

# CORPORATE GOVERNANCE

**The Bossard Group's organizational structure meets international standards for corporate management. The Group's corporate bodies and management follow the Directive on Information relating to Corporate Governance of SIX Swiss Exchange as well as the "Swiss Code of Best Practice for Corporate Governance" of *economiesuisse*.**

The organizational structure of the Bossard Group is based on clear delimitation of tasks, competencies and responsibilities between the board of directors and of the executive committee. The functions of the chairman of the board of directors and of the chief executive officer (CEO) are held by two different persons, so that the separation of powers is guaranteed. This report is prepared according to the Directive Corporate Governance (DCG) of SIX Swiss Exchange dated January 1, 2016. Unless otherwise indicated, all information applies as at December 31, 2016. The principles and rules on corporate governance are set out in the rules and regulations of Bossard Holding AG, i.e. in the articles of association of Bossard Holding AG (articles of association), in the organizational and business regulations of Bossard Holding AG (OBR), in the regulations of the board's committees, in the code of conduct and in the decisions of the board of directors. The rules are regularly reviewed by the board of directors and adapted to current requirements (articles of association, OBR and regulations of the board's committees most recently in 2015).

## Group structure and shareholders

### Group structure

Bossard Holding AG, the parent company of the Bossard Group, is a joint-stock company under Swiss law with its registered office in Zug. Bossard Holding AG is the only listed company belonging to the group of consolidated companies. It has a direct or indirect interest in the companies listed in the financial report, note 34. Bossard Holding AG (Swiss securities no. 23 862 714, ISIN CH0238627142/BOSN) is listed on the SIX Swiss Exchange. Its stock market capitalization as at December 31, 2016 was CHF 1,088.4 million (2015: CHF 826.5 million). The Group's structure aims to provide optimum support for its business activities within an efficient

legal, financial and strategic framework. This means that the structure should be as simple as possible and also transparent to anyone outside the Group. The Bossard Group operates exclusively in industrial fastenings technology and generates its entire revenue in this market segment. Further information regarding the group structure are set out in the notes to the financial statements, namely note 1, 16 and 17.

### Significant shareholders

The following shareholders hold more than 3 percent of the total voting rights in Bossard Holding AG as at December 31, 2016:

The Kolin Group – a shareholder group as per article 120seq. of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) – consisting of Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, owns 56.1 percent (2015: 56.1 percent) of total voting rights and 27.9 percent (2015: 27.9 percent) of dividendbearing capital. Kolin Holding AG is wholly controlled by the Bossard families. This shareholder group does not include shares without pooled voting rights, which are held by individual members of the Bossard families outside this shareholder group (no disclosure notification in 2016).

Bossard Holding AG held 409,793 own registered A shares (2015: 431,503) or 3.058 percent (2015: 3.22 percent) of the total voting rights (no disclosure notification in 2016).

The disclosure notifications in relation to shareholdings in Bossard Holding AG are published on the electronic publication platform of SIX Swiss Exchange and can be accessed via the search function of the disclosure office via the following link: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

Bossard Holding AG is not aware of any other shareholders or groups of shareholders that held 3 percent or more of the total voting rights of Bossard Holding AG as at December 31, 2016.

### Cross-shareholdings

There are no cross-shareholdings with other companies.

## Capital structure

### Share capital

As at December 31, 2016 the ordinary share capital of Bossard Holding AG totaled CHF 40,000,000, of which CHF 33,250,000 share capital relates to registered A shares and CHF 6,750,000 to registered B shares.

### Authorized and conditional capital

Bossard Holding AG holds 370,000 registered A shares in reserve since the increase in share capital in 1989. These reserve shares carry no voting rights and are not entitled to dividends. Other than this, Bossard Holding AG does not hold any authorized or conditional capital.

### Changes in capital in the last three years

In April 2014, a 1:2 stock split was carried out and the listed bearer shares converted to registered A shares and the existing registered shares converted into registered B shares. Since this stock split, the share capital of Bossard Holding AG consists of 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 unlisted registered B shares (voting right shares) with a nominal value of CHF 1 per share.

### Shares

The share capital of Bossard Holding AG is CHF 40,000,000. It is divided into 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 registered B shares with a nominal value of CHF 1 per share (voting right shares). The share capital is fully paid up. With the exception of the own registered A shares held by Bossard Holding AG, (i) each registered share entered in the share register with voting rights is entitled to one vote (see also limitations on transferability and nominee registrations) and (ii) each registered share is entitled to a dividend. The measurement of voting rights by the number of registered voting right shares is not applicable for individual decisions specified in article 16 of the articles of association. Only registered A shares are listed on the SIX Swiss Exchange under the Swiss Reporting Standard (formerly Domestic Standard). Registered B shares are wholly owned by Kolin Holding AG. As at December 31, 2016, Bossard Holding AG held 409,793 own registered A shares (including the

370,000 reserve shares mentioned under authorized and conditional capital).

### Participation and profit-sharing certificates

Bossard Holding AG has not issued any participation or profit-sharing certificates.

### Limitations on transferability and nominee registrations

#### Limitations on share transferability

According to article 7 of the articles of association, the transfer of registered B shares is always subject to the approval of the board of directors, irrespective of the form in which these shares were issued. The board of directors may reject such a request for good reason – primarily to protect the purpose of the company and to maintain its economic independence (article 9 of the articles of association). In particular, this includes the transfer of registered B shares to a competitor and a fiduciary transfer. Furthermore, the board of directors may refuse its approval if it offers to the seller or acquirer of the registered B shares that it will acquire these shares for the account of the company, other shareholders or third parties for at least their actual value at the time the request was made (article 8 of the articles of association). If there is good reason to do so, the board of directors may grant exceptions to these rules (no exceptions have been granted in the reporting year 2016). However, transfer requests containing incorrect information must always be rejected; a new, corrected request may subsequently be submitted (article 9 of the articles of association). The provisions also apply for registered B shares, which are acquired (subscribed) by the exercise of subscription, option or conversion rights, and for the establishment of usufruct of registered B shares.

