

ANNUAL REPORT

2015

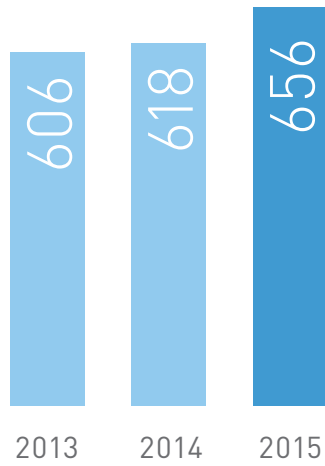
BOSSARD GROUP'S PROFILE

Bossard is a leading supplier of intelligent solutions for industrial fastening technology. The company's complete portfolio for fasteners includes worldwide sales, technical consulting (engineering) and inventory management (logistics).

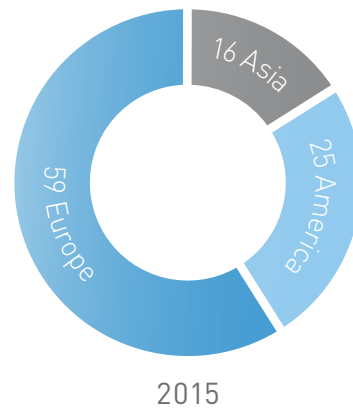
Its customers include local and multi-national industrial companies **who use Bossard's solutions to improve their productivity.** Employing more than 2,000 employees in over 70 locations around the world, the Group generated CHF 656 million in sales in 2015. Bossard is listed on the SIX Swiss Exchange.

AT A GLANCE

Net Sales
in CHF million



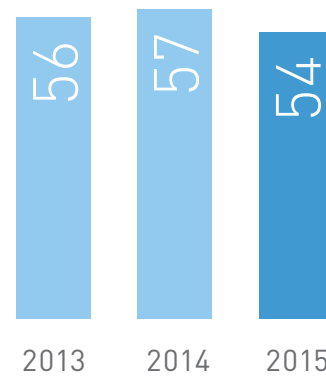
Geographic
Sales Distribution
in %



Operating Profit
in CHF million



Net Income
in CHF million



HISTORIC KEY FIGURES

IN CHF 1,000	2015	2014	2013	2012	2011
Net sales	656,314	617,764	605,716	485,224	471,643
Change to prior year in %	6.2	2.0	24.8	2.9	-0.7
Gross profit	202,704	197,131	188,807	151,390	147,153
Personnel expenses	135,903	129,401	123,388	98,885	95,969
in % of net sales	20.7	20.9	20.4	20.4	20.3
EBITDA	81,922	85,252	82,098	58,820	61,113
in % of net sales	12.5	13.8	13.6	12.1	13.0
EBIT	70,319	72,803	69,783	48,373	51,277
in % of net sales	10.7	11.8	11.5	10.0	10.9
Net income	54,490	57,128	56,001	43,505	45,621
in % of net sales	8.3	9.2	9.2	9.0	9.7
Cash flow ¹⁾	66,093	69,577	68,316	53,952	55,457
in % of net sales	10.1	11.3	11.3	11.1	11.8
Capital expenditures	22,128	11,536	14,901	24,983	19,986
Operating net working capital ²⁾	256,321	242,282	211,472	202,225	202,563
in % of net sales	39.1	39.2	34.9	41.7	42.9
Net debt	147,828	97,875	101,163	202,185	29,607
Shareholders' equity	186,186	210,603	167,298	51,861	207,073
in % of total assets	40.2	48.5	43.2	13.8	62.6
Total assets	462,602	434,380	386,951	376,217	330,822
Return on equity	27.5	30.2	51.1	33.6	23.6
Return on average capital employed (ROCE)	17.6	20.7	22.8	17.2	21.5
Dividend yield in % (Basis: price at Dec. 31)	2.7	2.7	2.9	4.3	5.9
Earnings per share ^{3) 4)}					
Registered A share in CHF	7.01	7.49	7.40	7.29	7.58
Registered B share in CHF	1.40	1.50	1.48	1.46	1.52
Price/earnings ratio (Basis: price at Dec. 31)	15.6	14.6	14.0	9.2	6.7
Price/book value per share	4.4	3.9	4.7	7.7	1.5
Annual weighted average number of employees ⁵⁾	1,950	1,806	1,767	1,551	1,493
Net sales per employee ⁶⁾	336.5	342.0	342.8	312.8	315.9

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Basis: Average capital entitled to dividend

4) Basis: Share attributable to shareholders of Bossard Holding AG

5) Average full time equivalent

6) Basis: Annual weighted average number of employees

CONTENTS

_02

REPORT TO THE SHAREHOLDERS

_06

THE COMPANY

- 06 Business Model
- 08 Smart Factory Logistics
- 12 Strategy
- 13 History
- 16 Values
- 17 Employees
- 20 Quality and Processes
- 21 Quality and Test Laboratories
- 22 Risk Management

_24

CORPORATE GOVERNANCE

_42

COMPENSATION REPORT

_53

FINANCIAL REPORT

REPORT TO THE SHAREHOLDERS

GROWTH IN A CHALLENGING ENVIRONMENT



David Dean, CEO and Dr. Thomas Schmuckli, Chairman of the Board of Directors

DEAR SHAREHOLDERS,

Our company achieved an impressive performance in the 2015 fiscal year. Despite the challenging market environment, the Bossard Group continued to grow, increasing its sales to CHF 656.3 million (+6.2 percent) during the year under review. Our acquisition- and investment policy made a key contribution in this respect. Thanks to the investments we made in 2015, we were able to further strengthen our market position in the USA, in Italy, France and Scandinavia. Since 2011, we have increased sales by around 40 percent, even though our results have been repeatedly impacted by the strong Swiss franc. We are particularly proud of the continued above-average levels of profitability we generate.

CONSEQUENCES OF THE STRONG SWISS FRANC

However, the appreciation of the Swiss franc in the 2015 fiscal year also had a negative impact on our results. Bossard felt particular pressure in Switzerland, as many clients had to battle strong headwinds, with some customers in the process of relocating parts of their production process outside of Switzerland. We must adapt to the fact that this wave of rationalization triggered by the appreciation of the Swiss franc is not yet over. In this challenging environment, the Bossard Group is benefiting from its broad geographic presence: Our Swiss customers which are relocating to foreign countries can usually be accommodated by our subsidiaries there. Our internationalization strategy, which we have consistently pursued for a number of years, is paying off in this respect.

Nevertheless, as a result of the Swiss franc appreciation a negative impact on sales and profits generated by our foreign subsidiaries converted into our accounting currency, the Swiss franc, is inevitable. It must be emphasized, however, that the Bossard Group has continued to grow in Europe as a result of its acquisitions, despite the appreciation of the Swiss franc and the challenging business environment in Switzerland.

We were able to grow significantly in America where we consolidated our position as a provider of high-value fastening solutions thanks to the acquisition of Aero-Space Southwest, Inc. At the same time, the cooperation with the largest US manufacturer of electric vehicles is becoming increasingly important. The production and sales figures of this company are steeply rising and are set to continue this upwards trend in 2016. Our invest-

ment policy is also paying off in the Asian markets. We have again made visible progress which is reflected in our excellent sales performance. This is particularly the case for India and Korea where we posted double-digit growth rates. By contrast, business in China is proving more challenging; an experience we are sharing with other suppliers of industrial products and services.

TARGETED ACQUISITION POLICY

For many years now, Bossard has pursued a sustainable, targeted acquisition policy. Growth in itself is never the motivation for this. We only make acquisitions if the takeovers help strengthen our positions in our markets and contribute towards a consolidation and improvement in profitability. This was definitely the case with the integration of the company KVT-Fastening, and the same now also applies for the smaller and medium-sized acquisitions we made in 2015. None of these takeovers has resulted in restructuring costs, because our strategy focuses on seamlessly integrating target companies into our Group structure, while avoiding any costly overlaps. We also believe it is important that a takeover candidate has development potential and that its business can be profitably run across other locations.

Bossard has consistently emphasized its growth targets in the area of high-quality and technically challenging fastening solutions. The achievement of these targets have also been strengthened as a result of the recent takeovers. Not least, our acquisition policy helps to ensure that we can retain top performers in the companies we acquire; together with their know-how and experience. The appointment of Dr. Frank Hilgers from KVT-Fastening to the Bossard executive committee in spring 2015, underlines this approach. This comprehensive takeover philosophy will also represent a key element in our overall strategy going forward.

For many years now, one of the Bossard Group's key growth drivers has been the expansion of infrastructure into interesting sales markets. These investments were and still are a key factor in our above-average growth. In 2015, we primarily increased our capacities in Denmark and Thailand, and in 2016, we will continue to expand our logistics capacities in China and Germany. All of these investments will help expand and consolidate Bossard's international presence.

PROVIDER OF INNOVATIVE LOGISTICS SOLUTIONS

Our future development is also driven by our know-how in the area of logistics, which we have built up over the last twenty years. We have continually developed our SmartBin technology and have a clear competitive edge in this area. It is not without reason that the Bossard Group together with its logistics system was selected by the RWTH Aachen University as a partner for its "Industry 4.0" demonstration factory. Thanks to our know-how, we are also able to develop innovative solutions even for complex requirement profiles by consistently networking our logistics systems with the infrastructures of existing and future customers. Specifically this involves streamlining processes, minimizing manual work, cutting down on supplier costs and reducing inventories. At the same time, we intend to create the conditions which will allow customers to respond to changes in demand more quickly. The declared goal of our Smart Factory strategy (see pages 8/9) is to increase our customers' productivity while significantly reducing their costs. There are many instances of us helping our customers put in place such smart factories. Bossard will now put this competency to more intensive use in order to tap into new customer groups. It is clear that the time has arrived for our Smart Factory Logistics technology, as current cost pressures are forcing many industrial companies to look more closely at leaner cost structures. From our perspective, the Smart Factory, or "Industry 4.0", now represents a key element for profitable growth of our customers.

THE EXPANSION DRIVE CONTINUES

We are convinced that our Group is positioned well overall for the years to come. Our targeted investments in infrastructure and in acquiring high-performing companies will help us on our way. With a view to the 2016 fiscal year, the economic climate in Europe is not likely to change considerably, meaning we can not expect any real economic tailwinds. Nevertheless, we see some positive signs in certain markets.

Our investment strategy has paid off particularly well in the Asian markets in recent years, and we will continue to reap the benefits of these efforts, as evidenced by our growing customer base. However, a question mark will remain over the development of the key Chinese market.

By contrast, we are optimistic as regards development in America. An example in this respect is the integration of Aero-Space Southwest, Inc., which really helped

strengthen our US market position. The ever closer cooperation with the mentioned US manufacturer of electric vehicles has also filled us with confidence. We now supply not only the automobile division of the company with innovative fastening solutions, but also a plant that manufactures storage batteries for private and industrial use. As this and other examples show, a great many discerning customers value Bossard as an innovative partner, which can help them ensure the quality and reliability of their complex products.

In summary, we are convinced that our strategic focus will help drive profitable growth in the years to come. It goes without saying that corrections will continue to be necessary, as the markets are always generating new challenges, such as the appreciation of the Swiss franc in 2015. Our market-oriented strategy, and how we adapt it to face new challenges, is in the interests of all our stakeholders. These include our customers, our employees and particularly you, our valued shareholders. We would like to thank you at this point for your loyalty and the trust you have placed in our company.



