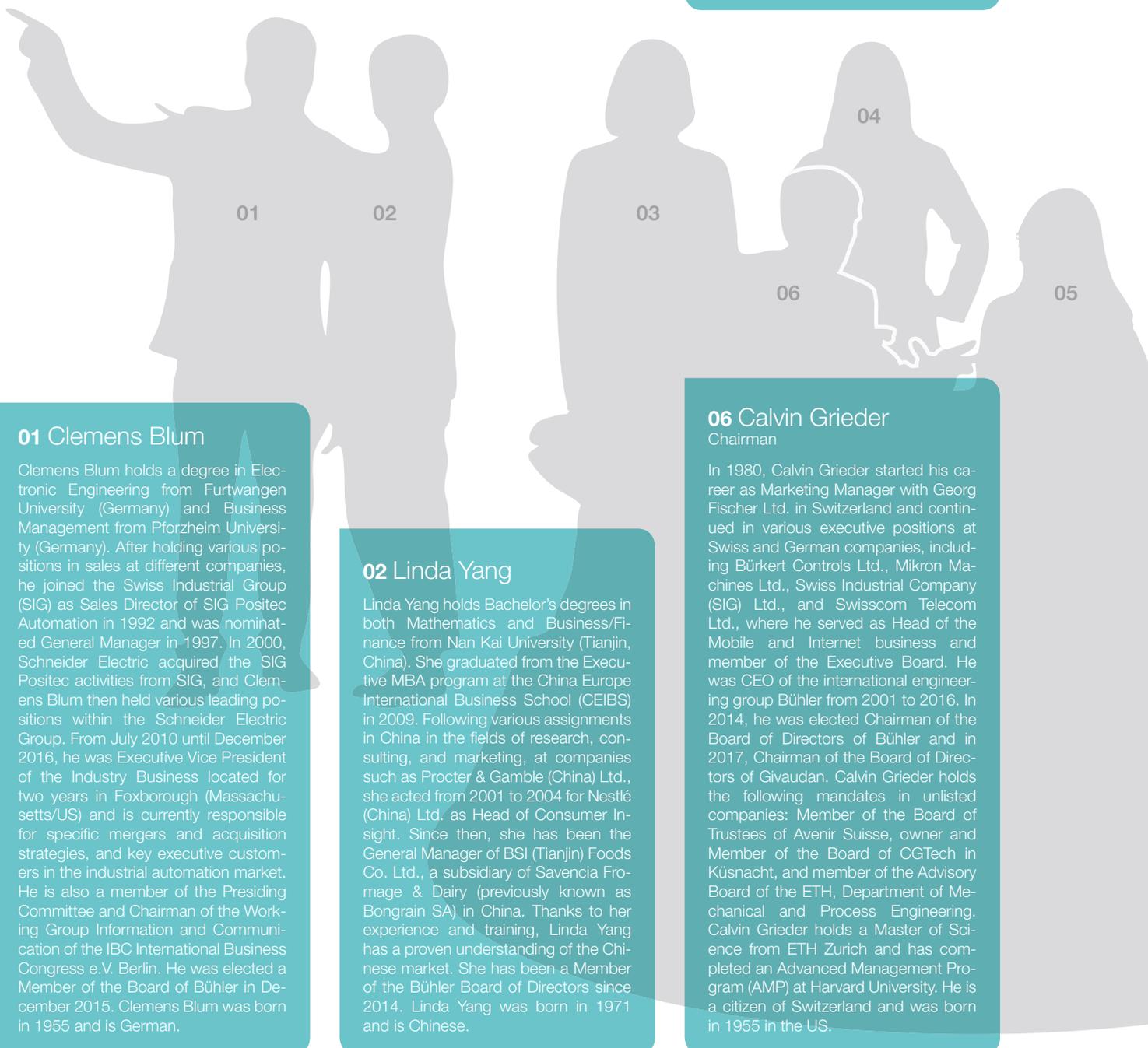
## BOARD OF DIRECTORS

### 03 Karin Bühler

After obtaining her university entry qualifications, Karin Bühler acquired a degree in Marketing. Following a number of activities in the fields of marketing, communications, and equestrian sports, she became General Manager of Horse Vision AG as owner in 2008. She has been with UZE AG since 2011, first as Manager Marketing, then as member of the General Management in charge of Human Resources & Marketing, and since 2014 as General Manager. Karin Bühler was re-elected to the Board of Directors in 2017. Karin Bühler was born in 1978 and is Swiss.

### 04 Jeannine Bühler

After successfully completing her federal vocational matriculation certificate and passerelle (supplementary exam certificate) in St. Gallen, Jeannine Bühler was awarded a Bachelor of Arts degree from the University of Zurich. She later received a Master of Arts in Social Sciences in journalism and communication sciences and political science. While still a student, she worked with foundations committed to charitable and sustainable projects. Following completion of her studies, she joined the development organization Helvetas Swiss Intercooperation. Jeannine Bühler was elected to the Board of Directors of Bühler in 2016. Jeannine Bühler was born in 1986 and is Swiss.