#### Nominee registrations

According to article 6 of the articles of association, the acquirer of a registered A share is entered in the share register with voting rights provided that he or she confirms that this share is held in his or her own name and for his or her own account.

Up to a registration limit of 0.5 percent of the total number of registered A shares entered in the commercial register, anyone who does not expressly

state that he or she is acting on his or her own account shall be acknowledged as being a nominee with voting rights. Beyond this registration limit, anyone who makes known to Bossard Holding AG the name, address and/or registered office of the person for whose account he or she holds more than 0.5 percent of the total number of registered A shares entered in the commercial register, shall be acknowledged as being a nominee with voting rights. Otherwise the acquirers of registered A shares shall be acknowledged or registered as shareholders without voting rights. These provisions also apply to registered A shares that have been acquired by exercising subscription, option or conversion rights as well as to the creation of rights of usufruct to registered A shares.

### Outstanding bonds and options

Bossard Holding AG currently has no bonds or convertible bonds outstanding. Information on the management participation plan (outstanding options resp. restricted stock units) is disclosed in the compensation report and in note 19 of the financial report. Further detailed information can be accessed on the electronic publication platform of the SIX Swiss Exchange via the following link: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=BOSSARD>

## Board of directors

### Members of the board of directors

As at December 31, 2016 the board of directors of Bossard Holding AG consisted of seven non-executive members. None of the members of the board of directors previously sat on the executive committee.

The board of directors had the following members as at December 31, 2016:

Name	Function	Appointed
Dr. Thomas Schmuckli	Chairman	2007
Anton Lauber	Deputy chairman	2011
Dr. René Cotting	Member	2015
Daniel Lippuner	Member	2015
Prof. Dr. Stefan Michel	Repr. of registered A shares	2014
Maria Teresa Vacalli	Member	2013
Helen Wetter-Bossard	Member	2002

### Other activities and vested interests

Dr. Thomas Schmuckli, Anton Lauber and Helen Wetter-Bossard were proposed for election by the majority shareholder, Kolin Holding AG, Zug, and were elected to the board of directors of Bossard Holding AG. Dr. Thomas Schmuckli and Helen Wetter-Bossard are members of the Bossard families, which have 100 percent control over Kolin Holding AG. The members of the board of directors do not perform any activities outside of the Bossard Group other than the mandates listed on pages 40 to 43 and therefore do not have any significant business relationships with Bossard Holding AG or one of the subsidiaries. Furthermore, they do not have any other significant external interests.

### Allowed number of mandates

According to article 44 of the articles of association, a member of the board of directors may at the same time take on a maximum of fifteen mandates outside the Bossard Group, of which a maximum of five may be in listed companies and an additional ten mandates which he or she exercises pro bono. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates (i) for mandates assumed in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised.

### Elections and terms of office

According to the articles of association, the board of directors consists of at least five members. The chairman of the board of directors and the other members of the board of directors are elected by the annual general meeting of shareholders for a period of one year (until the next ordinary annual general meeting of shareholders is held). Members are elected on an individual basis. The annual general meeting of shareholders also elects the chairman of the board of directors. There are no statutory limits to the term of office; members may be re-elected. According to the OBR, however, a member of the board of directors shall offer to step down at the annual general meeting of shareholders following his or her 70th birthday. Each category of shareholders,

namely the holders of registered A shares as a group are entitled to one seat on the board of directors. Having been elected for the first time in 2011, Prof. Dr. Stefan Michel was re-elected in 2016 as the representative of the holders of registered A shares (he was elected for the first time in this role in 2014); holders of registered B shares with voting rights did not take part in this election. Generally speaking, the majority of board members should be external members with no executive functions in the company. None of the members of the board of directors exercised any executive functions in the Bossard Group in the 2016 reporting year.

The following table shows the year in which each member was first elected to the board of directors as well as their function as at December 31, 2016:

Name	Function	First elected
Dr. Thomas Schmuckli	Chairman <sup>1)</sup>	2000
Anton Lauber	Deputy chairman <sup>2)</sup>	2006
Dr. René Cotting	Member <sup>3)</sup>	2015
Daniel Lippuner	Member <sup>2)</sup>	2015
Prof. Dr. Stefan Michel	Repr. of registered A shares <sup>4)</sup>	2011
Maria Teresa Vacalli	Member <sup>5)</sup>	2013
Helen Wetter-Bossard	Member <sup>5)</sup>	2002

- 1) Chairman of the nomination committee (NC), member of the audit, risk & compliance committee (ARCC)
- 2) Member of the audit, risk & compliance committee (ARCC)
- 3) Chairman of the audit, risk & compliance committee (ARCC)
- 4) Chairman of the compensation committee (CC), member of the nomination committee (NC)
- 5) Member of the compensation committee (CC), member of the nomination committee (NC)

## Internal organization

### Allocation of duties within the board of directors

The board of directors of the Bossard Group is ultimately responsible for the Group's business policy and management. It is the company's highest management body and is entitled to make decisions on all matters which, by law, through the articles of association and/or under the regulations of Bossard Holding AG, are not the responsibility of the annual general meeting of shareholders, or which it has not transferred to other bodies through regulation or decision.