Dr. Thomas Schmuckli
Chairman of the Board of Directors



David Dean
CEO

Zug, February 29, 2016

Despite **monetary turbulence**,
a challenging year **well mastered**

Acquisitions have further
strengthened market position in
the field of **branded products**

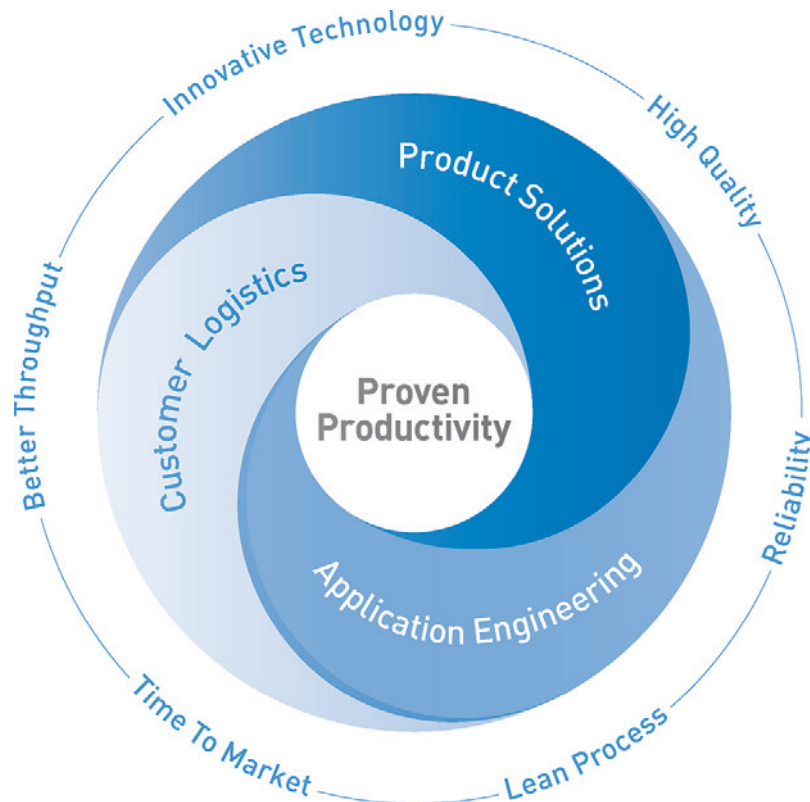
Sales increased by 6.2 percent to a
record high of CHF 656 million

Appreciation of Swiss franc affected
earnings, **profitability** compared with
industry **still above-average**

Solid balance sheet – given basis
for **further, targeted growth**

BUSINESS MODEL

MAKING OUR CUSTOMERS MORE COMPETITIVE



We live in a fascinating world. The products that surround us make our lives and work easier than ever before. From small everyday devices like smartphones or computers to large, industrially manufactured equipment like trains or tractors – today’s products symbolize progress.

When you take a closer look at these products, you will discover an equally fascinating world consisting of thousands of parts, components and screws. Everything is in its place, in the right spot, and optimally connected to other parts.

HIDDEN POTENTIAL

At first glance, you will see things like screws, nuts or bolts. However, some things remain hidden to the eye and do not become obvious until you take a closer look. At Bossard, that is what we call the “hidden potential” of fastening technology. “Hidden” because at first glance they are invisible. “Potential” because they have the

power to permanently boost the competitiveness of our customers. These “hidden” aspects account for approximately 85% of the total cost of ownership of fastening elements (TCO).

GETTING AHEAD TOGETHER

For this reason, we work with our customers to uncover this potential along the entire value chain of industrial engineering. We analyze ways and means to optimize costs, to shorten lead times, and to constantly exceed the quality standards of the products used.

This process, this mindset, this targeted analysis and implementation approach has a name: We call it “Proven Productivity”.

As a promise to our customers, “Proven Productivity” has two elements: One, it has been proven to work. And two, it sustainably improves the productivity of our customers.

STRONG PERFORMANCE

By working with our customers over the years, we have gained an ever clearer picture of what has proven to be effective over the long term. We have come to recognize what it takes to boost our customers' competitive position. As a result, we support our customers in three core areas of strategic importance.

First, finding optimal product solutions – evaluating and using the “best” fastening element for the intended application in our customers' products.

Second, from the moment our customer start designing a new product, our application engineering provides the most “intelligent” solution for any given fastening challenge.

And third, the “leanest” customer logistics – reducing or even eliminating procurement costs along the entire supply chain of our customers.

KEY BENEFITS

From the perspective of our customers, the interplay of product solutions, application engineering and customer logistics has six core benefits:

1. **Time to market:** This means that our customers' products are brought to market faster – a crucial competitive advantage in a global environment where speed counts.
2. **Lean process:** For our customers, this means saving time, money and resources, being able to better calculate total costs – and above all, achieving higher margins.
3. **Better throughput:** This is one of the central cost aspects for our customers when it comes to boosting effectiveness – and especially improving efficiency.
4. **High quality:** For our customers, this means absolute reliability in terms of product, process and production safety – and hence, less waste and fewer complaints.

5. **Innovative technology:** From a customer's perspective this is crucial. Only companies open to new developments are ready to successfully forge new paths and go where no other competitor has gone before.
6. **Maximum reliability:** For our loyal customers, this means knowing that they can rely on us and our long-time employees with the utmost confidence – not just now, but decades down the line.

“Proven Productivity” is rooted in the traditions of our corporate history and today, in an increasingly competitive market environment, permeates every fiber of our global organization.

“Proven Productivity” is our contribution to boosting the competitiveness of our customers – sustainably and measurably. It is also a philosophy that motivates us on a daily basis to give our utmost and to further strengthen the foundation for the sustainable growth of our group.

SMART FACTORY LOGISTICS

ENABLING THE VISION OF SMART FACTORY

In today's fast moving world, manufacturing and production are the true drivers of growth. The better, the leaner, and the smarter you make your factory, the more likely you'll succeed in the market. So what COOs, leaders, and production managers nowadays turn to are strategic ways to becoming better, leaner, faster – putting their focus on concepts like mass customization, batch size one, real-time automation and control as well as total process visibility.

NEW MANUFACTURING MINDSET: SMART FACTORIES

This newly developing strategic mindset completely re-frames manufacturing and leads to a smart breed of new factories. We call them – Smart Factories.

Smart Factories are future drivers for profitable growth. They represent manufacturing environments, where time is money and lean is the currency. Flexible production lines ready to mass customize even the most complex single product. Places where smart logistics enable agile production – in a fraction of the time and at a slice of the costs.

BOSSARD AS A CO-CREATOR OF THE FUTURE

It is here where Bossard's Smart Factory Logistics makes the difference. From our roots as the pioneers for SmartBins and SmartLabels our Smart Factory Logistics methodology has helped organizations in almost any vertical and in almost any industry around the world to evolve from lean and flawless execution to a more agile and strategic way of smart manufacturing.

We share our three-step methodology in strategic workshops. Lead by Bossard's senior experts our customers embrace new concepts of strategic inventory management, Big Data, cyber-physical systems, and Industry 4.0. They have the unique opportunity to look under the hood of best practice cases from our broad range of successful manufacturing customers.

WITH SMART FACTORY LOGISTICS TO THE NEXT LEVEL

Bossard identifies the needs of the industry and takes the role of a trailblazer for its customers. With our new Smart Factory Logistics methodology we take our cus-

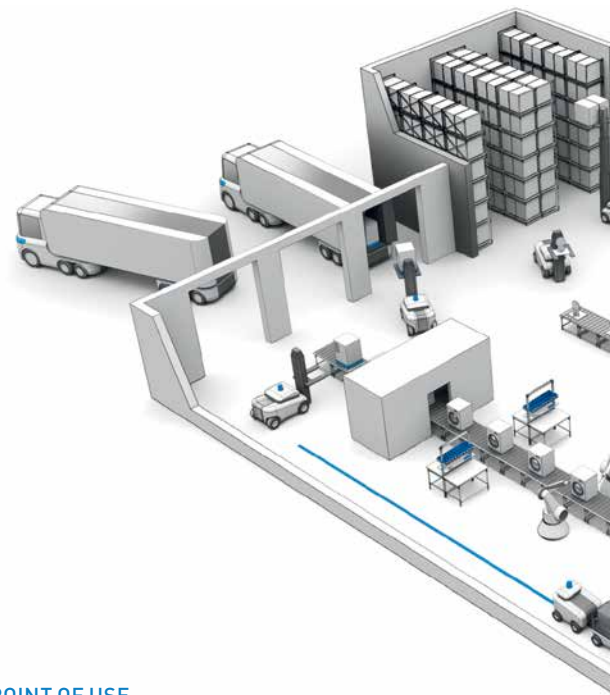
tomers to the next level. We enable our customers by looking at the hidden potential of B- and C-parts logistics. Below the surface, below the normal processes and even below the established habits – an adapted way of thinking for our employees and furthermore a major promise to our customers.

BENEFITS FOR OUR CUSTOMERS

On the cost side our customers will see how leading companies have produced 20 to 40% savings. On the revenue side our customers will discover fresh ideas for positioning their factory for profitable growth. We want them to achieve leaner processes, reduce manual interventions and complexity, increase throughput time, reduce stock and react faster to changes in demand. But most of all we want to guarantee them higher productivity and help to lower costs.

OUR OFFERING FOR HIGHER PRODUCTIVITY

We analyze and support logistics processes and define a solution that is tailored to our customer's needs. Our specialists optimize the inventory management of our customers and take responsibility for the complete administration of their B- and C-parts.



POINT OF USE

With SmartBin and SmartLabel articles can be managed efficiently, fully automated and transparent at point of use. Therefore our customers can concentrate on their core competences.

Bossard Smart Factory Logistics enables intelligent interaction between production chain and supply chain in real time. The system is designed with embedded individual sensors and internet connectivity. This allows to seamlessly send the demand from point of use to the point of supply. Meanwhile, ARIMS 4.0 will process the data for supply chain optimization and better predictability, making the vision of Smart Factory Logistics a reality.

A STEP AHEAD

With our Smart Factory Logistics methodology we want our customers to become the best possible factory they can be. We want them to set sail so that they can extend their lead in the market – and position their company, their brand, and their products ahead of their competition.

GOODS RECEIVING

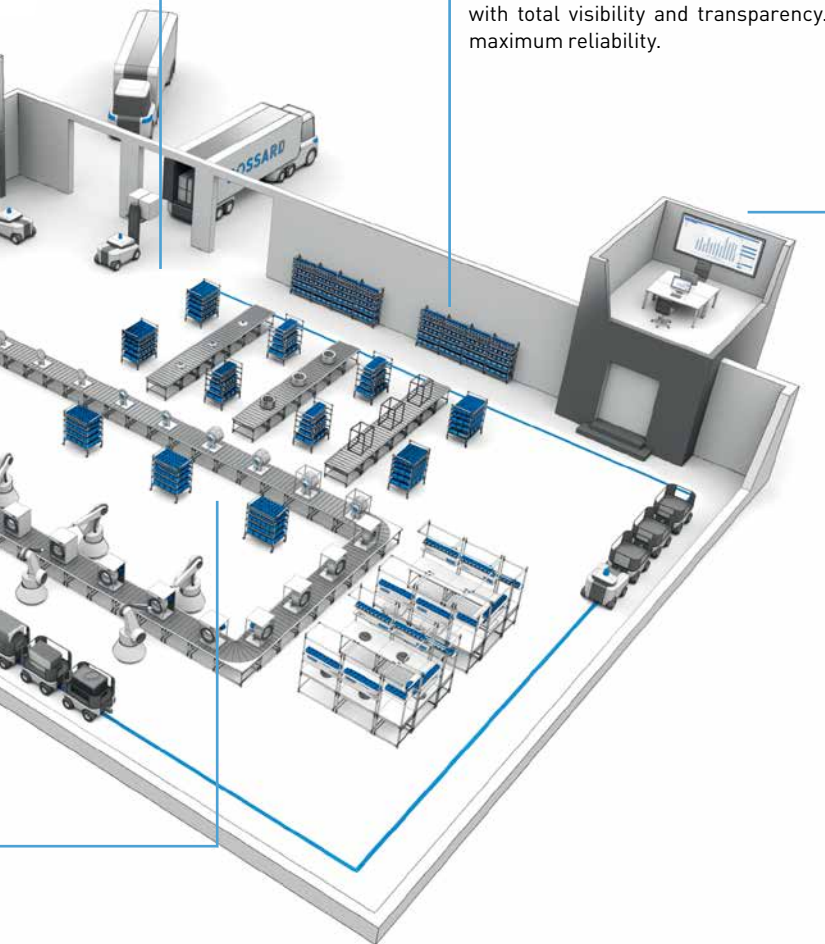
Bossard consolidates deliveries of many suppliers of B- and C-parts by an inventory management.