### 01 Clemens Blum

Clemens Blum holds a degree in Electronic Engineering from Furtwangen University (Germany) and Business Management from Pforzheim University (Germany). After holding various positions in sales at different companies, he joined the Swiss Industrial Group (SIG) as Sales Director of SIG Positec Automation in 1992 and was nominated General Manager in 1997. In 2000, Schneider Electric acquired the SIG Positec activities from SIG, and Clemens Blum then held various leading positions within the Schneider Electric Group. From July 2010 until December 2016, he was Executive Vice President of the Industry Business located for two years in Foxborough (Massachusetts/US) and is currently responsible for specific mergers and acquisition strategies, and key executive customers in the industrial automation market. He is also a member of the Presiding Committee and Chairman of the Working Group Information and Communication of the IBC International Business Congress e.V. Berlin. He was elected a Member of the Board of Bühler in December 2015. Clemens Blum was born in 1955 and is German.

### 02 Linda Yang

Linda Yang holds Bachelor's degrees in both Mathematics and Business/Finance from Nan Kai University (Tianjin, China). She graduated from the Executive MBA program at the China Europe International Business School (CEIBS) in 2009. Following various assignments in China in the fields of research, consulting, and marketing, at companies such as Procter & Gamble (China) Ltd., she acted from 2001 to 2004 for Nestlé (China) Ltd. as Head of Consumer Insight. Since then, she has been the General Manager of BSI (Tianjin) Foods Co. Ltd., a subsidiary of Savencia Fromage & Dairy (previously known as Bongrain SA) in China. Thanks to her experience and training, Linda Yang has a proven understanding of the Chinese market. She has been a Member of the Bühler Board of Directors since 2014. Linda Yang was born in 1971 and is Chinese.

### 06 Calvin Grieder

Chairman

In 1980, Calvin Grieder started his career as Marketing Manager with Georg Fischer Ltd. in Switzerland and continued in various executive positions at Swiss and German companies, including Bürkert Controls Ltd., Mikron Machines Ltd., Swiss Industrial Company (SIG) Ltd., and Swisscom Telecom Ltd., where he served as Head of the Mobile and Internet business and member of the Executive Board. He was CEO of the international engineering group Bühler from 2001 to 2016. In 2014, he was elected Chairman of the Board of Directors of Bühler and in 2017, Chairman of the Board of Directors of Givaudan. Calvin Grieder holds the following mandates in unlisted companies: Member of the Board of Trustees of Avenir Suisse, owner and Member of the Board of CGTech in Küsnacht, and member of the Advisory Board of the ETH, Department of Mechanical and Process Engineering. Calvin Grieder holds a Master of Science from ETH Zurich and has completed an Advanced Management Program (AMP) at Harvard University. He is a citizen of Switzerland and was born in 1955 in the US.

### 05 Maya Bühler

Maya Bühler studied Veterinary Science at the University of Zurich. After completing her studies, she held various positions in the horse surgery department of the animal hospital in Zurich and became a Veterinary Specialist for Horses (FVH) in 2012. At the beginning of 2013, she became the owner and Managing Director of Pferdeklinik Thurland in Uzwil. Maya Bühler was re-elected to the Board of Directors of Bühler in 2017. Maya Bühler was born in 1981 and is Swiss.

### 10 Konrad Hummler

Konrad Hummler graduated in Law from the University of Zurich and in Economic Science from the University of Rochester (US). In the eighties, he acted as the personal assistant to Dr. Robert Holzach, the Chairman of the Board of Directors of what is now UBS. From 1991 to 2012, he was Managing Partner with unlimited liability at Wegelin & Co. Private Bankers (St. Gallen). In addition to his banking activities, he was a member of the board of various companies, including Neue Zürcher Zeitung (NZZ), Swiss National Bank (SNB), and the German Stock Exchange. Since 2013, Konrad Hummler has headed M1 AG, a private think-tank dealing with strategic issues of current interest. Konrad Hummler was appointed as Member of the Board of Bühler in 2010 and as Chairman of the Nomination and Compensation Committee in 2016. He is strongly committed to cultural and social projects. Konrad Hummler was born in 1953 and is Swiss.

07

08

09

10

### 07 Frank N. J. Braeken

Frank N. J. Braeken graduated with a degree in Law and holds an MBA degree in Finance from the University of Leuven (Belgium). He is an alumnus of the Wharton Executive Program, Penn University (Philadelphia, US). In his professional career, he specialized in finance and in general management. From 1996 to 2013, he held various management functions in different countries for Unilever, including a position as Group Vice President of Unilever China (Shanghai), Executive Vice President of Unilever Namca (Dubai), and Executive Vice President of Unilever Africa (Dubai/Durban). Subsequent to leaving Unilever, Frank N. J. Braeken has acted as investment advisor and investor for large-scale agro and food enterprises on the African continent. In 2016, he was elected Chairman of the Board of Feronia Inc., a Toronto-listed palm oil producer on the African continent. He is also a nonexecutive board member of Marie Stopes International and Agra, both not-for-profit organizations. He was elected to the Board of Directors of Bühler in 2014. Frank N. J. Braeken was born in 1960 and is Belgian.