The board of directors has the following non-transferable and inalienable main tasks:

- overall management of the company, namely defining the strategic direction and management of the Group
- determining the organizational structure
- establishing the accounting system and financial controls
- appointing and dismissing the CEO and other members of the executive committee
- maintaining ultimate supervision of the CEO and other members of the executive committee
- exercising rights of participation from and to shareholdings
- drawing up the annual report and the compensation report, preparing the annual general meeting of shareholders and implementing its decisions
- notifying the judge in the event of excessive indebtedness
- making decisions about the subsequent payment of capital with respect to not fully paid-up shares
- making decisions regarding the approval of capital increases and the resulting amendments to the articles of association

### Committees

To assist it in its duties, the board of directors has established three permanent committees:

- the audit, risk & compliance committee (ARCC)
- the nomination committee (NC)
- the compensation committee (CC)

These committees prepare specific issues for discussion by the board of directors. The overall intrinsic responsibility of the board of directors is not affected by the activities of these committees or by any delegation of tasks to them. Ad-hoc committees can be formed to deal with specific or time-limited projects or issues. Currently, Prof. Dr. Stefan Michel provides support with marketing, Maria Teresa Vacalli with IT development, and Anton Lauber with innovation. Unless otherwise stipulated by the articles of association, the board of directors defines the composition, duties, competencies and compensation for these committees in the relevant regulations, which are periodically reviewed by the respective committee and are amended in accordance with any proposed amendments submitted to the board of directors by the latter. With exception of

the CC, the board of directors may dismiss any of the committees it has appointed at any time.

Certain duties and competencies are assigned to the chairman of the board of directors alone.

The board of directors has additionally delegated operational management and overall leadership of the Bossard Group as well as the related duties and competencies to the CEO. In turn, the CEO is authorized to arrange further delegation.

Detailed information on the division of duties within the board of directors can be found in the OBR, which is available via the following link:  
<http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

#### **Working methods of the board of directors**

The board of directors normally meets six to eight times per year, but is available to discuss matters at short notice should this be required. A member of the board of directors may request that additional meetings be convened by providing written justification to the chairman of the board of directors. The duration of board and committee meetings depends on the respective agenda. In 2016, a total of five full-day board meetings were held, as well as a three-day retreat and a conference call. The board of directors holds a retreat once a year, which lasts for several days and is used for analyzing the strategic risk/opportunities mix and for fundamentally reviewing the strategy and its development. In 2016, this retreat was held in San Jose, USA, where the board of directors met with the expanded management team to actively discuss the strategy of Bossard North America, the two strategic key accounts as well as the opportunities and possibilities offered by digitalization to the Bossard Group. Apart from its regular meetings, the board of directors is given monthly updates on the Bossard Group's financial development.

The chairman invites the members to the meetings in writing, enclosing the agenda and any relevant documents. The invitations are sent out at least seven days before the meeting. Each member of the board of directors may request the chairman to add further items to the agenda. The board of directors is quorate if the majority of its members is present. The

board of directors makes decisions based on an absolute majority of the votes cast. Each member of the board of directors has one vote. If a vote is tied, the chairman has the casting vote. Minutes must be taken detailing the negotiations and decisions of the board of directors; these minutes must be approved by the board of directors. In particularly urgent cases the chairman may require the board to reach a decision by conference call. Such decisions must be included in the minutes of the next board meeting. To ensure that the board of directors receives sufficient information to reach decisions, it invites the CEO, the CFO and – if necessary – other members of the executive committee, members of staff or third parties to attend meetings.

The chairman, the CEO, the CFO and other representatives of the executive committee meet regularly to discuss fundamental corporate matters. These include the Group's strategy, medium-term financial, operational and succession planning, organizational issues and market consolidation. If there is a conflict of interests, the board or executive committee members concerned abstain from voting.

#### **Composition/Working methods of the board's committees**

The functions of the three permanent board committees are primarily analytical, advisory and supervisory. They also have decision-making authority in certain individual cases.

#### **Audit, risks & compliance committee (ARCC)**

The ARCC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. As at December 31, 2016, the members of the ARCC were Dr. René Cotting (chairman), Dr. Thomas Schmuckli, Anton Lauber and Daniel Lippuner. The ARCC meets at least three times per year: in the summer, to define the scope and key points of the annual audit with the audit company, in late fall to discuss the findings from the main audit and the existence and effectiveness of the internal control system (ICS), and in February, to discuss the result of the audit of annual accounts. These meetings are attended by the chairman of the board of directors (unless he or she is already a

member of the ARCC), the CFO, the Group controller and at least one representative of the external auditors. The CEO, other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. The minutes of these meetings are circulated to all members of the board of directors, the CFO and the CEO, as well as to those who attended the meeting. In addition, the ARCC regularly reports on its activities to the board of directors at meetings of the latter. In 2016, the ARCC held three meetings. On average, the meetings lasted half a day. A conference call was also held.

The ARCC ensures that the board of directors is informed of all matters that could significantly impact the financial situation of the Bossard Group and the business environment. The primary duty of the ARCC is to support the board of directors in its ultimate supervisory role and in its financial management activities. In particular, with the assistance of the external auditor it reviews the structures and processes in the area of finance and accounting, thus ensuring that financial reporting and audit activities are transparent and comply with the related legislation. The ARCC also evaluates the effectiveness of the ICS, risk management and compliance with tax-related and other statutory and regulatory provisions as well as corporate ethics. Furthermore, the ARCC works closely together with the external auditor and evaluates the performance, independence and remuneration of the external auditor. Detailed regulations on the areas of activity and competencies of the ARCC can be found in the rules and regulations of the audit, risk & compliance committee drawn up by the board of directors. To date, the board of directors has refrained from creating an internal audit unit.

### **Compliance**

The board of directors is kept continuously informed of all major matters affecting the compliance principles. The statutory auditors additionally inform the board of directors on reports it has received on matters of a legal nature. An evaluation of such reports received in 2016 did not reveal anything new but confirmed what the board of directors already knew. Ultimate supervision of compliance matters rests with the board of directors.