SUPERMARKET AREA

Bossard optimizes the interim storage, fully automated and with total visibility and transparency. Our systems ensure maximum reliability.

ARIMS 4.0

Our software constantly provides the actual data for meaningful analysis and total transparency. Thereby our customers can fully optimize their process and increase their productivity.



Quantifiable SUCCESS

month by month

**Thomas Siegenthaler – Head of
Production Traction Converters,
ABB Switzerland Ltd.**

Successful partnership for a lean factory

“The traction converter is at the heart of every train. We produce such converters in the ABB plant in Turgi. Our customers – train manufacturers – have high expectations of us. To cope with, we need lean workflows, flexible processes and, of course, maximum productivity.

Since the implementation of SmartBin, I haven't come across any missing C-parts. This ensures reliability and lies at the heart of process stability and timely handling and delivery of our products. I firmly believe that the close partnership between Bossard and ABB was a crucial factor in the project's success, a quantifiable success that is evident each and every month. That's what I call Proven Productivity.”



YouTube



iPad App



Scan me!



STRATEGY

In line with its strategy, the Bossard Group has evolved into a global company over the last several years. A consistent business system combined with a successful business model and a clearly defined performance profile, form a solid foundation for further growth.

PROVEN PRODUCTIVITY – OUR PROMISE ...

The strategy for the coming years continues to focus on targeted market development. The core of this strategy is our company's long-time philosophy of "Proven Productivity" – our market-oriented promise to boost the competitiveness of our customers in a sustainable and measurable way. This philosophy strengthens the bridge of trust between us and our customers day in and day out.

... FOR A GLOBALLY FRAGMENTED MARKET.

The global market in which Bossard is growing is heavily fragmented. As opposed to other sectors and industries, there are no globally dominant players in fastening technology. This high level of fragmentation creates significant opportunities for organic growth. We will exploit these opportunities by continuing to be as close to our customers as possible.

CUSTOMER PROXIMITY CREATES GROWTH OPPORTUNITIES ...

For us, proximity goes beyond geography. It also encompasses the primary challenge that keeps our customers awake at night – boosting their competitiveness. The better we understand our customers' perspective on this core challenge and the more in-depth we go in analyzing the issues associated with it, the better we can bring our extensive experience and expertise to bear when responding to this challenge.

... AND DRIVES OUR STRATEGIC AMBITION:

"We want to be the trusted expert brand providing assembly technology solutions for our customers globally." To turn this vision into reality, we focus on OEM (original equipment manufacturer) customer groups with the aim of supporting them to boost their competitiveness. Thereby, we rely on outstanding services, technical consulting and efficient processes along the entire supply chain.

OUR STRATEGY FOR STRONG HIGH-QUALITY GROWTH

Within the context of our strategic goals, which remain unchanged for 2016 to 2020, we are aiming to achieve sustainable high-quality growth. We want to substantially increase our sales revenue in the coming years to further strengthen and expand our market position. However, volume growth should not come at the expense of profit, which must at least keep pace with revenue. In addition, the invested capital must yield a reasonable return for our investors.

GREATER FOCUS ON HIGHER-END PRODUCTS AND SOLUTIONS

In addition to in-house developments, we continue to rely on worldwide sales agreements with established manufacturers of attractive solutions. Our R&D is advancing the development of new proprietary products and customer-specific application solutions.

On the whole, our "Proven Productivity" philosophy increasingly targets products and solutions that are proven to give customers lasting added value. This will offer us attractive profit margins. The main focus is on our engineering services and on the development of functional modules that intelligently combine multiple fastening components in a single unit.

Overall, we aim to achieve this growth organically. Acquisitions are an option to augment this approach. However, this requires clearly defined requirements with a view toward products and markets.

MARKET DEVELOPMENT SHOWS THAT BOSSARD IS ON THE RIGHT TRACK

Our confidence that we can successfully implement this strategy is well justified. We are starting out in a strong position in both developed and emerging markets. Although highly fragmented markets mean intense competition, they also offer considerable room for growth.

In addition, we are seeing continued industrial consolidation as well as procurement-related concentration in our customer sectors. Thanks to our size and international presence, we are likely to derive better-than-average benefits from these trends in the coming years.

HISTORY
MORE THAN 180 YEARS OF FASTENING TECHNOLOGY

1831

**Franz Kaspar
Bossard-Kolin**

set up a hardware store

1931

The hardware store

kept
its local character

1956

The old hardware store
looks for

new opportunities

1981

An efficient
export organization
was set up

Since **1987**

Bossard is listed
on the
SIX Swiss Exchange

TODAY

Bossard
is a
leading supplier

of intelligent solutions for industrial
fastening technology

Reducing the complexity of order processing by 25%

**YD Meng – General Manager,
Bühler (China) Machinery
Manufacturing Co., Ltd.**

We chose Bossard not just because of their products but their philosophy of Proven Productivity

“Bühler is a world-leading producer of food processing machinery. There are many successful cases of our cooperation with Bossard in joint project teams.

We are working together on our global supply chain. This includes products as well as efficient processes. Bossard shows us product solutions and logistic concepts, like SmartBin, that help us to reduce costs and to improve productivity. I think this is the biggest value Bossard brings to us.”



YouTube



iPad App



Scan me!



VALUES

BASIS FOR SUSTAINABLE COMPANY GROWTH

Successful, long-term business activity depends on a certain value system. As constants, these values shape our daily thinking and actions. The result is a sustainable corporate culture that is practiced by all employees. Our corporate responsibility is reflected in responsible company management, compliance with ethical values and responsibility toward our stakeholders and the environment.

WE KNOW OUR CUSTOMERS' NEEDS

Our customers benefit from our global position and continuous development of our services in our capacity as a leading global supplier of intelligent solutions for industrial fastening technology. With innovative solutions, top quality standards, customer proximity and a global presence, we are a powerful and competent partner for our customers' diverse and constantly changing needs, which we meet effectively and in a timely manner.

WE SELECT OUR PARTNERS WITH A VIEW TO THE FUTURE

Top performance is expected from our manufacturers. We consider them to be partners and demand superior attention to quality and a fair price policy. Our worldwide procurement network is continuously optimized, thereby securing global access to innovative solutions. We require our suppliers to meet the same standards that we offer our customers: competence, quality and reliability at the highest level.

WE BELIEVE IN SUSTAINABLE CORPORATE MANAGEMENT

Our long-term success, based on responsible action, establishes the necessary trust that our investors, customers, suppliers, employees and the general public place in us. Over the course of 180 years of sustainable corporate management, we have earned an excellent reputation which we view as a central prerequisite for achieving our long-term corporate targets. This reputation is based on integrity, transparency and professionalism. Our shared values are laid down in our code of conduct.

WE FOSTER CONTINUOUS AND PROFITABLE GROWTH

We rely on long-term, healthy and profitable growth rather than quick profits over the short term. Our financial resources are handled with care and professionalism. Moreover, our target is sustainable value growth and reasonable returns for our investors. In doing so, we gain the necessary entrepreneurial freedom of action and secure the company's independence.

WE SUPPORT AND PROMOTE OUR EMPLOYEES

We thrive on the dedication, knowledge and creativity of our employees. We provide a working environment that offers them fair opportunities and flexibility in order to support and foster entrepreneurial thinking. We expect our employees to utilize their knowledge and abilities effectively and with dedication. To this end, they must be able to participate actively and be given the opportunity for personal development. We specifically foster the skills and independence of our employees at all levels and allow them to participate in the company's success.

WE ARE COMMITTED TO THE PUBLIC AND THE ENVIRONMENT

We are aware that business success is always achieved in a social environment, and we view this as our responsibility. As a business enterprise, we can make a difference in our social environment and with a view to ecological development.

PUTTING VALUES INTO PRACTICE

The company's success depends on the trust that all stakeholders place in Bossard: customers, employees, suppliers, shareholders, public authorities and society as a whole. We therefore have laid down our basic ethical values in a code of conduct that is binding throughout the Group, one to which we feel obligated and to which we owe our long-standing reputation. Integrity, sense of responsibility, fairness, professionalism, compliance and transparency are the ethical constants on which we base our philosophy and actions.

EMPLOYEES

KEY TO SUCCESS

First and foremost, Bossard has the dedication, knowledge and creativity of its more than 2,000 employees to thank for its success. This is why Bossard has always pursued a long-term human resources policy in which it fosters professional and personal development and allows its employees to participate in the company's success.

AN ATTRACTIVE EMPLOYER GROUP-WIDE

Bossard has always set great store in its social responsibility. Its group-wide corporate culture is based on mutual trust as a prerequisite for necessary loyalty. Employees participate in the company's success at all levels. Bossard believes in the importance of employees knowing the Group's long-term targets and strategy. Conversely, managers know the expectations and targets of employees and help empower them to achieve success.

FROM EMPLOYEE SELECTION ...

Careful selection and integration of employees is the basis for long-term retention. During recruitment, duties, requirements and processes are communicated clearly and transparently. Furthermore, employment conditions must always be fair. The careful integration of new employees is a key factor in working together successfully over the long term.

... TO CONTINUING EDUCATION AS AN INVESTMENT

We value well trained employees and foster line, specialist and project careers as well as the exchange of knowledge throughout the Group. Whenever possible, we recruit new managers from within our own ranks. In particular, we emphasize cross-divisional training because in-depth knowledge of our extensive product range and internal workflows promotes understanding and tolerance and forms the basis for intelligent cooperation. Developed in-house, our interactive online learning program contains more than 230 individual chapters and approximately 3,000 illustrations and provides relevant training in the fastening technology of today.

LEADERSHIP AND ENCOURAGEMENT

Frank interpersonal communication fosters dedication, creativity and efficiency. Our managers help their employees to achieve ambitious targets by encouraging initiative, performance and quality. In Bossard's view, leadership means respect, honesty, fairness and consistency, and cooperation is characterized by openness, trust and mutual appreciation.

MARKET-ORIENTED COMPENSATION SYSTEM

Performance is the key component in determining compensation. We encourage entrepreneurial thinking and action through a compensation system that is in line with the market and based on targets and individual performance. In addition to a fixed pay component, we offer different success-oriented compensation systems that support our winning spirit.

DIRECT AND OPEN COMMUNICATION

Both internally and externally, we communicate directly, clearly, transparently and in a timely manner. In doing so, we promote understanding for and acceptance of business decisions. We practice an open-door policy. Constructive criticism is not only allowed, it is encouraged. Using regular employee surveys, we identify the strengths and weaknesses of our company and learn about the wishes and suggestions of our employees. This feedback is a valuable source of information for improvements.

DIVERSITY UNDER ONE ROOF

As a global company, we try to establish a working environment that is completely free of discrimination. We view gender equality as a matter of course and strictly comply with local laws. We are aware of our responsibility toward all internal and external contacts, which requires responsible thought and action. Our employees are required to meet the standards laid down in our code of conduct, which is binding throughout the Group. Moreover, we have committed ourselves to abiding by the ten sustainability principles of the U.N. Global Compact Initiative to underscore our acceptance of social and environmental responsibilities as a global company.