### 08 Josef M. Müller\*

Vice Chairman

Josef M. Müller holds a degree in Business Administration. He joined the Nestlé Group in 1972, with subsequent assignments in Switzerland, Europe, the US, and South Africa. He then spent several years as a Sales and Marketing Manager in the Far East. From 1992 to 1995, he headed Nestlé Pakistan, and from 1995 to 1998 Nestlé Korea. In mid-1998, Josef M. Müller took charge of Nestlé China, and from mid-2000 to 2007 of the Nestlé Greater China Region. Josef M. Müller has been a Member of the Board of Bühler since 2007. From 2010 to 2017, he served as President of Promarca, the Swiss Association of Branded Goods (Schweizerischer Markenartikelverband). He is also a Member of the Board of Crown Holdings Inc. (Philadelphia/US) and of Packages Ltd. (Lahore/Pakistan). Josef M. Müller was born in 1947 and is Swiss.

### 09 Ruth Metzler-Arnold

Ruth Metzler studied Law at the University of Freiburg i. Ue. and is a Federally Certified Auditor. From 1990 to 1999, she was active for PricewaterhouseCoopers in St. Gallen. In addition, she was a member of the Cantonal Government of Appenzell IR (Director of Finance) during three years. From 1999 to 2003, she was member of the Swiss Government and headed the Federal Department of Justice and Police. Ruth Metzler then held leading positions at Novartis and was a Member of the Board and of the Audit Committee of the SIX Group. Ruth Metzler is Chairwoman of the Board of Switzerland Global Enterprise. She is also a Board Member of AXA Winterthur, Fehr Advice, Reyl & Cie SA, Swiss Medical Network SA, and a member of the council of the University of St. Gallen (HSG). Since April 2016, Ruth Metzler has been a Member of the Board of Trustees of Avenir Suisse. She was elected as a Member of the Board of Bühler in December 2011 and as Chairwoman of the Audit Committee in February 2014. Ruth Metzler-Arnold was born in 1964 and is Swiss.

\* Resigned effective February 6, 2018.

## EXECUTIVE BOARD





## EXECUTIVE BOARD

01

### 01 Holger Feldhege

COO Manufacturing, Logistics & Supply Chain

Holger Feldhege studied Business Administration and holds a PhD in Production Management. He has extensive experience in the sales and service business as well as production, engineering, and logistics. He worked in various management positions at Mannesmann and ThyssenKrupp Elevator, spending more than seven years in Asia. Upon his return to Germany in 2010, Holger Feldhege took on the position of CEO Manufacturing for the business unit Central, Eastern, and Northern Europe and later Senior Vice-President Manufacturing Elevator for the worldwide group. In 2014, Holger Feldhege joined Bühler as Head of Manufacturing & Logistics. In 2017, he was named Chief Operations Officer responsible for Manufacturing, Logistics & Supply Chain. Holger Feldhege was born in 1968 and is German.

02

### 02 Dieter Voegtli

President Sales & Services\*

Dieter Voegtli is a Mechanical Engineer (Swiss Federal Institute of Technology in Zurich, ETH) and holds an MBA from INSEAD. He started his career in global power plant commissioning and as a Software Development Manager for ABB. Following that, he worked for eight years as Technical Director of Roche China Ltd. Dieter Voegtli has been President of Bühler Group China and Asia Pacific since 2009, after serving as President of Bühler China since 2004. He was named President of the Sales & Services organization as of January 1, 2018. Dieter Voegtli was born in 1958 and is Swiss.

### 03 Samuel Schär

CEO Advanced Materials

After obtaining a diploma as a Physics Engineer from the Swiss Federal Institute of Technology in Lausanne (EPFL) and accumulating three years of experience with the consultancy McKinsey, Samuel Schär joined Bühler in 2002. He took charge of the Nanotechnology business unit in 2005. From 2009 to 2012, he bore overall responsibility for the Grinding & Dispersing business area. Samuel Schär has headed the Advanced Materials business since 2013 and was appointed CEO of Advanced Materials as of September 2014. Samuel Schär was born in 1975 and is Swiss.

03

04

### 04 Stefan Scheiber

Chief Executive Officer

Stefan Scheiber graduated in Business Administration from the University of Applied Science in St. Gallen and later continued his education at the Institute IMD Lausanne and Harvard Business School. From 1988, he worked for 15 years in various international management positions worldwide, including East and South Africa, Eastern Europe, and Germany. In 1999, he took charge of the Brewing/Malting and Rice business units and thereafter assumed overall responsibility for Bühler in Germany. From mid-2005, Stefan Scheiber headed the Sales & Services division as a Member of the Executive Board. In 2009, he was assigned Division Manager of the Engineered Products division, which he reorganized into the Food Processing and the Advanced Material divisions. He led the Food Processing division as of 2009. In 2014, Stefan Scheiber integrated the Food Processing and the Grain Processing divisions, creating the Grains & Food business, which he led until 2016. He was appointed CEO of the Bühler Group on July 1, 2016. Stefan Scheiber was born in 1965 and is Swiss.