### **Nomination committee (NC)**

The NC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. The representatives of the A shareholder group on the board of directors is entitled to a seat on the NC. As at December 31, 2016, the members of the NC were Dr. Thomas Schmuckli (chairman), Prof. Dr. Stefan Michel, Maria Teresa Vacalli and Helen Wetter-Bossard. The NC meets as required, but at least twice a year. Normally also the CEO and the chairman of the board of directors (unless he or she is already a member of the NC) attend the meeting. Other members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The NC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the nomination process. In 2016, the NC met two times; these meetings lasted an average of half a day.

The NC prepares all relevant business with regard to the nomination of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- periodically reviewing the composition of the board of directors
- developing criteria and requirement profiles for election/re-elections to the board of directors, the CEO and, in collaboration with the CEO, the other members of the executive committee
- supporting the board of directors in implementing selection processes for the nomination of candidates for the board of directors and, in collaboration with the CEO, the executive committee
- providing training to the board of directors in relation to its duties
- ensuring succession planning for members of the board of directors, the executive committee and, in collaboration with the CEO, the deputies on the executive committee

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## BOARD OF DIRECTORS



**Dr. Thomas Schmuckli-Grob** (1963)

Swiss citizen

- Chairman of the board of directors since 2007
- Chairman of the nomination committee since 2007
- Member of the audit, risk & compliance committee since 2002
- Member of the board of directors since 2000
- Secretary to the board of directors from 1997 to 2000

### **Professional background**

Dr. Thomas Schmuckli-Grob currently works as a professional board member. Between 1993 and 2013, he held various management positions in the General Counsel division of Credit Suisse Group, initially in the Bank Leu Group and then from 1998 with a break at Credit Suisse. From 2005 to 2007, he headed the legal department of Corporate & Institutional Clients at Credit Suisse in Zurich, afterwards he was Managing Director of the Legal and Compliance Asset Management division in Zurich (2007 to 2013). From 2000 to 2005, he was head of process and product management at Zuger Kantonalbank.

### **Educational background**

- Studied law (LLB and LLD) at the University of Fribourg
- Accredited lawyer and notary in Zug
- Management studies at the University of Zurich

### **Other activities and vested interests**

- Chairman of the board of directors of Credit Suisse Funds AG, Zurich
- Member of the board of directors of the MultiConcept (Luxembourg) S.A., Luxembourg
- Member of the board of directors of Hans Oetiker Holding AG, Horgen



**Anton Lauber** (1951)

Swiss citizen

- Member of the board of directors since 2006
- Member of the audit, risk & compliance committee since 2015

### **Professional background**

Anton Lauber is an independent management consultant since 2012. From 2008 to 2011, he headed the Schurter AG, the Schurter Group's Electronic Components division in Lucerne as a delegate of the board of directors of Schurter AG. From 1993 to 2008, he was CEO of Schurter AG and from 1996, he was the delegate of the board of directors of Schurter AG, where he worked as the head of production and technology between 1988 and 1992. Prior to that, he managed the Generator Plant of ABB Switzerland.

### **Educational background**

- Degree in mechanical engineering and various post-degree diplomas awarded by the University of St. Gallen, IMD in Lausanne and the Lucerne University of Applied Sciences and Arts

### **Other activities and vested interests**

- Member of the board of directors of Fr. Sauter Holding AG, Basel; Beutler Nova AG, Gettnau; CTC Analytics AG, Zwingen; Thermalbad Zurzach AG, Bad Zurzach
- Chairman of the board of directors of Hightech Zentrum Aargau AG, Brugg
- Chairman of the board of directors of Voegtlin-Meyer AG, Brugg
- Chairman of the council of the Lucerne University of Applied Sciences and Arts



**Dr. René Cotting** (1970)

Swiss citizen

- Member of the board of directors since 2015
- Chairman of the audit, risk & compliance committee since 2015

**Professional background**

Dr. René Cotting has held various positions in Switzerland and abroad for the ABB Group since 1995. He is CFO and a member of the executive board of ABB Switzerland since 2013.

**Educational background**

- Degree in economics and social sciences and doctorate from the University of Fribourg
- Further studies at the IMD, Lausanne
- Further studies at the Harvard Business School, Boston, USA
- Further studies at Kellogg School of Management Northwestern University, Evanston, USA

**Other activities and vested interests**

- Chairman of the ABB pension fund and ABB supplementary insurance
- Vice-chairman of the board of directors of AVADIS Vorsorge AG
- Member of the foundation board of ABB Jürgen Dormann Foundation for Engineering Education
- Member of the foundation and economic advisory board of Switzerland Innovation



**Daniel Lippuner** (1969)

Swiss citizen

- Member of the board of directors since 2015
- Member of the audit, risk & compliance committee since 2015

**Professional background**

From 2013 to 2015, Daniel Lippuner headed the Saurer Group in Shanghai, China, and Wattwil, Switzerland, as Group Chief Executive Officer. He took over this position after posts in finance, sales and marketing as well as in general management with OC Oerlikon, Hilti AG and Autoneum (formerly Rieter Automotive).

**Educational background**

- Degree in business administration from the St. Gallen University of Applied Sciences

**Other activities and vested interests**

- Member of the board of directors of Amsler Tex AG, Aesch ZH





**Prof. Dr. Stefan Michel** (1967)

Swiss citizen

- Member of the board of directors since 2011
- Representative for holders of registered A shares since 2014
- Chairman of the compensation committee since 2015
- Member of the nomination committee since 2015

**Professional background**

Prof. Dr. Stefan Michel is a professor for marketing and service management and director of the executive MBA at the IMD Business School in Lausanne, Switzerland since 2008. Between 2003 and 2008, he was as a professor at the Thunderbird School of Global Management in Arizona, USA. Prior to this, he taught as a professor at the Lucerne University of Applied Sciences and Arts, managed a family-run hotel and worked at Bank Leu in Zurich.