Excavating the solution for fastener safety

**Shi Yanyu – General Manager
Excavator Division, SDLG Construction
Machinery Co., Ltd.**

Close cooperation increases product safety and
reduced inventory by 75%

“At SDLG’s headquarters in Linyi, we produce
20,000 excavators and 50,000 wheel loaders every
year. For us, safety is our top priority.

Initially, screws from other suppliers were breaking
during the assembly. Now, the fastener solutions
from Bossard guarantee the safety of our machines,
which helped us to lower process costs and to in-
crease productivity. In addition, by introducing SDLG
to SmartBin, we were able to reduce our stock level
by 75% without compromising availability. We will
for sure strengthen our cooperation with Bossard for
improved product solutions and logistics.”



YouTube



iPad App



Scan me!

QUALITY AND PROCESSES

RELIABILITY WITHOUT COMPROMISE

It is our aim to go beyond the needs of our customers and give them maximum added value. Bossard is therefore committed to superior quality management and ongoing process improvement.

QUALITY BEGINS WITH PROCUREMENT

We know and use the global procurement market first-hand. Qualified, innovative and flexible manufacturers are key to our business success. We therefore maintain close relationships with our manufacturers who are subject to strict inspection procedures based on the ISO 3269 standard. We perform regular on-site audits to ensure that our partners meet our high quality standards. We focus on production methods, process safety and quality management.

Bossard's quality management practices are aimed at avoiding errors by detecting and eliminating them at an early stage. We are able to distinguish between random and systematic errors. Due to error analyses, our manufacturers receive detailed information that enables them to quickly and permanently improve the quality of their products and thus save money.

ADVANCED GLOBAL TESTING SYSTEM

Our advanced, systematically documented testing system ensures that the products of our manufacturers meet our customers' requirements. Incoming goods are tested simultaneously in ten different quality and test laboratories worldwide. In doing this, we use standard test plans and methods all over the world. We also record and evaluate the results in the same system worldwide, which makes it possible to consolidate and exchange all measurements. The testing process begins with testing of parts and ends with complaint management; consistent, transparent, global. This saves customers the need for expensive inspections and controls.

Our employees can retrieve and implement test plans worldwide with just one mouse click. Our database contains over 1,000,000 catalog and special items as well as the same number of test plans for checking these articles. All inspection plans are based on the ISO 3269 standard, which is also Bossard's own standard.

ENGINEERING MAKES THE DIFFERENCE

Every delivered fastener is intended to meet or exceed our customers' expectations. Bossard's engineering team makes this possible. Our experts develop the best solution in collaboration with the customer. We analyze whether and how to optimize the product range and explore ways of reducing the number of parts. The aim is to lower the customers' production costs on a sustainable basis while improving quality at the same time, for instance, through the use of new materials, corrosion prevention, reliable locking systems for nuts and bolts, or improvement of production processes.

QUALITY LOWERS COSTS

Bossard was one of the first companies in the industry to meet the quality assurance criteria of the ISO 9001 standard worldwide. In addition, country-specific certifications offer customers the security they need. Our state-of-the-art testing methods and laboratories guarantee flawless quality and reduce the risk for our customers that their products have defective fasteners. Hence, they not only avoid high follow-up costs but they also maintain their reputation for quality products.

QUALITY FOR THE ENVIRONMENT

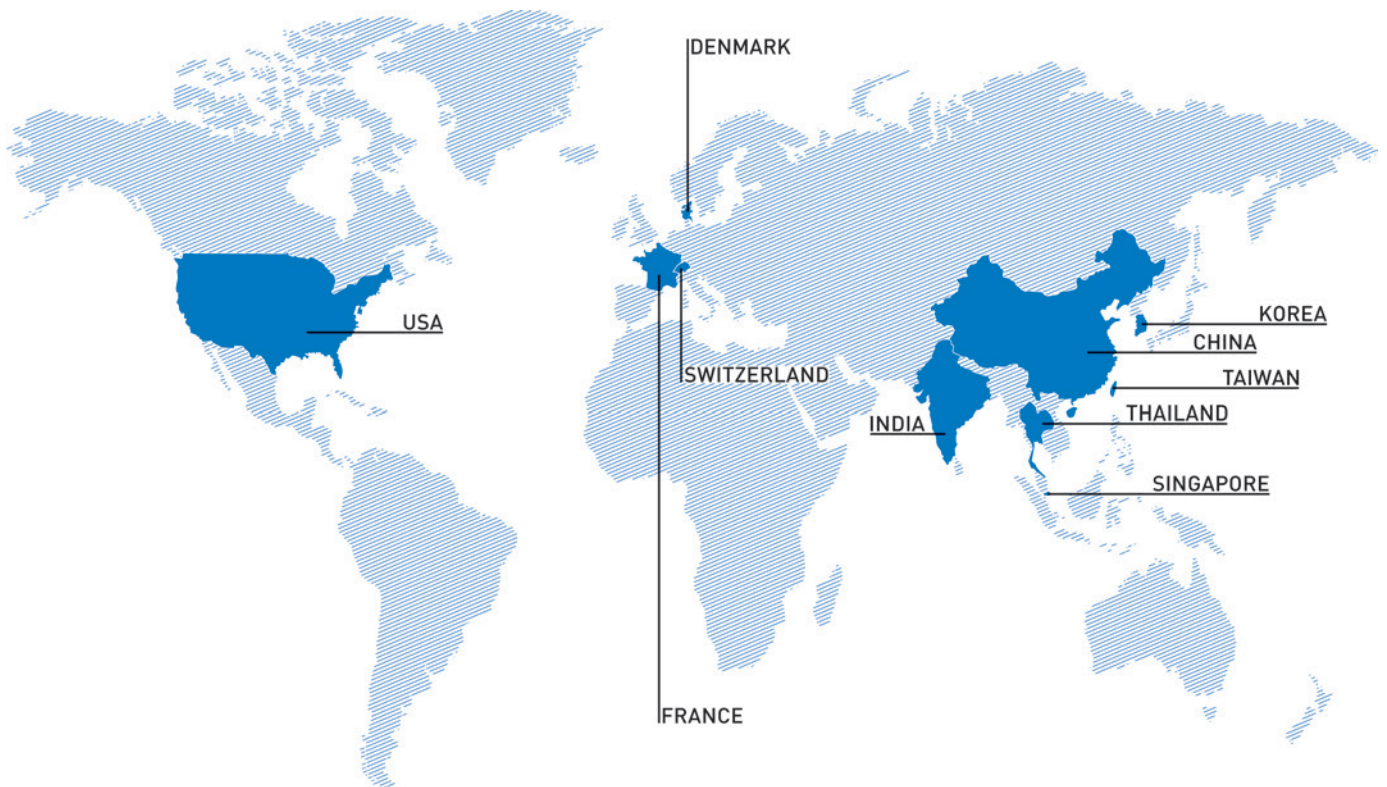
As a responsible company eager to make a contribution to a sustainable future, Bossard pays special attention to environmental aspects when selecting the products and manufacturers. In addition, we protect the environment with our own processes and technologies under the ISO 14001 standard. Ultimately, Bossard's environmental commitment is the driver behind its search for the fastening solutions of tomorrow which must achieve a holistic balance between cost-effectiveness, quality and the environment.

QUALITY AND TEST LABORATORIES PROVEN EXPERTISE AROUND THE GLOBE

Bossard's ten quality and test laboratories in Europe, America and Asia, along with their cutting-edge measuring and testing equipment, ensure reliable quality assurance and flawless product quality. Our customers benefit from certified processes, documented safety and proven testing competence.

Our wide range of tests include for example:

- _ Tensile and proof load testing
- _ Drive and torsional strength testing
- _ Pull out testing
- _ Friction coefficient testing
- _ Hardness measurement
- _ Measurement of coating thickness
- _ Optical 3D measurement
- _ Environment simulation test (corrosion test)
- _ Chemical analysis
- _ Microscopic analysis and surface roughness



RISK MANAGEMENT

SYSTEMATIC RISK MONITORING AND REDUCTION

The aim of risk management is to identify potential risks at an early stage and avoid or substantially limit them through suitable measures. Bossard's risk management approach is an integral part of its group-wide planning, control and monitoring system and is regularly reviewed by the executive committee. Each year, the board of directors and executive committee reassess the situation with a view toward strategic and operational risks.

In annual meetings, we examine all business activities and balance sheet items for potential risks, using a standardized process. Each identified risk is assessed in terms of the possible loss that would be incurred should the damaging event occur. From the results, we then derive targets and effective steps to be taken to mitigate the risks. The results of the risk process are summarized in a report to the board of directors and executive committee. The Group's risk management process is continuously documented and checked for effectiveness. The Group financial management department coordinates the revision of the risk documentation from a central location.

LOW SUPPLY RISK AS A RESULT OF LARGE NETWORK

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials fluctuate. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we can not hedge against price increases. We have an extensive supply portfolio of more than 3,500 manufacturers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

SYSTEMATIC QUALITY MONITORING

Quality assurance constantly faces new challenges as our customers' requirements continue rising and ever stricter regulations apply, which is why we have developed appropriate systems and testing standards. Quality assurance measures are performed in close cooperation with our procurement team and suppliers. We also check our suppliers' technical and economic performance. Deviations and defects identified during quality testing are continuously analyzed, documented and discussed with our suppliers, thereby minimizing quality-relevant risks from the very beginning.

RESPONDING TO SALES RISKS THROUGH DIVERSIFICATION

Regional and global economic developments impact our business environment and can lead to high price and volume fluctuations in the sales markets. We therefore closely monitor economic developments in the individual countries in order to minimize sales risks. We counter this risk with a wide range of products and a customer portfolio that covers a broad spectrum of industrial sectors and regions of the world.

IT PROTECTION IS A HIGH PRIORITY

Unauthorized data access, data abuse and system failure can seriously disrupt operating processes. To prevent this, we use technical measures such as access authorization, virus scanners, firewalls and backup systems. Our IT systems are continuously monitored and updated in order to meet the latest requirements. We have an emergency concept that includes daily backups and data mirroring. Detailed internal policies govern how we use hardware and software.

MINIMIZING FINANCIAL RISKS

Given its international operations, the Bossard Group is exposed to various financial risks; these comprise exchange rate, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.

Financial risk management is described in detail on pages 63/64.

Bossard Group's risk policy also includes a comprehensive and efficient insurance scheme to protect against risks. This is achieved with the help of an international insurance program against third-party liability, property damage and business interruption. On the whole, risks that could negatively impact the Group's further development can not be entirely ruled out. Such risks include, for example, war, terror attacks, acts of God and pandemics.

CORPORATE GOVERNANCE

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

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 September 1, 2014. Unless otherwise indicated, all information applies as at December 31, 2015. 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, 2015 was 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 indus-

trial fastenings technology and generates its entire revenue in this market segment.

SIGNIFICANT SHAREHOLDERS

The following shareholders hold more than 3 percent of the total voting rights in Bossard Holding AG as at December 31, 2015:

The Kolin Group – a shareholder group as per article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) – consisting of Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, owns 56.1 percent (2014: 56.1 percent) of total voting rights and 27.9 percent (2014: 28.0 percent) of dividend-bearing 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.

J. Safra Sarasin Investmentfonds AG, Basel, which holds registered A shares via the funds it manages (SaraSelects and SaraPro Institutional Fund Swiss Equities), reduced its shareholding during the 2015 fiscal year to under 3 percent of the total voting rights of Bossard Holding AG (2.9989 percent as announced on March 26, 2015).

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/de/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, 2015.

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies.

IMPORTANT CHANGES TO THE ARTICLES OF ASSOCIATION

In relation to the revision of the articles of association in 2014 concerning the Minder legislation (as approved by the annual general meeting on April 7, 2014), the board of directors proposed to the annual general meeting on April 13, 2015 that the articles of association again be revised; in particular, the board of directors proposed

that the nomination and compensation committee be split up. The introduction of a nomination committee and a compensation committee was approved by the annual general meeting on April 13, 2015, by means of a revision of the articles of association.