**06 Ian Roberts**

Chief Technology Officer

Ian Roberts graduated in Chemical Engineering and obtained a PhD in Process Engineering from the University of Wales (Great Britain). From 1997 to 2009, he held various management positions at Nestlé, acting among other positions as internal management consultant at Swiss headquarters, as Director of Innovation for Nestlé Mexico, and as Director of the Chocolate Centre of Excellence in Switzerland. He has been Chief Technology Officer at Bühler since 2011. He is also a board member of the academic institutions Wyss Institute and IFNC-EPFL. Ian Roberts was awarded European CTO of the Year 2016 and is a Fellow of the Institute of Chemical Engineers. Ian Roberts was born in 1970 and is British.

**07 Andreas R. Herzog**

Chief Financial Officer

After graduating with a degree in Business Administration, Andreas R. Herzog continued his studies in various postgraduate courses in marketing and finance management at business schools in France, Canada, and the US. He has held management positions at Ciba-Geigy, Swatch, and Swarovski. During his professional career, he has worked in Switzerland, Mexico, Colombia, Ivory Coast, and Germany. Andreas R. Herzog has been the CFO of Bühler Group since 2002. He is also a Member of the Board of Bertrams AG, CCS Holding AG, and the advisory board of Commerzbank in Germany. Andreas R. Herzog was born in 1957 and is Swiss.

**08 Dipak Mane**

Chief Human Resources Officer

After completing his studies in Chemical Engineering at the Indian Institute of Technology, Dipak Mane worked in India for several years as an engineer in various positions. He joined Bühler India in 1992 as one of the first local employees. Step by step, he built up Bühler India, starting in 2000 as Managing Director and continuing from 2010 onward as Head of Region South Asia. In July 2015, he took on the role of Chief Human Resources Officer for the Group. Dipak Mane was born in 1960 and is Indian.