**Educational background**

- Degree in economics and doctorate in marketing at the University of Zurich

**Other activities and vested interests**

- Owner of Dr. Stefan Michel & Partner GmbH, Hünenberg See
- Owner of Business School Press AG, Zug
- Chairman of the foundation board of the Swiss Association for Marketing GfM
- Member of the foundation board of the IMD, Lausanne (School representative)



**Maria Teresa Vacalli** (1971)

Swiss citizen

- Member of the board of directors since 2013
- Member of the compensation committee since 2015
- Member of the nomination committee since 2015

**Professional background**

Maria Teresa Vacalli is CEO of Moneyhouse since 2016. Between 2008 and 2016 she has directed the wholesale unit at Sunrise Communications AG, Zurich, and was appointed executive director in 2014. Between 2002 and 2008, she worked in various executive positions at upc cablecom GmbH, Zurich. Before that, she had been employed in managerial posts in different companies.

**Educational background**

- Graduate in plant and production engineering at the ETH Zurich

**Other activities and vested interests**

- Member of the board of directors of WWZ Telekom Holding AG, Zug



**Helen Wetter-Bossard** (1968)

Swiss citizen

- Member of the board of directors since 2002
- Member of the compensation committee since 2015
- Member of the nomination committee since 2015
- Secretary to the board from 2001 to 2014

**Professional background**

Helen Wetter-Bossard is responsible for the operational management of her own family business. Between 2005 and 2011, she was a member of the auditing committee of the Corporation of Zug, which she has chaired since 2009. From 1996 to 1999, she worked as a clerk to Canton Lucerne's administrative court.

**Educational background**

- Degree in law (LLB) from the University of Zurich
- Further studies in board management

**Other activities and vested interests**

- Member of the board of directors of Wetter Gipsergeschäft AG
- Member of the board of directors of the Corporation of Zug

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- developing annual objectives to be submitted to the board of directors for the CEO (in collaboration with the chairman of the board of directors), defining the annual objectives of the other members of the executive committee and assessing the performance of the CEO and the other members of the executive committee (with the assistance of the chairman of the board of directors and the CEO). If necessary, the NC requests from the board of directors measures to improve performance.
- submitting applications concerning the election and dismissal of members of the board of directors of the more important Group companies.

Detailed regulations on the areas of activity and competencies of the NC can be found in the nomination committee regulations drawn up by the board of directors.

### Compensation committee (CC)

The CC consists of at least three members of the board of directors individually elected as members of the CC by the annual general meeting of shareholders for a period of office until completion of the next ordinary annual general meeting of shareholders. Subject to election by the annual general meeting of shareholders, the representative of the A shareholder group on the board of directors is entitled to a seat on the CC. Prof. Dr. Stefan Michel, Maria Teresa Vacalli and Helen Wetter-Bossard were elected to the CC at the annual general meeting of shareholders on April 11, 2016. The board of directors appointed Prof. Dr. Stefan Michel as the chairman of the CC. The CC meets as required, but at least twice a year. The members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. Normally, the CEO attends the meetings of the CC. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The CC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the compensation process. In 2016, the CC met twice; these meetings lasted an average of half a day.

The CC prepares all relevant business with regard to the compensation of members at strategic and operational management levels of the Bossard Group for the meetings of the board of directors and has the following main tasks:

- developing the general remuneration principles and the remuneration system for the board of directors, the CEO and the other members of the executive committee for the board of directors to make a decision on
- developing the guidelines governing the structure of the occupational pension scheme for the CEO and the other members of the executive committee for the board of directors to make a decision on
- periodically reviewing the compensation system and proposing any necessary changes to the board of directors
- preparing the annual compensation report to be submitted to the board of directors for the annual general meeting of shareholders and, where applicable, preparing other reports as requested
- submitting proposals concerning the compensation of the individual members of the board of directors, the CEO and the other members of the executive committee
- checking and approving employment contracts as well as other agreements with members of the executive committee
- if the CC considers necessary, the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices.

Detailed regulations on the areas of activity and competencies of the CC can be found in the compensation committee regulations drawn up by the board of directors.

### Division of responsibility

The division of responsibility between the board of directors and the executive committee is defined in the OBR in accordance with article 23, paragraph 2 and article 25 of the articles of association. These describe the non-transferable and inalienable duties which are vested in the board of directors by law, and also govern the duties and powers of the executive committee. The OBR define the duties and competencies of the board of directors, the chairman of

the board of directors and the CEO. The CEO is entitled to delegate tasks.

Furthermore, the OBR lay down the procedures to follow in the event of a conflict of interests: A member of the board of directors and/or executive committee must abstain from voting if matters are discussed which touch on that member's personal interests or the interests of an individual or legal entity associated with the member.

Regulations on the division of responsibility are set out in the OBR. These are available via the following link: <http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

### Information and control instruments with regard to the executive committee

The board of directors ensures that the executive committee establishes and maintains an internal control system (ICS), which is adapted to the dimensions of the Bossard Group and the risks involved in its business activities. The external auditors review the existence of the ICS as part of its annual audit and submits an annual report to the board of directors. The company renounces from carrying out its own internal audit at present.

Each member of the board of directors may request information concerning all matters relating to Bossard Holding AG. The board of directors receives monthly updates on the Group's financial development. It receives a written monthly report consisting of the income statement, various balance sheet items and the main key figures. The information is based on the internal management information system and includes the current and budget data as well as regular projections based on current trends and expectations.