CAPITAL STRUCTURE

SHARE CAPITAL

As at December 31, 2015 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 March 2013, Bossard Holding AG increased the share capital by a nominal CHF 8,000,000 from CHF 32,000,000 to CHF 40,000,000, by issuing 675,000 new registered shares (since April 2014: registered B shares, shares with voting rights) and 665,000 new bearer shares (since April 2014: registered A shares). The shareholders' subscription rights were thereby ensured. The revenue from the capital market transaction was CHF 79,988,000.

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 has consisted 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, 2015, Bossard Holding AG held 431,503 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. 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).

NOMINEE REGISTRATIONS

According to article 6 of the articles of association, the acquirer of a registered A share with voting rights is entered in the share register 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

The Bossard Holding AG currently has no bonds, convertible bonds, or options outstanding.

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

As at December 31, 2015 the board of directors of Bossard Holding AG consisted of seven non-executive members. Daniel Lippuner and Dr. René Cotting were elected to the board of directors at the annual general meeting on April 13, 2015. 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, 2015:

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 31/32 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 for a period of one year (until the next ordinary annual general meeting is held). Members are elected on an individual basis. The annual general meeting 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 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 2015 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 2015 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, 2015:

NAME	FUNCTION	FIRST ELECTED
Dr. Thomas Schmuckli	Chairman ¹⁾	2000
Anton Lauber	Deputy chairman ²⁾	2006
Dr. René Cotting	Member ³⁾	2015
Daniel Lippuner	Member ²⁾	2015
Prof. Dr. Stefan Michel	Repr. of registered A shares ⁴⁾	2011
Maria Teresa Vacalli	Member ⁵⁾	2013
Helen Wetter-Bossard	Member ⁵⁾	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, 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, preparing the annual general meeting 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 (before 2015 annual general meeting, two) permanent committees:

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

With the approval of the amendment to the articles of association at the last annual general meeting on April 13, 2015, the motion of the board of directors was approved to split the former nomination and compensation committee into the two committees mentioned above (NC and 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: www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations.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 2015, 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 2015, this retreat was held at the IMD in Lausanne, where the board of directors met with the expanded management team to actively discuss long-term global trends and their possible impact on the strategy of 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, RISK & 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 until completion of the next ordinary annual general meeting. As at December 31, 2015, 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 2015, 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 2015 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 until completion of the next ordinary annual general meeting. The representatives of the A shareholder group on the board of directors is entitled to a seat on the NC. As at December 31, 2015, 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 2015,

the NC met four 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
- appointing and dismissing the CEO and 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 executive committee
- providing training to the board of directors in relation to its duties
- ensuring succession planning for members of the board of directors and the executive committee as well as deputies on the executive committee
- developing annual objectives to be submitted to the board of directors for the CEO, 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
- 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 for a period of office until completion of the next ordinary annual general meeting. Subject to election by the annual general meeting, 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 on April 13, 2015. 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.

[Continued on page 33](#)



CORPORATE GOVERNANCE

BOARD OF DIRECTORS

DR. THOMAS SCHMUCKLI (1963)

Swiss citizen

- Chairman of the board since 2007
- Member of the board since 2000
- Secretary to the board from 1997 to 2000
- Chairman of the nomination committee since 2015
- Member of the audit, risk & compliance committee since 2002

Professional background

Dr. Thomas Schmuckli 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 at Credit Suisse. From 2000 to 2005, he was head of process and product management at Zuger Kantonalbank. From 2005 to 2007, he headed the legal department of Corporate & Institutional Clients at Credit Suisse in Zurich, followed by the Legal and Compliance Asset Management division in Zurich (2007 to 2013), and ultimately as Managing Director.

Educational background

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

Other activities and vested interests

- Chairman of the board of Credit Suisse Funds AG, Zurich, as well as various subsidiaries of this entity
- Member of the board of Hans Oetiker Holding AG, Horgen

ANTON LAUBER (1951)

Swiss citizen

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

Professional background

Anton Lauber has been an independent management consultant since 2012. From 2008 to 2011, he headed the Schurter Group's Electronic Components division in Lucerne as a delegate of the board of Schurter AG. From 1993 to 2008, he was CEO of Schurter AG and from 1996, he was the delegate of the board 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
- Chairman of the board of Hightech Zentrum Aargau AG, Brugg
- Chairman of the board 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 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 has been 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 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 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 with OC Oerlikon, Hilti AG and Autoneum (formerly Rieter Automotive).

Educational background

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

PROF. DR. STEFAN MICHEL (1967)

Swiss citizen

- Member of the board since 2011
- Representative for holders of registered A shares since 2014

From top left: Dr. René Cotting, Helen Wetter-Bossard, Anton Lauber, Prof. Dr. Stefan Michel; bottom: Daniel Lippuner, Maria Teresa Vacalli, Dr. Thomas Schmuckli

Chairman of the compensation committee since 2015

Member of the nomination committee since 2015

Professional background

Prof. Dr. Stefan Michel has been 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 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, University of Zurich

Other activities and vested interests

Owner of Dr. Stefan Michel & Partner GmbH, Hünenberg See

Chairman of the foundation board of the Swiss Association for Marketing GfM

MARIA TERESA VACALLI (1971)

Swiss citizen

Member of the board since 2013

Member of the compensation committee since 2015

Member of the nomination committee since 2015

Professional background

Maria Teresa Vacalli has directed the wholesale unit at Sunrise Communications AG, Zurich, since 2008, 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, ETH Zurich

HELEN WETTER-BOSSARD (1968)

Swiss citizen

Member of the board since 2002

Secretary to the board from 2001 to 2014

Member of the compensation committee since 2015

Member of the nomination committee since 2015

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 Wetter Gipsergeschäft AG

Member of the board of the Corporation of Zug

Continued from page 29

The 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 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 2015, 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 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

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: www.bossard.com/en/about-us/investor-relations/corporate-governance/organization-regulations.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 does not carry 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, the cash flow statement 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.

Dr. Frank Hilgers was appointed as a new member of the executive committee as at May 1, 2015. He joined the Bossard Group following the purchase of KVT-Fastening and has headed these business units since December 1, 2012. Dr. Frank Hilgers has group-wide responsibility for Category Management (Chief Category Officer, CCO) in the areas of branded products and high-quality fastening solutions.

The executive committee had the following members as at December 31, 2015:

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 37/38. 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: www.bossard.com/de/ueber-uns/investor-relations/corporate-governance.aspx

VOTING RIGHTS AND REPRESENTATION RESTRICTIONS (AS PER ARTICLES OF ASSOCIATION ART. 16 TO 18)

Registered B shares are voting right shares. At the annual general meeting each registered share 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 annual general meeting 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, 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 as well as for motions for convening extraordinary general meetings without any agenda and the performance of a special audit.

The measurement of voting rights by the number of registered voting right shares 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 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.

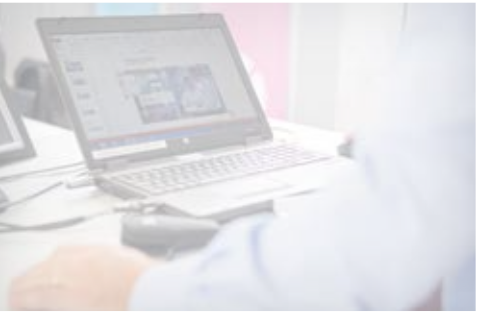
CONVOCATION AND LISTING OF AGENDA ITEMS FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS (AS PER ARTICLES OF ASSOCIATION ART. 12 AND 13)

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 and the invitation is published at least 20 calendar days before the meeting, along with the agenda and motions.

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.

[Continued on page 39](#)



CORPORATE GOVERNANCE

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; Trumpf AG, Baar
Member of the Industry Executive Advisory Board and Executive MBA Supply Chain Management at the ETH, Swiss Federal Institute of Technology 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. He was appointed managing director of Bossard Switzerland as of January 1, 2005.

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 Swiss Federal Institute of Technology (ETH) in Zurich

Other activities and vested interests

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

From top left: Steen Hansen, Robert Ang, Stephan Zehnder, Beat Grob;
bottom: Dr. Frank Hilgers, David Dean, Dr. Daniel Bossard

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

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

Continued from page 35

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, 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 the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), an investor who acquires a third of all voting rights must make a takeover offer for

all outstanding shares. Bossard Holding AG has waived its opportunity to modify or dispense with this regulation (known as opting-up or opting-out).

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 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 2015 fiscal year, PricewaterhouseCoopers AG received fees of CHF 612,607 (2014: CHF 632,055) for auditing services, CHF 99,325 for tax consulting (2014: CHF 27,955) and CHF 19,297 (2014: CHF 87,791) 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 statutory 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. The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

List of key dates in 2016:

Meeting for financial analysts & media conference, publication of annual report 2015	March 2, 2016
Annual general meeting	April 11, 2016
Publication of sales results 1st quarter 2016	April 11, 2016
Publication of first results	July 14, 2016
Sales/net income 1st half of 2016	
Publication of semi-annual report 2016	August 23, 2016
Publication of sales results 3rd quarter 2016	October 11, 2016
Publication of sales results 2016	January 12, 2017

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). All Bossard publications can be ordered by e-mailing investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6301 Zug, Switzerland.

COMPENSATION REPORT

The compensation report describes the compensation principles and programs as well as the governance framework related to the compensation of the board of directors and the members of the executive committee of Bossard Holding AG. The report also provides details around the compensation awarded to those two bodies in the 2015 fiscal year.

The compensation report has been prepared in compliance with the Ordinance against Excessive Compensation in Listed Companies (VegüV), the principles of the Swiss Code of Best Practice for Corporate Governance of *economiesuisse* and the standard relating to information on Corporate Governance of the SIX Swiss Exchange.

1. COMPENSATION PHILOSOPHY AND PRINCIPLES

The compensation philosophy of Bossard Holding AG reflects the commitment to recruit, retain, motivate and develop well-qualified employees and executives at all levels in the organization. Compensation programs are designed to motivate executives to achieve the business objectives and to create long-term and sustainable value for the company. They are based on the following principles:

Pay for performance	A portion of compensation is directly linked to the sustainable success of the company and to individual contributions
Alignment to shareholders' interests	The compensation system strengthens the link to shareholders' interests through the delivery of part of the compensation in the form of shares or share-based payments
Balanced system	There is a healthy balance between fixed compensation and variable performance-based compensation (no excessive leverage of variable compensation)
Market competitiveness	Compensation levels are market competitive in order to attract and retain individuals with the required skill sets and leadership capabilities
Simplicity and transparency	Compensation programs are straightforward and transparent

2. COMPENSATION GOVERNANCE

2.1. ARTICLES OF ASSOCIATION

As required by the Ordinance against Excessive Compensation in Listed Companies (VegüV), the articles of association of Bossard Holding AG summarize the compensation principles and include the following provisions:

Compensation principles (articles 36 to 40): the compensation of the members of the board of directors and the executive committee consists of fixed and variable compensation. Variable compensation depends on the performance of the group, its businesses and/or individual contributions and may be paid out in cash and/or restricted shares. The variable compensation is capped to one time the annual fixed salary in order to avoid unexpected upward volatility of payouts. In addition, members of the executive committee may be awarded restricted stock units at the discretion of the board of directors.

Binding vote on compensation amounts of the board of directors and the executive committee (articles 11.8 and 43): the annual general meeting approves separately the maximum aggregate amounts of compensation payable to the board of directors and to the executive committee respectively, for the period from May 1 to April 30 of the following year. In addition, the annual general meeting has the opportunity to express its opinion on the compensation report in a consultative vote.