05

06

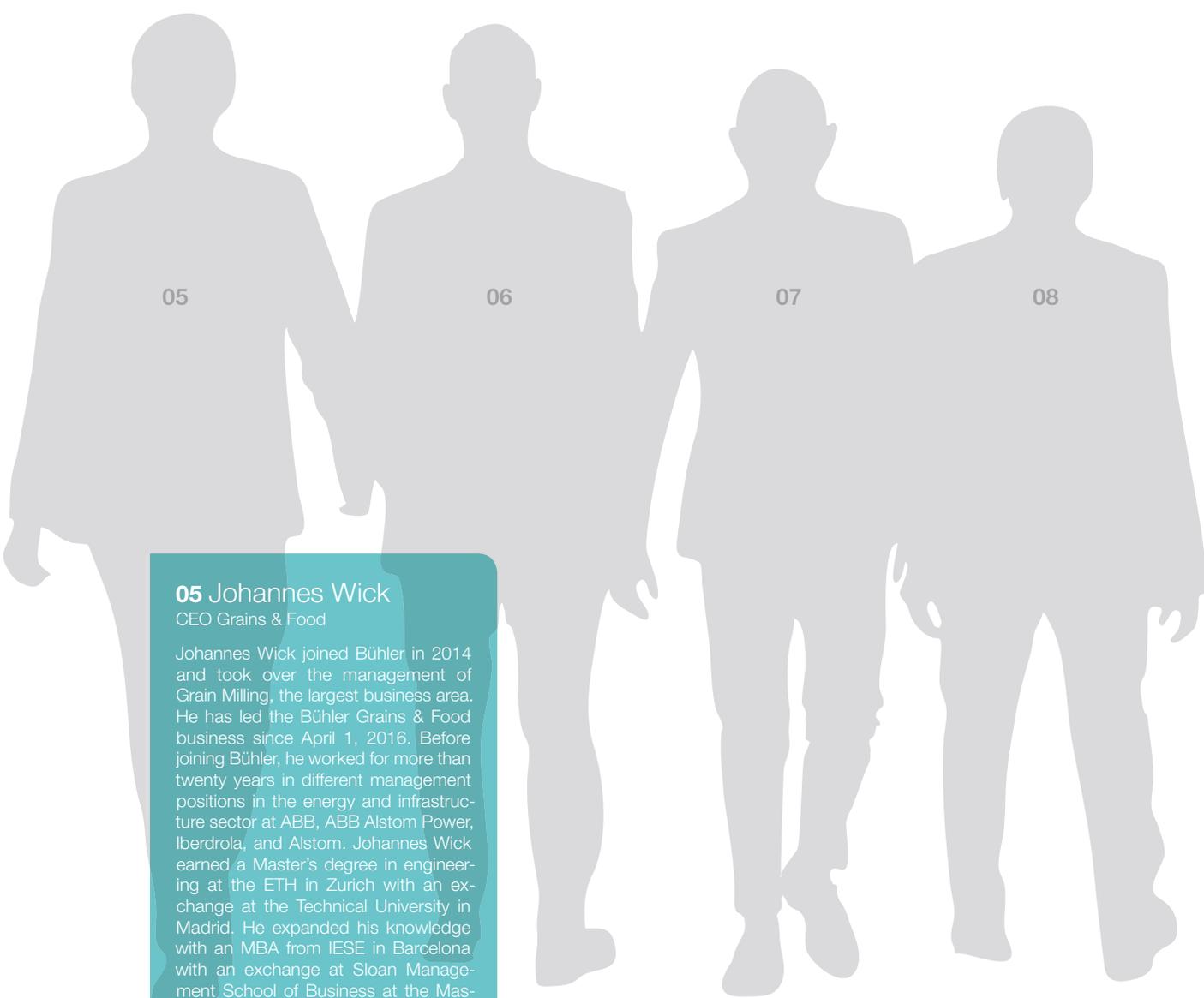
07

08

**05 Johannes Wick**

CEO Grains &amp; Food

Johannes Wick joined Bühler in 2014 and took over the management of Grain Milling, the largest business area. He has led the Bühler Grains & Food business since April 1, 2016. Before joining Bühler, he worked for more than twenty years in different management positions in the energy and infrastructure sector at ABB, ABB Alstom Power, Iberdrola, and Alstom. Johannes Wick earned a Master's degree in engineering at the ETH in Zurich with an exchange at the Technical University in Madrid. He expanded his knowledge with an MBA from IESE in Barcelona, with an exchange at Sloan Management School of Business at the Massachusetts Institute of Technology (MIT) in Boston. Johannes Wick was born in 1969 and is Swiss.



## ADVISORY BOARD OF Urs Bühler Innovation Fund



Urs Bühler

Founder

Urs Bühler graduated as a mechanical engineer from the Swiss Federal Institute of Technology in Zurich (ETH). After holding a number of positions in Switzerland and abroad, he was appointed to the Corporate Management of Bühler AG in 1975, in charge of sales and development. From 1980 to 1984, he was President of Bühler GmbH, Braunschweig (Germany). In 1986, Urs Bühler was appointed CEO of Bühler in Uzwil. He handed over the executive management duties of the company to Calvin Grieder at the beginning of 2001. Urs Bühler has been a Member of the Board since 1981, from 1991 as its Vice Chairman and from 1994 to 2014 as its Chairman. He was a member of the board of several Swiss companies. Urs Bühler was born in 1943 and is Swiss.



Hal Gurley

Automation intelligence expert and Founding Member of UBIF

Hal Gurley holds Bachelor's and Master's degrees in Electrical Engineering from the Georgia Institute of Technology (US), and an Executive MBA from the Institute IMD (Switzerland). Before moving to Switzerland in 1995, Gurley was President and Founder of Automation Intelligence, an advanced systems integration and software development firm based in the US specializing in real-time communications and control systems for industrial, robotic, and military applications. Prior to joining Cisco in 2000, Gurley was Director Internet/IP at Swisscom. During his 17-year career at Cisco, Gurley held executive leadership positions within Cisco's professional services, management consulting, and sales organizations. From 2013 until his retirement in late 2016, Hal Gurley had global responsibility for Cisco's Cloud/Network Management and Automation software sales and go-to-market execution. He also served as sole Managing Director and legal representative of Cisco Systems (Switzerland) GmbH. Hal Gurley was born in 1955. He is Swiss and American.



Dr. Matthias Kaiserswerth

Managing Director,  
Hasler Stiftung

Dr. Matthias Kaiserswerth studied Computer Science at the Friedrich-Alexander University in Erlangen-Nuremberg (Germany) and at McGill University in Montreal (Canada). He obtained his PhD in Engineering from Erlangen University. From 1988 to 2015, Dr. Kaiserswerth worked for IBM. He has spent almost his entire career as a researcher in the areas of high-performing communication and security in Switzerland and the US apart from mid-2002 to the end of 2005, when he was responsible for global IBM business relations with a large international industrial customer. For more than 11 years Dr. Matthias Kaiserswerth was Director of the IBM Research Laboratory in Rüschlikon (Switzerland) until he became Managing Director of the nonprofit Hasler Stiftung in Berne, in May 2015. This foundation supports education, research, and innovation in information and communication technologies. Dr. Matthias Kaiserswerth was born in 1956. He is Swiss and German.

## Urs Bühler Innovation Fund

The Urs Bühler Innovation Fund (UBIF) was established in 2014 to support the company's innovation efforts. Bühler invests roughly 5% of its turnover in research and development every year – developing breakthrough technologies and services to strengthen Bühler's market position as well as exploiting new opportunities to stay ahead of the innovation curve. The Advisory Board, managing the UBIF, focuses on accelerating the innovation process within the company as well as on its advancements in the field of the Internet of Things.



