

## GOVERNANCE

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## GROUP STRUCTURE

Bühler follows international standards of corporate governance. Its corporate governance activities are based 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.

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 the 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 Com-

mittee 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, Dr. Maya, and Jeannine Bühler, each of whom 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 act in one unified voice in relation to company issues and decisions.

## BOARD OF DIRECTORS

### Chairman

Calvin Grieder

Linda Yang

Rainer E. Schulz

### Nomination and Compensation Committee

Dr. Konrad Hummler  
(Chairman)

Karin Bühler

Frank N.J. Braeken

Dr. Maya Bühler

### Audit Committee

Ruth Metzler-Arnold (Chairwoman)

Jeannine Bühler

Clemens E. Blum

## EXECUTIVE BOARD

### CEO

Stefan Scheiber

### CFO

Dr. Mark Macus

### Grains & Food

Johannes Wick

### Consumer Foods

Germar Wacker

### Advanced Materials

Samuel Schär

### CTO

Dr. Ian Roberts

### Manufacturing, Logistics & Supply Chain

Dr. Holger Feldhege

### Sales & Services

Dieter Voegtli

### Human Resources

Dipak Mane

## BUSINESSES

### Grains & Food

Grain Quality & Supply

Milling Solutions

Value Nutrition

Digital Technologies

### Consumer Foods

Bakery

Wafer

Biscuit

Chocolate & Coffee

Confectionery

Haas Metal

### Advanced Materials

Die Casting

Leybold Optics

Grinding & Dispersing

## REGIONS

North America

South America

Europe

Middle East & Africa

Asia

South Asia

## URS BÜHLER INNOVATION FUND

### Founder

Urs Bühler

Hal Gurley

### Chairman

Dr. Ian Roberts

Dr. Matthias Kaiserswerth

Prof. Dr. Edward S. Steinfeld

Prof. Dr.-Ing. Werner Bauer

## ADVISORY BOARD

### 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, Switzerland. He handed over the executive management duties of the company to Calvin Grieder at the beginning of 2001. Urs Bühler was 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 Inc., a US-based advanced systems integration and software development firm specializing in real-time communications and control systems for industrial, robotic, and military applications. Prior to joining Cisco in 2000, Gurley was CTO at SIG Packaging Technology and later 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 2017, Hal Gurley had global responsibility for Cisco's Cloud/Network Management and Automation software sales and go-to-market execution. He served as sole Managing Director and legal representative of Cisco Systems (Switzerland) GmbH. Currently working as an independent IoT strategy consultant, 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. Matthias 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 non-profit 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 between 4% to 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 (IoT).



Prof. Dr. Edward S. Steinfeld  
Professor of Political Science;  
Director, Thomas J. Watson,  
Jr. Institute for International Public  
Affairs, Brown University

Prof. Dr. Edward S. Steinfeld studied Government and Political Science at Harvard University (US) and holds a PhD in Political Science. From 1996 to 2013, he 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, Prof. Dr. Edward S. 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. Besides his university engagement, Prof. Dr. Edward S. Steinfeld is a member of various boards of directors, and 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. Prof. Dr. Edward S. Steinfeld was born in 1966 and is American.



Dr. Ian Roberts  
Chief Technology Officer

Dr. 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, focusing on innovation and business development. He has been Chief Technology Officer at Bühler since 2011. He has been particularly active in driving the cultural change program towards collaborative innovation, the sustainability mission, the digital transformation, and the entry into new business sectors. He is Chairman of the Evaluation Board of the Wyss Institute Zürich, managing the CHF 120 million investment portfolio into regenerative medicine and robotics, President of MassChallenge Switzerland, running five start-up accelerator programs across Europe, member of the supervisory boards of PROTIX, an industrial-scale insect processing company and Squirro, an AI company serving multiple industry sectors. Dr. Ian Roberts was awarded European CTO of the Year 2016. Dr. Ian Roberts was born in 1970 and is British.



Prof. Dr.-Ing. Werner Bauer  
Food Science, biotechnology, and  
R&D expert

Prof. Dr.-Ing. Werner Bauer started his career as a university professor in chemical engineering at the Technical University in Hamburg, Germany. After serving as the Director of the Fraunhofer Institute for Food Technology & Packaging and as Professor in Food Bioprocessing Technology at the Technical University of Munich from 1985 to 1990, he joined Nestlé as Head of Nestlé Research worldwide in 1990. After commercially heading Nestlé South and East Africa, he joined general management as Executive Vice President in 2002, responsible for Technical, Production, Environment, and R&D. In 2007 he became Chief Technology Officer and Head of Innovation, Technology, Research and Development, a post from which he retired in September 2013. Prof. Dr.-Ing. Werner Bauer holds mandates in companies that are quoted on an official stock exchange and in companies that are non-quoted. He received a diploma and a PhD in Chemical Engineering from the University Erlangen-Nürnberg in Germany. Prof. Dr.-Ing. Werner Bauer was born in 1950 and is German and Swiss.

# 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 following General Assembly. The Members of the Audit Committee are annually elected by the Board of Directors. Board Members will generally not be re-elected once they pass their 70th birthday or have been on the Board for 12 years.

### 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 62–63. 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. Bühler bases 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, Ownership 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. Its Code of Conduct has been reviewed and now also includes binding standards for its business partners. The Code of Conduct is being continuously adjusted to ongoing changes in the environment. Furthermore, Bühler's Supplier Code of Conduct has been updated according to the environmental requirements and further rolled out to its business partners.

## 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. Furthermore, it is mandatory for all employees with access to the learning platform to undergo the new state-of-the-art online training program (Web Based Training, WBT)

and to pass a final test. Participation in the training takes place upon entry into the company and the training must be repeated every three to five years.

## Compliance organizational structure proves its effectiveness

Bühler further decentralized the organizational structure of its compliance function. In six 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. Bühler is 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 Board of Directors, represented by 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 2019, eight 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

The Group is exposed to a variety of risks. The Company's risk management system includes all measures in a systematic and transparent approach towards risk. It aims to identify risks, evaluate them adequately, handle or avoid them using suitable measures and monitor them. Risks are defined here as possible future developments or events which may lead to negative deviations from the planned operating result. As part of the regular risk reporting, the risk owners report the risks they have identified, including the respective likelihoods of occurrence, the potential financial impact, as well as the risk mitigation measures for corporate risk management.

### Quality system

With the recertification of the ISO 9001:2015 Group Quality System, Bühler continues to meet the highest internationally recognized quality standards. This was the result of the multi-site assessment sampling at 8 out of 25 certified Bühler sites. The ISO 9001:2015 certificate will be renewed until November 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 Dr. Konrad Hummler (Chairman), Frank N. J. Braeken, Karin Bühler, and Dr. 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: TOP	The Remuneration Policy is oriented toward the Bühler values of TOP (Trust, Ownership, and Passion). These values are incorporated into 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 to ten 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 to ten years. In addition, the lump-sum remuneration regulations apply.