This written report is supplemented at each board meeting by verbal reports from the executive committee. In special cases the CEO informs the board of directors about the specific issue promptly in writing and/or verbally. The chairman of the board of directors also maintains regular contact with the CEO and the CFO and is informed by them about all business transactions and matters of fundamental importance.

Outside the meetings of the board of directors, each member can request information from persons responsible for management concerning the course of business and, with authorization from the chairman, individual transactions.

## Executive committee

### Members of the executive committee

The board of directors has delegated the management of the company to the CEO. He is responsible for the company's operational management. The CEO has delegated individual tasks to the members of the executive committee. Supervision and control of the executive committee is the responsibility of the CEO. The executive committee handles matters relevant to the management of the Bossard Group and is the forum for systematic exchange of information. After consultation with the executive committee, the CEO develops the strategic initiatives of the Group to enable the corporate objectives to be achieved.

The executive committee had the following members as at December 31, 2016:

Name	Function	Joined company	Appointed
David Dean	CEO	1992	2005
Stephan Zehnder	CFO	1996	2005
Beat Grob	CEO Central Europe	1995	2006
Dr. Daniel Bossard	CEO Northern & Eastern Europe	2000	2009
Steen Hansen	CEO America	2001	2008
Robert Ang	CEO Asia	1997	2009
Dr. Frank Hilgers	CCO	2012	2015

### Other activities and vested interests

The executive committee members do not perform any important activities outside the Bossard Group apart from the mandates listed on pages 48 to 51. Furthermore, they do not have any other significant vested interests. Beat Grob and Dr. Daniel Bossard are members of the Bossard families, which have 100 percent control over Kolin Holding AG. Beat Grob is chairman of the board of directors and Dr. Daniel Bossard a member of the board of directors of Kolin Holding AG. Individual members of the executive

committee carry out executive functions at Bossard Holding AG subsidiaries.

### **Allowed number of mandates**

According to article 44 of the articles of association, a member of the executive committee may at the same time take on maximum of five mandates outside the Bossard Group, of which a maximum of three may be in listed companies and an additional five mandates which he or she exercises pro bono. If the mandates assumed relate to legal entities that belong to the same group or are similarly related in terms of management, these mandates are considered a single mandate. There are no restrictions on the number of mandates (i) for mandates assumed in legal entities that are directly or indirectly controlled by Bossard Holding AG or that directly or indirectly control Bossard Holding AG, or (ii) if, in exercising the function for the Bossard Group, a mandate in another, related legal entity is exercised.

### **Management contracts**

There are no management contracts between the Group and companies or persons to whom management tasks have been delegated.

### **Compensation, participations and loans**

This information is provided in the compensation report.

### **Shareholders' participation rights**

Shareholders' participation rights are defined solely according to the Swiss Code of Obligations (OR) and the articles of association. The articles of association are available on the Bossard website via the following link: <http://www.bossard.com/en/about-us/investor-relations/corporate-governance.aspx>

### **Voting right restrictions and representation (as per articles of association art. 16 to 18)**

Registered B shares are voting right shares. At the annual general meeting of shareholders each registered share with voting rights is entitled to one vote. The voting rights for registered A shares may be exercised by anyone entered in the share register as the owner or beneficiary. A shareholder entitled to vote can have him- or herself represented at the an-

nual general meeting of shareholders by the independent proxy, or – with written power of attorney – by any other person. Legal representatives do not require a written power of attorney. In the invitation to the annual general meeting of shareholders, the board of directors shall make known the date by which the shareholders may issue their powers of attorney and instructions to the independent proxy, including by electronic means. Shareholders can issue a special instruction to the independent proxy for each motion announced on the agenda sent out in the invitation. Shareholders may issue general instructions to the independent proxy for other motions on agenda items proposed at the annual general meeting of shareholders as well as for motions for convening extraordinary general meetings without any agenda and the performance of a special audit. The independent proxy is obliged to exercise as instructed the voting rights that have been transferred to him by the shareholders. If he has not received any instructions, he shall abstain from voting.

The measurement of voting rights by the number of shares with voting rights is not applicable for:

- electing the external auditor
- appointing experts to review the management of the business or individual parts thereof
- making decisions on the initiation of a special audit
- making decisions on the filing of a liability claim

### **Statutory quorum**

#### **(as per articles of association art. 19)**

The annual general meeting of shareholders makes its decisions and holds its elections with an absolute majority of the valid votes cast, provided there are no legal provisions or provisions in the articles of association to the contrary. In a second ballot, the relative majority decides the outcome.

At least two-thirds of the votes represented and an absolute majority of the represented nominal share value are required for decisions on:

- a change to the corporate purpose
- an increase in the voting power of existing voting shares and the issue of new shares with more extensive voting privileges than those of existing voting shares
- the introduction of more stringent transferability restrictions

- an approved or conditional capital increase
- a capital increase from equity, subscribed in kind or for granting special privileges
- the restriction or withdrawal of subscription rights
- the relocation of the company domicile
- the dissolution of the company

Decisions and elections are generally settled by open ballot. A secret ballot or election is held if required by the chairman or if one or more shareholders who together hold at least 10 percent of the represented voting shares request it.

#### **Convocation and listing of agenda items for the annual general meeting of shareholders (as per articles of association art. 12 and 13)**

The ordinary annual general meeting of shareholders is held each year at the latest four months after the end of the fiscal year. It is convened by the board of directors by announcing the venue, date and time of the meeting and the invitation is published at least 20 calendar days before the meeting, along with the agenda, motions and the required form of proving share ownership.