Additional amount for payments to members of the executive committee appointed after the vote on compensation at the annual general meeting (article 42): to the extent that the maximum aggregate compensation amount as

approved by the annual general meeting does not suffice, an amount of up to 30 percent of the maximum aggregate compensation amount approved for the executive committee is available, without further approval, for the compensation of the members of the executive committee who have been appointed after the annual general meeting.

Loans, credit facilities and post-employment benefits for members of the executive committee (article 41): the board of directors may, in justified cases, grant to members of the executive committee and persons related to them: mortgage-backed loans or credit up to a maximum of CHF 1 million per person, unsecured loans or credit up to a maximum of CHF 0.5 million per person, pension benefits outside the occupational pension scheme up to a maximum of CHF 0.5 million (one-time) per person.

Details available at: www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association.aspx

2.2. COMPENSATION COMMITTEE

In accordance with the articles of association, the organizational rules of Bossard Holding AG and the compensation committee charter, the compensation committee is composed of at least three members of the board of directors that are elected individually by the annual general meeting for a period of one year. Subject to the approval of the annual general meeting, the representative of registered A shares is entitled to be a member of the compensation committee. The 2015 annual general meeting elected Prof. Dr. Stefan Michel (chairman), Helen Wetter-Bossard and Maria Teresa Vacalli as members of the compensation committee. All three members are independent in accordance with the regulations.

It is the responsibility of the compensation committee to:

- determine and regularly review the compensation policy and principles applicable to the board of directors and the executive committee, including the design of compensation programs and retirement benefits plans;
- propose to the board of directors the maximum aggregate amounts of compensation of the board of directors and of the executive committee to be submitted to the shareholders' vote at the annual general meeting;
- propose to the board of directors the individual compensation for the members of the board of directors, the CEO and the other members of the executive committee, within the limits approved by the annual general meeting;
- propose to the board of directors the performance objectives for the CEO and the other members of the executive committee and conduct a performance assessment against those objectives;
- review and approve the employment contracts of the executive committee members;
- prepare the compensation report.

The levels of authority between the CEO, the compensation committee (CC), the board of directors (BoD) and the annual general meeting (AGM) are summarized in the table below:

	CEO	CC	BoD	AGM
Compensation policy and principles		Proposes	Approves	
Maximum aggregate compensation amounts of the board of directors		Proposes	Reviews	Approves (binding vote)
Maximum aggregate compensation amounts of the executive committee		Proposes	Reviews	Approves (binding vote)
Individual compensation of members of the board of directors		Proposes	Approves	
Compensation of CEO including objectives setting and performance assessment		Proposes	Approves	
Individual compensation of members of the executive committee including objectives setting and performance assessment	Proposes	Reviews	Approves	
Compensation report		Proposes	Approves	Consultative vote

The compensation committee meets as often as business requires but at least twice a year. In 2015, it held two meetings, which all members attended.

As a general rule, the CEO participates in the meetings of the compensation committee in an advisory capacity. Members of the board of directors may attend the committee meetings (without voting rights) and other executives may be invited in an advisory capacity as well. However, the members of the board of directors and the executives abstain from voting when their own performance and/or compensation are being discussed. After each meeting, the chairman of the compensation committee reports to the board of directors on its activities and recommendations. The minutes of the compensation committee meetings are available to the full board of directors.

The compensation committee may retain external consultants to provide support in fulfilling its duties. In 2015, no such external advisors were engaged.

The compensation committee performs a self-evaluation at regular intervals.

2.3. METHOD OF DETERMINATION OF COMPENSATION

Benchmarking: in order to assess the market competitiveness of compensation and to determine appropriate compensation levels for the members of the board of directors and of the executive committee, the compensation committee periodically reviews the compensation reports published by other international industrial companies that are listed in Switzerland and comparable to Bossard in terms of size (market capitalization, employees, revenues), geographic scope and business complexity.

Performance management: the actual compensation effectively paid out in a given year to the executive committee members depends on their individual performance. Depending on the level of responsibility, the evaluation of individual performance takes into account the results of the entire group and/or of a business area. The performance evaluation is based on quantitative and qualitative assessment criteria. The quantitative elements are derived both from the current business results and from the longer-term value drivers, which are decisive for Bossard's future results and profitability. This is aligned to the value-oriented and sustainability-focused management approach implemented by Bossard. Qualitative criteria are derived from the company's strategic targets. Therefore, compensation reflects both the sustainable success of the company and the individual contributions.

3. COMPENSATION STRUCTURE – BOARD OF DIRECTORS

The compensation of the board of directors includes a fixed component and a variable component. The fixed component adequately compensates members of the board of directors for their time spent serving on the board of directors and on the committees. It amounts to CHF 200,000 for the chairman and to CHF 75,000 for the other members of the board of directors. The variable component corresponds to 0.1 percent of the consolidated net income multiplied by a factor based on the return on capital employed (ROCE) achieved. There is no variable compensation component if the return on capital employed is lower than 8 percent and the profit-related compensation is limited to a maximum of CHF 75,000 contingent upon a return on capital employed of more than 18 percent. In an average year, the total compensation for a member of the board of directors is expected to be around CHF 100,000. In case of outperformance, the total compensation is capped to a maximum of CHF 150,000. Those amounts are exclusive of social security contributions.

20 percent of the total compensation is paid in the form of registered A shares of Bossard Holding AG. Board members may elect to receive up to 50 percent (in total) of their total compensation in shares. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of mandate, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year based on the average share price over the previous ten trading days, less a discount of approximately 16 percent for the three-year restriction period as permitted under Swiss tax law.

The decision on the proportion of compensation to be paid in shares (between 20 percent and 50 percent of total compensation) is made the day after the annual general meeting of shareholders. The shares required for the share plan are purchased on the market by Bossard Holding AG.

	FIXED COMPENSATION (IN CHF P.A.)	+	VARIABLE COMPENSATION (IN CHF P.A.)
Chairman of the board of directors	200,000		maximum 75,000
Members of the board of directors	75,000		maximum 75,000

4. COMPENSATION STRUCTURE – EXECUTIVE COMMITTEE

According to the compensation principles defined in section 1, the compensation of the executive committee includes the following elements:

- _ Fixed basic salary
- _ Variable compensation
- _ Management participation plan
- _ Occupational benefits

Structure of compensation of the executive committee:

	PURPOSE	DRIVERS	PERFORMANCE MEASURES	VEHICLE
Fixed basic salary	Attract & retain	Position, skills and experience		Monthly cash payments
Variable compensation	Pay for performance	Annual performance	Operational results, group net income, strategic goals	Annual bonus in cash
Management participation plan	Align to shareholders' interests, retain	Position	Share price evolution	RSU with three-year vesting period
Occupational benefits	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurance, perquisites

4.1. FIXED BASIC SALARY

The annual fixed basic salary is a fixed remuneration paid in cash on a monthly basis. It reflects the scope and responsibilities of the role, the skills required to perform the role and the profile of the jobholder in terms of experience and capabilities.

4.2. VARIABLE COMPENSATION

The variable compensation rewards the achievement of annual financial goals and of individual strategic objectives agreed and evaluated within the annual objective-setting process.

The fixed basic salary and the expected variable compensation (assuming 100 percent achievement of all performance objectives) form the so-called total cash compensation. The target value of the total cash compensation of the CEO and the other executive committee members is reviewed annually based on the scope of the role, competitive market practice, individual profile and performance, as well as the company's affordability.

For the CEO, the fixed basic salary amounts to 65 percent of total cash compensation, while the variable compensation amounts to 35 percent (or 54 percent of annual fixed basic salary). For the other executive committee members, the fixed basic salary ranges from 63 percent to 69 percent of total cash compensation while the variable portion ranges from 31 percent to 37 percent. In order to maintain compensation at a reasonable level and to not encourage excessive risk taking or a focus on short-term decisions to the expense of the company's sustainable success, the variable compensation is capped at 100 percent of the annual fixed basic salary.

The variable compensation is based on two components:

- _ The financial performance of the group as a whole and/or its businesses;
- _ The achievement of individual strategic goals that are defined and reviewed annually by the board of directors.

The approximate weighting of those components is illustrated in the graph below. The weightings are defined as ranges because the system shall remain flexible enough to reflect specific strategic priorities for any business area in any given year.

COMPONENTS	CEO	CFO	OTHER MEMBERS OF THE EXECUTIVE COMMITTEE
Group	Operational results of all business areas	Operational results of all business areas	Group net income
Financial performance 80–100 percent		Group net income	
Own business area			Operational results of own business area
Strategic objectives 0–20 percent	Individually determined		Individually determined

The financial objectives always include a measurement of profitability, such as group net income or business area operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, financial objectives may also include a measurement of growth, such as revenue or revenue growth, depending on the strategic priorities of the respective business area. For each financial objective, an expected (target) level of performance is determined, either on the basis of the annual financial plan or of the previous year's achievements. In addition, a threshold level of performance, below which the payout factor is zero, and a maximum level of performance, above which the payout factor is capped, are determined as well.

The strategic objectives include more qualitative goals related to innovation, key project management and leadership.

Due to the commercial sensitivity of financial and strategic objectives, they are not being disclosed in the compensation report. However, the payout level of the variable compensation in the reporting year is explained and commented on in section 5.

The CEO and the other members of the executive committee may opt to receive up to 20 percent of their total cash compensation in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they can not be sold, transferred or pledged. The restriction period also applies in case of termination of employment, except in case of termination following death where the restriction immediately lapses. The shares are priced at their market value, determined at the end of February of each year, based on the average share price over the previous ten trading days, less a discount of approximately 16 percent for the three-year restriction period as permitted under Swiss tax law. The decision on the proportion of compensation to be paid in shares (up to 20 percent) is made the day after the annual general meeting of shareholders. The shares required for the share plan are purchased on the market by Bossard Holding AG.

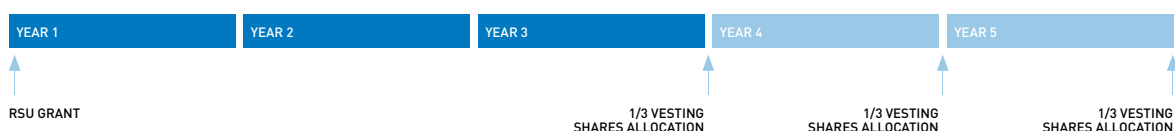
4.3. MANAGEMENT PARTICIPATION PLAN

The objectives of the management participation plan are to strengthen the link between management and shareholders' interests, to foster the participants' motivation and identification with the group, to let participants directly participate in the shareholder value created through share price appreciation, and to enable the company to attract and motivate highly-qualified employees.

The long-term management participation plan is offered to selected members of the management of the group in the form of restricted stock unit (RSU) awards. At the beginning of the vesting period, a number of RSUs are granted to each participant, which is based on a fixed sum. The conversion is carried out at market value in November and is based on the average share price over the last ten trading days in November. For members of the executive committee, the number of RSUs granted is determined at the discretion of the board of directors. For other participants, it is determined at the discretion of the CEO.

Each RSU is a conditional right to receive one registered A share of Bossard Holding AG after the vesting period. The RSUs vest conditionally upon the continuous employment of the participant at the vesting date and according to the following vesting schedule: one third of the RSUs vest three years after the grant date, one third vest four years after the grant date and the last third vest five years after the grant date. At the respective vesting date, the vested RSUs are converted into registered A shares of Bossard Holding AG. The shares are not subject to any further restrictions other than the general rules governing management transactions. In circumstances where the allocation of shares may be unsuitable or impractical, the award may be settled in cash.

Vesting period:



In case of termination of employment, the RSUs forfeit without any compensation, except in the cases of retirement, death, disability or change of control, where the RSUs are subject to an accelerated vesting at the date of termination/change of control.