Edward S. Steinfeld

Professor of Political Science;  
Director, Thomas J. Watson, Jr. Institute for International Public Affairs,  
Brown University

Edward S. Steinfeld studied Government and Political Science at Harvard University (US) and holds a PhD in Political Science. From 1996 to 2013, Steinfeld was a Professor of Political Economy and Management at the Massachusetts Institute of Technology (US). He also served as a visiting scholar at the Tsinghua University School of Public Policy and Management in Beijing from 2012 to 2013. From 2005 to 2013, he was Director of the China Energy Program at the MIT Industrial Performance Center. In 2013, Steinfeld moved to Brown University (US), where he currently directs the Watson Institute for International and Public Affairs as well as the Brown China Initiative and is a Professor of the Department of Political Science. Beside his university engagement, Edward Steinfeld is a member of various boards of directors, academic and advisory boards in the US, Asia, and Europe. In 2012, he was appointed as a member of the China Advisory Board of Bühler Group. Edward Steinfeld was born in 1966 and is American.



Ian Roberts

Chief Technology Officer, Bühler

Ian Roberts graduated in Chemical Engineering and obtained a PhD in Process Engineering from the University of Wales (Great Britain). From 1997 to 2009, he held various management positions at Nestlé, acting among other positions as internal management consultant at Swiss headquarters, as Director of Innovation for Nestlé Mexico, and as Director of the Chocolate Centre of Excellence in Switzerland. He has been Chief Technology Officer at Bühler since 2011. He is also a board member of the academic institutions Wyss Institute and IFNC-EPFL. Ian Roberts was awarded European CTO of the Year 2016 and is a Fellow of the Institute of Chemical Engineers. Ian Roberts was born in 1970 and is British.

# COLLABORATION

## principles

### Permitted external activities of the Board of Directors and the Executive Board

Bühler's Articles of Incorporation provide for a certain restriction of the permitted external activities of the members of the Board of Directors. Members of the Board of Directors may not hold more than four additional mandates in listed companies, eight additional mandates against remuneration in unlisted companies, and eight unpaid additional mandates. Not included in these limitations are mandates in companies affiliated with Bühler, corporate mandates of Bühler, and mandates in associations, foundations, employee welfare foundations, charitable organizations, and other comparable structures. However, no Board Member shall hold more than 20 such additional mandates. Mandates refers to mandates in the supreme governing body of a legal entity registered in the commercial register in Switzerland or elsewhere. Members of the Executive Board are limited to two mandates at public companies or other legal entities against remuneration and four unpaid mandates.

### Elections and term of office of the Board of Directors

Bühler's Articles of Incorporation provide for the annual election by the General Assembly of all Board Members, its Chairman, and the members of its Nomination and Compensation Committee. Term of office shall be one year, starting with the General Assembly at which each individual member is elected and ending with the next following General Assembly. The members of the Audit Committee are annually elected by the Board of Directors.

### Election date and attendance

For the year of first election to the Board of Directors, please refer to the individual curriculum vitae of each Board Member on pages 112–113. At the General Assembly, the Board of Directors gives account to the shareholders on the attendance of Board and Committee meetings by each individual Board member.

### Audit Committee

The Audit Committee shall monitor the integrity of the financial statements of the Company, including its Annual Report. It promotes effective communication between the management, internal and external audits.

The Audit Committee regularly reviews the functionality and effectiveness of the internal control system. It supports the Board of Directors in corporate governance issues.

### Nomination and Compensation Committee

The Nomination and Compensation Committee determines and agrees with the Board of Directors on the policy for the compensation of the Members of the Board of Directors and of the Executive Board. It approves the design of, and determines targets for any performance-related compensation schemes operated by the Company and approves the total annual payments made under such schemes. Within the parameters of the agreed policy the Nomination and Compensation Committee determines the total individual compensation package for each Member of the Board of Directors as well as of the Executive Board and prepares the remuneration report.

### Work method of the Board of Directors and its committees

Board meetings are held as often as matters require or upon the request of a Board Member, but at least four times per year. The agenda of the meeting shall be announced when it is convened, and pertinent information, if needed, shall be sent 10 days before the meeting to each Board Member. On unannounced items the Board can only decide if all members of the Board are in attendance. Decisions may also be taken by circulation, provided that none of the Board Members request a formal meeting.

Meetings of the Board Committees are convened separately from the Board meetings and scheduled as often as business requires. The Board of Directors receives verbal updates after each meeting of its Committees by their Chairperson.

### Areas of responsibilities

The Board of Directors is responsible for the ultimate direction, strategic supervision, and control of the management of the Company, and for other matters which are, by law, under its responsibility. Such inalienable duties include, essentially, (i) the ultimate management of the Company, (ii) the determination of its organization, (iii) the structuring of its accounting system and of the financial controlling, (iv) financial planning, (v) the appointment, removal, and ultimate supervision of persons entrusted with the management and representation of the Company, (vi) the preparation of the business report as well as the General Assembly and the implementation of its resolutions.

### Executive Board

The Executive Board is responsible for all areas of operational management of the Company that are not reserved to the Board of Directors. The Executive Board is chaired by the Chief Executive Officer.

### Urs Bühler Innovation Fund (UBIF)

The Advisory Board of the Urs Bühler Innovation Fund supports and advises the Board of Directors in innovation strategy matters as well as in defining and executing an innovation strategy that provides future-oriented answers to market trends and the needs of current and future customers.