#### **Inclusion of items on the agenda**

Shareholders representing shares with a nominal value of at least CHF 1 million may ask for an item to be placed on the agenda for discussion. One or more shareholders who together represent at least 10 percent of the share capital, can request the board of directors to convene a general meeting of shareholders and/or to place an item on the agenda for discussion. By publication in the commercial gazette (Schweizerisches Handelsamtsblatt) at least 20 calendar days before the publication of the invitation for the ordinary annual general meeting of shareholders, the board of directors requests the shareholders, that are fulfilling the mentioned requirements, to submit any items to be placed on the agenda with the respective motions within the time stated.

#### **Entry in the share register (as per articles of association art. 5)**

The company keeps a share register in which owners and beneficiaries are inscribed with their names and addresses. The company must be notified of any change of address. Until this notification is received,

all information for registered shareholders must be sent to the legally valid address entered in the share register.

In the invitation to the annual general meeting of shareholders, the board of directors announces the date by which an entry in the share register must be made in order to attend the meeting and vote.

Entry in the share register is subject to advance proof that ownership of the registered A shares was acquired or that usufruct has been granted. (The conditions for transfer of ownership and the registration requirements for registered B shares are governed by articles 7 to 9 of the articles of association.) Shareholders are entered with voting rights if they expressly declare that the shares in question are held in their own name and for their own account.

The company only recognizes a person as a shareholder or beneficiary if this person is registered as such in the share register.

The voting right and the associated rights may only be exercised by the person registered in the share register as having voting rights.

The board of directors can delete entries made on the basis of false information by the acquirer. It will implement this measure within one year, backdated to the date of the entry, after receiving definite information about the error and hearing the person concerned. The person concerned must be notified of the deletion immediately.

### **Changes of control and defense measures**

#### **Duty to make an offer**

According to FMIA, anyone, who directly or indirectly or acting in concert with third parties, acquires shares and thereby exceeds the threshold of 33 1/3 percent of the voting rights of Bossard Holding AG must make a takeover offer for all outstanding shares. Bossard Holding AG has waived its opportunity to modify (Opting-up) or dispense (Opting-out) with this regulation.

**Continued on page 52**



## EXECUTIVE COMMITTEE



**David Dean** (1959)

Swiss citizen

Group CEO since 2005

### **Professional background**

From 1998 to 2004, David Dean served as CFO of Bossard Group. He was corporate controller of Bossard Group in the period from 1992 to 1997. Between 1990 and 1992, he was corporate controller and a member of the executive committee of an international logistics group. From 1980 to 1990, he worked for PricewaterhouseCoopers AG in various auditing and business consulting functions.

### **Educational background**

- Swiss certified accountant/controller
- Swiss certified public accountant
- PMD at Harvard Business School and PED at IMD in Lausanne

### **Other activities and vested interests**

- Member of the board of directors of Komax Holding AG, Dierikon; Agta Record AG, Fehraltorf
- Member of the Industry Executive Advisory Board and Executive MBA Supply Chain Management at the ETH in Zurich



**Stephan Zehnder** (1965)

Swiss citizen

Group CFO since 2005

### **Professional background**

From 1996 to 1997, Stephan Zehnder was a controller in Bossard's corporate finance unit. In 1998, he took over the function of corporate controller of Bossard Group, remaining in this position until the end of 2004. Prior to this, he was employed by various international companies in functions concerned with finance and controlling.

### **Educational background**

- MBA in Finance from the Graduate School of Business Administration, Zurich and the University of Wales



**Beat Grob** (1962)

Swiss citizen

CEO Central Europe since 2006

**Professional background**

Beat Grob joined Bossard in 1995 as a project manager in logistics; the following year, he became head of logistics for Bossard Group. From 2005 to 2016 he was managing director of Bossard Switzerland.

**Educational background**

- Degree in law from the University of Zurich
- Postgraduate MBA from the University of San Diego, USA

**Other activities and vested interests**

- Chairman of the board of directors of Kolin Holding AG, Zug
- Member of the board of directors of Aeschbach Holding AG, Zug
- Member of the foundation board of Bossard Unternehmensstiftung, Zug



**Dr. Daniel Bossard** (1970)

Swiss citizen

CEO Northern & Eastern Europe since 2009

**Professional background**

From 2006 to 2008, he served as sales & marketing manager of Bossard Group and was responsible for the reorientation of Bossard's sales strategy as well as the development of international customer relations. From 2003 until 2006, he was CEO of Bossard Denmark. Dr. Daniel Bossard joined Bossard in 2000 as an e-business manager, after having worked as a consultant for Andersen Consulting (Accenture).

**Educational background**

- Business administration degree from the University of St. Gallen, with postgraduate studies leading to a doctorate in technology management (Dr. oec. HSG)

**Other activities and vested interests**

- Chairman of Bossard Unternehmensstiftung, Zug
- Member of the board of directors of Kolin Holding AG, Zug



**Steen Hansen** (1959)

Danish citizen

CEO America since 2008

**Professional background**

From 2006 to 2008, he served as the president of Bossard IIP, Cedar Falls, Iowa. He was responsible for the Group's logistics between 2004 and 2006, having joined Bossard in 2001 as head of logistics for Bossard Denmark. Prior to joining Bossard, he filled various management positions, the last being supply chain manager at Nomeco Denmark, a leading wholesaler for pharmaceuticals.

**Educational background**

- Bachelor degree in technology management and marine engineering at the Technical University of Denmark
- MBA from the ETH in Zurich

**Other activities and vested interests**

- Member of the board of directors of Kryton Engineered Metals, Cedar Falls, USA
- Member of the board of directors of Hectronic USA Corp., Cheasepeak, USA



**Robert Ang** (1963)

Citizen of Singapore

CEO Asia since 2009

**Professional background**

From 2005 until 2009, Robert Ang was responsible for Bossard Greater China (China, Taiwan) and prior to that, the Southeast Asia region. From 1997 until 1999, he was CEO of Bossard Singapore. Robert Ang managed his own company from 1994 until it was acquired by Bossard in 1997. He spent the four years prior as a product manager for Conner Peripherals and Optics Storage Pte Ltd. in Singapore. Between 1986 and 1989 he worked as a buyer at Printronix AG.