4.4. OCCUPATIONAL BENEFITS

The executive committee members participate in the benefits plan available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and health. The members of the executive committee with a Swiss employment contract participate in Bossard's pension plan offered to all employees in Switzerland, in which a base salary up to an amount of CHF 282,800 per annum is insured, as well as a supplementary plan in which earnings in excess of this limit are insured up to the maximum amount permitted by law. Bossard's pension benefits exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with what other international industrial companies offer. Members of the executive committee under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and are, as a minimum, in accordance with the legal requirements of the respective country.

In addition, executive committee members are also eligible to standard perquisites, such as a company car, seniority awards, child allowance and other benefits in kind, according to competitive market practice in their country of contract. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

4.5. EMPLOYMENT CONTRACTS

The members of the executive committee are employed under employment contracts of unlimited duration with a notice period of six months, or twelve months for the CEO. Executive committee members are not contractually entitled to termination payments or any change-in-control provisions other than the early vesting of RSU awards mentioned previously.

5. COMPENSATION TO THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE

5.1. COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS FOR THE FISCAL YEARS 2015 AND 2014

In 2015, the members of the board of directors received a total compensation of CHF 1.2 million (2014: CHF 1 million) in the form of fixed compensation of CHF 0.6 million (2014: CHF 0.5 million), variable compensation of CHF 0.4 million (2014: CHF 0.4 million) and social security contributions of CHF 0.2 million (2014: CHF 0.1 million). Of the total amount, CHF 0.4 million was delivered in restricted shares (2014: CHF 0.4 million). The amounts for the fixed remuneration have remained unchanged since 2014. The increase in compensation compared to the previous year is due to the fact that there were seven board members in 2015 compared to five members in 2014. The chairman's variable compensation component in 2015 was 34 percent of the fixed component (2014: 38 percent). For the other board members, the variable compensation component came to 90 percent (2014: 100 percent).

COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2015

IN CHF		FIXED	VARIABLE	SOCIAL COSTS	TOTAL COMPENSATION	IN SHARES ⁴⁾
Dr. Thomas Schmuckli	Chairman, chairman NC ¹⁾ , ARCC ²⁾	200,000	68,500	37,233	305,733	100,650
Anton Lauber	Deputy chairman, ARCC	75,000	68,500	19,980	163,480	75,030
Dr. René Cotting	Chairman ARCC	50,000	43,500	12,997	106,497	-
Daniel Lippuner	ARCC	50,000	43,500	12,997	106,497	-
Prof. Dr. Stefan Michel	Repr. of registered A shares, chairman CC ³⁾ , NC	75,000	68,500	19,980	163,480	75,030
Maria Teresa Vacalli	NC, CC	75,000	68,500	19,980	163,480	75,030
Helen Wetter-Bossard	NC, CC	75,000	68,500	19,980	163,480	75,030
2015		600,000	429,500	143,147	1,172,647	400,770

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Members of the board of directors must draw at least 20 percent, but may draw up to 50 percent of their total compensation in registered A shares of Bossard Holding AG (according to article 37 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The purchase price was 91.50 CHF and took place one day after the annual general meeting of shareholders 2015.

COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2014

IN CHF		FIXED ³⁾	VARIABLE	SOCIAL COSTS	TOTAL COMPENSATION	IN SHARES ⁴⁾
Dr. Thomas Schmuckli	Chairman, NCC ¹⁾ , AC ²⁾	200,000	75,000	37,626	312,626	126,560
Anton Lauber	Deputy chairman, NCC	75,000	75,000	20,983	170,983	72,320
Prof. Dr. Stefan Michel	Repr. of registered A shares, NCC	75,000	75,000	20,983	170,983	64,907
Maria Teresa Vacalli	AC	75,000	75,000	20,983	170,983	72,320
Helen Wetter-Bossard	NCC	75,000	75,000	20,983	170,983	72,320
2014		500,000	375,000	121,558	996,558	408,427

1) Nomination and compensation committee (NCC)

2) Audit committee (AC)

3) The compensation of the committee work is now included in the fixed compensation.

4) Members of the board of directors must draw at least 20 percent, but may draw up to 50 percent of their total compensation in registered A shares of Bossard Holding AG (according to article 37 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The purchase price was 90.40 CHF and took place one day after the annual general meeting of shareholders 2014.

In 2015, the annual general meeting of shareholders authorized a maximum compensation budget for the board of directors of CHF 1,500,000 for the period from May 1, 2015 to April 30, 2016. The board of directors (7 board members) was paid a total of CHF 1,172,647 for 2015 (2014: 996,558).

PAYMENTS TO FORMER MEMBERS OF THE BOARD OF DIRECTORS

In 2015, no compensation was paid to former members of the board of directors. 2014, Urs Fankhauser received compensation of CHF 182,327 (CHF 85,000 fixed, CHF 75,000 variable, CHF 22,327 social costs) for his final year in office, 2013/2014.

PAYMENTS TO RELATED PARTIES OF MEMBERS OF THE BOARD OF DIRECTORS

In 2015, as well as in 2014, no compensation was paid to related parties of present or former members of the board of directors.

LOANS AND CREDITS TO PRESENT OR FORMER MEMBERS OF THE BOARD OF DIRECTORS OR TO RELATED PARTIES

As of December 31, 2015 as well as of December 31, 2014 no such loans or credit payments existed to present or former members of the board of directors, or to related parties of present or former members of the board of directors.

5.2. COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE FOR THE FISCAL YEARS 2015 AND 2014

In 2015, the members of the executive committee received a total compensation of CHF 5.1 million (2014: CHF 4.5 million) in the form of fixed compensation of CHF 2.5 million (2014: CHF 2.2 million), variable compensation of CHF 1.5 million (2014: CHF 1.3 million), other benefits of CHF 0.1 million (2014: CHF 0.1 million), RSU grant of CHF 0.4 million (2014: CHF 0.3 million) and social security/pension contributions of CHF 0.8 million (2014: CHF 0.7 million). Of the total amount, CHF 0.4 million was delivered in restricted shares (2014: CHF 0.6 million). The increase in compensation compared to the previous year is mainly due to the appointment of Dr. Frank Hilgers at the beginning of May 2015 to the executive committee. In 2015 the variable component of the compensation amounted to 78 percent of fixed compensation for the CEO (2014: 70 percent) and to 74 percent on average for the other executive committee members (2014: 72 percent). The size of the RSU grant in 2015 was slightly higher compared to 2014 due to expansion of the executive committee. The total expenses for the management participation plan offered to the executive committee and specified middle and senior managers amounted to CHF 1.2 million in 2015 (2014: CHF 1 million).

COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

IN CHF	EXECUTIVE COMMITTEE TOTAL		DAVID DEAN, CEO	
	2015	2014	2015	2014
Fixed compensation	2,456,330	2,193,589	526,664	499,992
Variable compensation ¹⁾	1,487,172	1,273,495	362,000	301,000
Other benefits ²⁾	101,561	99,158	9,600	9,600
Subtotal (salary)	4,045,063	3,566,242	898,264	810,592
Management participation plan (RSU) ³⁾	350,000	300,000	50,000	50,000
Social and pension costs	750,953	677,872	229,099	225,614
Total	5,146,016	4,544,114	1,177,363	1,086,206
Share payment ⁴⁾	361,425	567,712	-	160,008
Members of the executive committee	7	6		

1) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the following reporting year for which the compensation was paid. The compensation disclosed for 2014 is the actual total payment made.

2) Private share in company vehicle, child allowances, anniversary bonus

3) The market value of the RSUs allocated in the 2015 fiscal year was CHF 101.70 (2014: CHF 102.10).

4) Members of the executive committee may draw up to 20 percent of their total compensation in registered A shares of Bossard Holding AG of the previous year (according to article 38 and 39 of the articles of association). The shares are priced at market value, less a reduction of approximately 16 percent for the three years lockup period. The draw always takes place one day after the annual general meeting of shareholders. For the drawn shares in 2015 the price was CHF 91.50 (2014: CHF 90.40).

In 2015, the annual general meeting of shareholders authorized a compensation budget for the six members of the executive committee of CHF 4,900,000 for the period from May 1, 2015 to April 30, 2016. The six members of the executive committee was paid a total of CHF 4,702,405 for 2015 (2014: 4,544,114 CHF).

COMPENSATION PAID TO FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

In 2015, as well as in 2014 no compensation was paid to former members of the executive committee.

COMPENSATION PAID TO RELATED PARTIES OF MEMBERS OF THE EXECUTIVE COMMITTEE

In 2015, as well as in 2014 no compensation was paid to related parties of present or former members of the executive committee.

LOANS AND CREDITS TO PRESENT OR FORMER MEMBERS OF THE EXECUTIVE COMMITTEE OR TO RELATED PARTIES

As of December 31, 2015 as well as December 31, 2014 no such loans or credit payments existed to present or former members of the executive committee, or to related parties of present or former members of the executive committee.

6. PARTICIPATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE COMMITTEE AT DECEMBER 31, 2015

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following numbers of registered A shares of Bossard Holding AG:

		2015	2014
Board of directors			
Dr. Thomas Schmuckli	Chairman, chairman NC, ARCC	15,600	14,000
Anton Lauber	Deputy chairman, ARCC	7,694	7,374
Dr. René Cotting	Chairman ARCC	500	-
Daniel Lippuner	ARCC	-	-
Prof. Dr. Stefan Michel	Representative of registered A shares, chairman CC, NC	3,402	2,582
Maria Teresa Vacalli	NC, CC	1,620	800
Helen Wetter-Bossard	NC, CC	23,178	22,358
Total		51,994	47,114

Executive committee			
David Dean	CEO	23,502	23,270
Stephan Zehnder	CFO	14,930	15,026
Beat Grob	CEO Central Europe	30,610	28,006
Dr. Daniel Bossard	CEO Northern & Eastern Europe	5,474	5,120
Steen Hansen	CEO America	354	3,586
Robert Ang	CEO Asia	6,578	7,004
Dr. Frank Hilgers	CCO	442	-
Total		81,890	82,012

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSU):

		2015	2014
David Dean	CEO	3,074	2,936
Stephan Zehnder	CFO	3,074	2,936
Beat Grob	CEO Central Europe	3,074	2,936
Dr. Daniel Bossard	CEO Northern & Eastern Europe	3,074	2,936
Steen Hansen	CEO America	3,074	2,936
Robert Ang	CEO Asia	3,074	2,936
Dr. Frank Hilgers	CCO	2,361	1,124
Total		20,805	18,740

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT 2015



Report of the statutory auditor
to the general meeting on the
compensation report 2015 of
Bossard Holding AG
Zug

REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT

We have audited the compensation report of Bossard Holding AG for the year ended December 31, 2015. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the note 5 on pages 48 to 50 of the compensation report.

Board of directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 to 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the compensation report of Bossard Holding AG for the year ended December 31, 2015 complies with Swiss law and articles 14 to 16 of the Ordinance.

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, February 29, 2016

*PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch*

CONTENTS

–53

FINANCIAL REPORT

- 54 Financial Review 2015
- 56 Consolidated Balance Sheet
- 57 Consolidated Income Statement
- 58 Consolidated Statement of Changes in Equity
- 59 Consolidated Cash Flow Statement
- 60 Notes to the Consolidated Financial Statements
- 80 Report of the Statutory Auditor on the Consolidated Financial Statements
- 81 Bossard Holding AG: Balance Sheet
- 82 Bossard Holding AG: Income Statement
- 83 Bossard Holding AG: Notes to the Financial Statements
- 86 Bossard Holding AG: Appropriation of Available Earnings
- 87 Bossard Holding AG: Report of the Statutory Auditor on the Financial Statements
- 88 Investor Information

FINANCIAL REVIEW 2015

SALES RECORD IN CHALLENGING TIMES

In spite of a challenging market environment, the Bossard Group recorded a solid performance in 2015, bolstered substantially by acquisitions it made during the 2015 fiscal year. As a result of these takeovers, the Group sales rose by 6.2 percent to a new record high of CHF 656.3 million. In local currency, the increase was an even better 10.1 percent. Excluding acquisitions, sales reached CHF 592.1 million, a decline of 4.2 percent. Without the negative currency effects, the decline would have been only 0.7 percent. The appreciation of the Swiss franc at the beginning of 2015 was felt in many respects. Operating profit (EBIT) dropped by 3.4 percent to CHF 70.3 million compared to the previous year while constant exchange rates would have produced growth in the amount of 4.3 percent. Group net income fell by 4.6 percent to CHF 54.5 million.