### External auditors

The external auditors are appointed at the General Assembly and present the outcome of the audit to the Audit Committee.

# COMPLIANCE

## Effective corporate governance

Effective corporate governance is a precondition for Bühler to ensure a long-term and sustainable increase of its corporate value. We base this both on the Swiss Code of Best Practice for Corporate Governance and the OECD Principles of Corporate Governance. Corporate governance at Bühler is organized with the interests of its stakeholders in mind, including customers, employees, suppliers, and public communities. It also comprises compliance with environmental and social standards as well as an uncompromising commitment to financial integrity. As an international Swiss company, strict observation of local laws on a global scale and systematic and continuous monitoring of compliance in all markets are indispensable for Bühler. This is the only way to prevent operating risks and an impairment of reputation that might be caused by violation of compliance rules.

## An active Code of Conduct

The Code of Conduct is part of the so-called Bühler Essentials. It serves all employees as a beacon, showing them how to live the Group's core corporate principles (Trust, Respect, Recognition, Involvement, and Passion) in their day-to-day jobs. It states what is expected of employees and business partners, defines the standards governing compliance with laws and regulations, and includes the fundamentals of communications, employee rights, health and safety, and financial integrity.

Bühler regularly reviews its own principles of corporate governance to ensure that they are up to date. Our Code of Conduct has been reviewed and now also includes binding standards for our business partners. The Code of Conduct is being continuously adjusted to ongoing changes in the environment. Furthermore, a new Supplier Code of Conduct has been introduced.

## Clear rules against corruption and bribery

The so-called ABC (Anti Bribery & Corruption) rules against bribery and corruption unmistakably state that no violations will be tolerated. They concern, in particular, collaboration with agents. It is mandatory for all employees in procurement, sales, and management functions to undergo a comprehensive online training program (Web Based Training, WBT) after they have joined the company and to pass a final test.

### Compliance organizational structure proves its effectiveness

Bühler further decentralized the organizational structure of its compliance function. In eight Bühler regions a regional compliance officer acts as the first contact, except for compliance cases involving special risks, which are handled directly by the Compliance Board. This decentralization has greatly streamlined and accelerated the related processes. This is also because linguistic barriers have been eliminated, and the regional compliance officers are familiar with local regulations and conditions.

### Compliance reporting

Clear accountability and defined actions ensure that compliance-related incidents are systematically reported to the central Compliance Board. This transparency is a precondition for ensuring that the company can gain the necessary insight from such incidents and take the required measures in response. We are happy to report that awareness of the benefits of a transparent compliance reporting system have become increasingly acknowledged.

### Trade compliance

Free trade agreements can offer advantages in cross-border traffic. In order to use these, high demands are placed on the organization and documentation of the supply chain. In addition, strict guidelines are set for the export industry in the fields of export control, sanctions, and customs. Accordingly, these tasks are steadily expanding and increasingly supported by technical systems.

### Group Internal Audit

The Internal Audit Department reports functionally to the Chairwoman of the Audit Committee and administratively to the Chief Financial Officer. Meetings between internal and external auditors take place on a regular basis. The audit plan is aligned with the strategy and key business risks. A yearly risk assessment is prepared by Group Internal Audit. It is the basis for the yearly audit plan, which is approved by the Audit Committee. The results of the audits are discussed with the management of the audited unit, and major topics are presented to the Executive Board and the Audit Committee and thereafter reported to the Board of Directors. In 2017, 15 worldwide audits were carried out.

Group Internal Audit is responsible for reviewing Group-wide compliance with the Code of Conduct. Violations are reported to the Audit Committee and the Executive Board.

### Risk management

Bühler reviews the risk geography of the company on a regular basis. The objective of the established risk process is to review – on a continuous basis – the consequences, probabilities, impacts, and mitigation measures of the identified risks. This process is the responsibility of the Board of Directors.

### Quality system

With the renewal of the certificates for another three years, Bühler continues to meet the highest internationally recognized quality and environmental standards. With the new ISO revision 2015, both the quality and environmental standards structures were harmonized with the focus on risk-based thinking in all business processes. This was the result of the multi-site assessment sampling at our Bühler sites: Bühler AG (BUZ), Uzwil, Switzerland; Bühler Management AG (BMGT), Uzwil, Switzerland; Bühler + Scherler AG (SCHS), St. Gallen, Switzerland; Bühler CZ s.r.o. Zamberk (BZAM), Czech Republic; Bühler GmbH (BBIN), Reichshof, Germany; Bühler (China) Holding Co. Ltd. (BCHN), Wuxi, China; Wuxi Bühler Machinery Manufacturing Co. Ltd. (BWUX), China; Bühler (Wuxi) Commercial Co. Ltd. (BCOM), Wuxi, China, which all successfully passed SGS audits. The ISO 9001:2015 and ISO 14001:2015 certificates are valid until November 16, 2020.

### SEDEX/SMETA 4 Pillars recertification

In addition, Headquarters Bühler AG (BUZ), Uzwil, Switzerland successfully passed the SEDEX/SMETA 4 audit of the four main pillars (labor standards, health and safety standards, environmental standards, and business ethics). SGS granted the letter of conformity, which is valid until September 1, 2020.