**Educational background**

- Executive MBA from the Thames Business School, Singapore
- Diploma in mechanical engineering from Singapore Polytechnic
- MBA from the Lee Kong Chian School of Business, Singapore



**Dr. Frank Hilgers** (1966)

German citizen

Group CCO since 2015

**Professional background**

Since 2015, Dr. Frank Hilgers has been responsible for the group-wide management of branded products and high quality fastening solutions (Chief Category Officer, CCO). He has also headed the business units of KVT-Fastening since 2012. From 2009 to 2012, he was a member of the KVT-Koenig management team in charge of sales, product management and the fastening systems division. During his employment at Continental between 2007 and 2009, he was in charge of all national organizations of the spare parts business and key account management in the Commercial & Special Vehicle area. From 2004 to 2007, Dr. Frank Hilgers headed Group Strategy and Business Development at Siemens VDO Automotive and was instrumental in the turnaround and sale of this Siemens segment. As senior manager for strategy, Dr. Frank Hilgers was in charge of major international projects at Accenture from 1997 until 2004, and was responsible for automotive suppliers and the shareholder value initiative in the German speaking countries.

**Educational background**

- Degree in chemistry and doctorate from the University of Stuttgart
- Executive MBA from Kellogg School of Management Northwestern University (Accenture Program), Evanston, USA

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### **Clauses on changes of control**

The employment agreement for members of the executive committee does not contain any clauses on changes of control. The Group does not provide golden parachutes for its senior management.

The period of notice for members of the executive committee is between six and twelve months, during which time they are entitled to receive salary and bonus payments. If the company changes hands or goes into liquidation, all share options (RSUs) held under the management participation plan become due immediately.

### **Auditors**

#### **Duration of the mandate and term of office of the lead auditor**

PricewaterhouseCoopers AG, Zurich, has been the statutory auditor for Bossard Holding AG since 1986 and audits the annual financial statements and the consolidated financial statements. The statutory auditors are elected by the annual general meeting of shareholders for a term of one year. The auditor in charge is Norbert Kühnis, Swiss certified public accountant, who has been responsible for the auditing mandate since the 2010 fiscal year. A new auditor in charge is appointed every seven years, with the next changeover due in 2017.

#### **Fees for the statutory auditor**

In the 2016 fiscal year, PricewaterhouseCoopers AG received fees of CHF 616,942 (2015: CHF 612,607) for auditing services, CHF 109,672 for tax consulting (2015: CHF 99,325) and CHF 36,843 (2015: CHF 19,297) for legal advice.

#### **Information and control instruments towards the statutory auditor**

The ARCC meets at least three times per year to discuss plans for the annual and Group audit, the results of the interim audit and the year-end financial statement, as well as other business. The management letters from the statutory auditor form the basis for discussion of the interim audit and the year-end financial statements. The ARCC assists the board of directors with its supervision of the statu-

tory auditors. The ARCC's main responsibility is to propose the statutory auditors, to review their qualifications, independence and performance annually, to approve the auditing fee and to review the accounting principles as well as the annual financial report. The committee annually reviews the scope of the audit, the auditing plans and the related procedures, and discusses the results of the audit with the auditors.

### **Information policy**

**With its disclosure policy, the Bossard Group creates transparency for investors and financial markets and ensures a fair market price for Bossard shares.**

The Bossard management is convinced that the financial markets will honor a clear, consistent and informative disclosure policy in the long term with a fair valuation of the company's shares. Bossard therefore applies the following principles in its financial reporting and approach to disclosure:

- Transparency: The disclosure principle is intended to ensure a better understanding of the economic drivers influencing the Group and the detailed operating results.
- Consistency: Disclosure within each reporting period and between the individual periods is consistent and comparable.
- Clarity: Information is presented as clearly as possible so that stakeholders can form an accurate picture of how the business is going.
- Relevance: To avoid a flood of information, Bossard focuses on data that is relevant for the company's stakeholders in terms of content and timing, is necessary for supervisory purposes or is required by law.

The Group publishes relevant information on its business operations using a number of channels, including the annual report, interim reports and press releases. The company also keeps its stakeholders informed by means of press conferences and meetings with analysts and via the annual general meeting of shareholders. The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

List of key dates in 2017:

Meeting for financial analysts & media conference, publication of annual report 2016	March 8, 2017
Annual general meeting	April 10, 2017
Publication of sales results 1st quarter 2017	April 10, 2017
Publication of first results Sales/net income 1st half of 2017	July 13, 2017
Publication of semi-annual report 2017	August 22, 2017
Publication of sales results 3rd quarter 2017	October 10, 2017
Publication of sales results 2017	January 11, 2018

Bossard maintains contact with representatives of the capital market via media conferences, meetings with analysts and roadshows. The company also regularly holds individual and group meetings with institutional investors and analysts. All publications on business results and press releases are available in English and in German under the “Investor Relations” section of the Bossard website [www.bossard.com](http://www.bossard.com) (<http://www.bossard.com/en/about-us/news-and-press-releases.aspx>).

Further, shareholders can subscribe on the Bossard website (<http://www.bossard.com/en/about-us/investor-relations/ad-hoc-news.aspx>) to our announcements, press releases and ad hoc publications. All Bossard publications can be ordered by e-mailing [investor@bossard.com](mailto:investor@bossard.com) or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6301 Zug, Switzerland.