# REMUNERATION

## report

### Recruit, develop, and align

Bühler practices excellence in human resources to motivate and develop its employees and in order to achieve the Bühler mission. The Company wants to establish itself as the best in class for employee development, across the entire career span of its people. The Remuneration Policies are designed with this purpose in mind.

## Remuneration governance

### Overview

The Members of the Nomination and Compensation Committee (NCC) are elected by the General Assembly. The Board of Directors (BoD) appoints the Chairman from among the elected members. The NCC supports the BoD in the remuneration issues defined here, with responsibilities being retained by the BoD. The NCC is in charge of defining and periodically reviewing the Remuneration Policy. It prepares all the relevant decisions of the BoD in the area of remuneration, for the Members of the BoD, Members of the Executive Board (EB), and submits its proposals (remuneration type and annual remuneration) to the BoD. In addition, it submits proposals to the BoD defining the annual goals for success- and performance-related remuneration, and then defines the circle of potential recipients of this success- and performance-related remuneration.

### Nomination and Compensation Committee

For the year under review, the members of the NCC were Konrad Hummler (Chairman), Frank N. J. Braeken, Karin Bühler, and Maya Bühler. Permanent invitees were Calvin Grieder, Chairman of the Board of Directors; Stefan Scheiber, CEO; Dipak Mane, Chief HR Officer; and Christof Oswald, Head of HR. Four meetings were held. The NCC Chairman reported to the BoD after each meeting, and the minutes were kept and distributed in a timely manner.

### Authority chart

Subject	Recommendation	Final approval
Definition of Remuneration System and Policy for remuneration paid to the Board of Directors and the Executive Board	NCC	Board of Directors
Development of variable remuneration schemes plus approval of all annually paid performance-related remuneration at Bühler Group	NCC	Board of Directors
Definition of individual remuneration, including bonus, variable portion, shares-related remuneration, etc., to the Executive Board and the Board of Directors	NCC	Board of Directors General Assembly

### Remuneration principles

Bühler is committed to performance- and market-related remuneration. Success as a result of sound individual performance plus the success of the organization will impact the remuneration.

All employees, including the Executive Board, shall undergo a formalized annual performance appraisal process (Employee Performance Management, EPM). The Individual Performance Goals are defined and agreed upon jointly with each employee at the start of the fiscal year. The financial success of the organization, which is measured on the basis of EBIT, also impacts performance-related remuneration.

### Principles of Remuneration Policy

Fairness, consistency, and transparency	The remuneration schemes shall be simple, clearly structured, and transparent. They give consideration to the responsibilities and powers of the individual functions, thereby ensuring fair remuneration at all levels.
Performance-related remuneration	Variable remuneration is directly tied to the success of Bühler (EBIT) and to individual performance (EPM).
Long-term success sharing	Part of the remuneration of the Executive Board shall be paid in the form of blocked phantom options in order to ensure long-term sharing in the success of Bühler.
Orientation toward the labor market	In order to attract and retain talent, qualified and dedicated management staff and employees, remuneration shall be oriented toward the market environment and be regularly subjected to benchmarking.
Bühler values: TRRIP	The Remuneration Policy is oriented toward the Bühler values of TRRIP (Trust, Recognition, Respect, Involvement, Passion). These values are incorporated in the above-mentioned principles and determine the “Bühler way of doing business” in all respects.

# REMUNERATION

## elements

### Overall remuneration model for employees and the Executive Board

	Instrument	Purpose	Influencing factors
Fixed annual basic salary	Monthly cash remuneration	Regular, predictable remuneration for the specific function	Sphere of work, complexity, and responsibility of the function, competencies, and experience of the function owner, benchmarks
Performance-related variable portion	Annual cash remuneration	Remuneration for performance	Success of the organization (EBIT) and individual performance (EPM) on an annual basis
Deferred compensation plan	Deferred compensation plan with a vesting period of three years	Sharing in long-term success	Hierarchical position of the function within the organization
Other employee benefits	Pension and insurance schemes; other fringe benefits	Protection against risks and coverage of expenses	Local legislation and market practice

### Remuneration of the Board of Directors

The members of the Board of Directors shall receive a fixed cash payment and be remunerated as Committee Members (if applicable).

#### Office

Basic remuneration	Membership in the Board of Directors
Additional remuneration	Chairmanship of the Board of Directors
	Vice Chairmanship of the Board of Directors
	Chairmanship of the Audit Committee
	Activity in the Audit Committee
	Chairmanship of the Nomination and Compensation Committee
	Activity in the Nomination and Compensation Committee
	Other Committee Chairmanship/Memberships
	Other activities
Expenses	Only expenses incurred are reimbursed

### Remuneration of the Executive Board

The Members of the Executive Board shall receive a basic salary, a variable cash remuneration portion, employer contributions to pension funds and social security institutions, and long-term remuneration in the form of a deferred compensation plan with a vesting period of three years. In addition, the remuneration package also includes transportation and housing allowance plus a life insurance premium.