The acquisitions mentioned enabled the Bossard Group to substantially strengthen its market positions in Europe in the 2015 fiscal year. The takeovers primarily relate to the Italian, French and Norwegian markets. These strategically important investments boosted European sales in local currency by 4.6 percent.

SHADOWS AND LIGHT IN EUROPE

Due to the appreciation of the Swiss franc, European sales in Swiss francs fell by 2.9 percent to CHF 383.4 million. Excluding acquisitions, sales in local currency fell by 1.6 percent. This decline reflects the uneven demand situation in the European markets and especially in Switzerland. The appreciation of the Swiss franc undermined the market position of many of our Swiss customers, reducing their revenues and profitability. This situation also affected Bossard's results. But there are also bright spots. Our regional companies in Southern and Eastern Europe as well as in Germany posted positive growth rates across the board.

STABLE MARKET POSITION IN AMERICA

Thanks to the successful acquisition of Aero-Space Southwest, Inc., Bossard was able to strengthen its position as a supplier of high-quality fastening solutions, especially for major industrial locations in California, Arizona as well as Mexico. Overall sales soared by 36.2 percent to CHF 166.2 million (+29.6 percent in local currency). In the existing American business, cooperation with the leading US electric vehicle manufacturer intensified further, resulting in increased revenues. In contrast, our second major US customer – a company in the agricultural technology sector – continues to expe-

rience weaker demand. Without the acquisition, sales amounted to CHF 124.7 million or a plus of 2.2 percent (-2.7 percent in local currency).

INVESTMENTS SPUR GROWTH IN ASIA

Our Asian business posted 2015 sales of CHF 106.7 million, an increase of 5.5 percent (+5.2 percent in local currency). This development reflects our investment policy of recent years, which included developing and expanding distribution and competence centers in a number of locations. The positive development in this region continued in 2015, driven by double-digit growth rates in both India and Korea. In contrast, sales in China, our largest market in Asia, stagnated at the previous year's level. On the bright side, we were able to offset the weaker demand from various customers by adding new customers to our customer base.

INCREASED GROSS PROFIT – HIGHER COSTS

Compared to the prior year, gross profit increased from CHF 197.1 million to CHF 202.7 million. The gross profit margin, however, declined from 31.9 percent to 30.9 percent. This development is due in part to the tougher market environment in some regions as well as the altered profit mix. In addition, margins also suffered from the currency discounts that we granted in Switzerland due to the appreciation of the Swiss franc.

Compared to the previous year, sales and administrative costs rose by 6.5 percent to CHF 132.4 million. As a percentage of net sales, it remained at the previous year's level of 20 percent. The previously mentioned acquisitions were largely responsible for the increased costs. The number of employees increased from 1,926 in the previous year to 2,018; 104 of them are employed in the newly acquired companies.

APPRECIATION OF THE SWISS FRANC WEIGHS ON RESULTS

The appreciation of the Swiss franc left its mark on the bottom line of the Bossard Group in two ways. First, the market and demand conditions already described had a direct impact on the Group's profit situation, especially for our business in Switzerland. Second, due to the translation effect sales and profit of our foreign subsidiaries reduced additionally when converted into our accounting currency, the Swiss franc. Compared to the previous year, operating profit (EBIT) dropped by 3.4 percent to CHF 70.3 million. The operating margin fell from a record-high of 11.8 percent in the previous year

to 10.7 percent. Had exchange rates been constant and without currency valuation effects from the appreciation of the Swiss franc, EBIT would have had increased by 4.3 percent, resulting in an EBIT margin of 11.0 percent. Nevertheless, Bossard again achieved above-average profitability in 2015 compared with other companies in the industry. Our most recent acquisitions fully met our high expectations, contributing substantially to our success.

The financial result improved from the previous year's CHF 3.1 million to CHF 2.5 million, which is attributable to currency gains. In contrast, taxes increased from CHF 12.5 million to 13.3 million, and the tax rate climbed from 18.0 percent to 19.7 percent. The latter was primarily due to the altered profit mix stemming from the acquisitions and developments in the regions.

DIVIDENDS REMAIN UNCHANGED

The difficulties discussed also affected the Group's net income, which fell from CHF 57.1 million in the previous year to CHF 54.5 million. Without the hit from the exchange rate, income would have remained at the previous year's level. With respect to dividends, Bossard intends to send a signal of confidence. Our dividend policy stipulates a distribution of 40 percent of consolidated net income to the shareholders each year. However, strict application of this policy would slightly reduce dividends for 2015. At the annual general meeting of shareholders, the board of directors will recommend holding the dividend payout for 2015 at CHF 3. This corresponds to a dividend yield of 2.7 percent based on the share price at the end of 2015.

SOLID BALANCE-SHEET STRUCTURE

Total assets rose by 6.5 percent to CHF 462.6 million compared to the previous year, an increase based primarily on the acquisitions made in 2015. Little change was evident in operating net working capital in relation to net sales, which at year's end was 39.1 percent versus 39.2 percent in the prior year.

The equity ratio dropped from 48.5 percent to 40.2 percent because the goodwill from the acquisitions was fully offset against the equity. While the equity ratio temporarily dropped to approximately 31 percent during the course of the year, it did rise again by the end of the year to the long-term target of 40 percent. Net debt increased over the previous year from CHF 97.9 million to CHF 147.8 million, which was largely attributable to

higher investments in tangible assets as well as the acquisitions. As a result of these investments, the gearing – the ratio of net debt to equity – rose from 0.6 to 0.8. In spite of these altered balance sheet ratios, the Bossard Group continues to stand on a rock solid foundation.

YEAR OF BRISK INVESTMENT ACTIVITIES

The cash flow from operating activities rose by CHF 5.3 million to CHF 52.8 million. This positive development is primarily attributable to the inventories.

Fiscal year 2015 was a year of brisk investments. Cash flow from investment activities increased markedly over the previous year from CHF 20.6 million to CHF 78.1 million. This figure includes acquisitions in the amount of CHF 56.6 million as well as investments in tangible and intangible assets of CHF 22.1 million (previous year: CHF 11.5 million). A considerable portion of the investments in tangible assets went to new logistics and office infrastructures in Denmark and Thailand. Other investments included the expansion of distribution and technical centers in China and Germany. A total of CHF 10.2 million was spent on investments in the 2015 fiscal year. The remaining amount of CHF 11.9 million went primarily toward ongoing replacement investments.

All in all, the results of 2015 and the solid balance sheet structure provide a sound basis for the future development of the Bossard Group. It gives us the necessary financial scope to be able to further set our sights on ambitious growth targets and engage in strategic projects. We are therefore in a position to establish and expand infrastructure in growth markets, and also make targeted acquisitions as in 2015 so as to reinforce our market position as a supplier of high-quality fastening solutions.

CONSOLIDATED BALANCE SHEET

IN CHF 1,000	NOTES	31.12.2015	31.12.2014
Assets			
Current assets			
Cash and cash equivalents	4	29,918	25,418
Accounts receivable, trade	5	103,372	95,347
Other receivables		3,364	7,602
Prepaid expenses		7,758	6,870
Inventories	6	198,602	189,853
		343,014	325,090
Long-term assets			
Property, plant and equipment	7	91,920	87,062
Intangible assets	8	6,392	3,669
Financial assets	9	11,474	11,450
Deferred tax assets	10	9,802	7,109
		119,588	109,290
Total assets		462,602	434,380
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	45,653	42,918
Other liabilities		12,267	12,387
Accrued expenses		20,362	23,819
Tax liabilities		8,062	11,346
Provisions	12	255	533
Short-term debts	13	73,935	58,293
		160,534	149,296
Long-term liabilities			
Long-term debts	14	103,811	65,000
Provisions	12	7,492	4,945
Deferred tax liabilities	10	4,579	4,536
		115,882	74,481
Total liabilities		276,416	223,777
Shareholders' equity			
Share capital	15	40,000	40,000
Treasury shares	15	-6,672	-6,844
Capital reserves		85,311	106,615
Retained earnings		62,538	67,080
		181,177	206,851
Minority interest		5,009	3,752
Total shareholders' equity		186,186	210,603
Total liabilities and shareholders' equity		462,602	434,380

The notes on pages 60 to 79 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	NOTES	2015	2014
Net sales	16/17	656,314	617,764
Cost of goods sold		453,610	420,633
Gross profit		202,704	197,131
Selling expenses		89,077	85,102
Administrative expenses		43,308	39,226
EBIT		70,319	72,803
Financial result	21	2,497	3,144
Income before taxes		67,822	69,659
Income taxes	10	13,332	12,531
Net income		54,490	57,128
Attributable to:			
Shareholders of Bossard Holding AG		52,982	56,655
Minority interest		1,508	473
IN CHF	NOTES	2015	2014
Earnings per registered A share ¹⁾	22	7.01	7.49
Earnings per registered B share ¹⁾	22	1.40	1.50

1) Earnings per share is based on the net income of the shareholders of Bossard Holding AG and the annual average number of outstanding shares entitled to dividend. There is no dilution effect.

The notes on pages 60 to 79 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1,000	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS		SHARE- HOLDERS BOSSARD	MINORITY INTEREST	SHARE- HOLDERS' EQUITY
				RETAINED EARNINGS	TRANSLATION DIFFERENCES			
Balance at January 1, 2014	40,000	-5,430	127,708	80,151	-78,117	164,312	2,986	167,298
Dividend			-22,681			-22,681		-22,681
Net income for the period				56,655		56,655	473	57,128
Management participation plan			761			761		761
Change in treasury shares		-1,414	827			-587		-587
Offset goodwill from acquisitions				-1,282		-1,282		-1,282
Translation differences					9,673	9,673	293	9,966
Balance at December 31, 2014	40,000	-6,844	106,615	135,524	-68,444	206,851	3,752	210,603
Balance at January 1, 2015	40,000	-6,844	106,615	135,524	-68,444	206,851	3,752	210,603
Dividend			-22,694			-22,694	-71	-22,765
Net income for the period				52,982		52,982	1,508	54,490
Management participation plan			1,085			1,085		1,085
Change in treasury shares		172	305			477		477
Offset goodwill from acquisitions				-46,254		-46,254		-46,254
Minority interests from acquisitions						0	17	17
Translation differences					-11,270	-11,270	-197	-11,467
Balance at December 31, 2015	40,000	-6,672	85,311	142,252	-79,714	181,177	5,009	186,186

For details regarding share capital, please refer to note 15 on page 70 and regarding the offset goodwill from acquisitions to note 25 on page 74.

The notes on pages 60 to 79 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	NOTES	2015	2014
Net income		54,490	57,128
Income taxes	10	13,332	12,531
Financial income	21	-3,617	-1,512
Financial expenses	21	6,114	4,656
Depreciation and amortization	7/8	11,603	12,449
Increase provisions	12	1,692	343
Gain from disposals of property, plant and equipment	7	-90	-83
Loss from disposals of intangible assets	8	122	22
Interest received		939	835
Interest paid		-3,833	-3,194
Taxes paid		-14,385	-15,567
Increase management participation plan (part of equity)		1,085	761
Other non-cash income		-2,101	-1,553
Cash flow from operating activities before changes in net working capital		65,351	66,816
Increase accounts receivable, trade		-2,243	-2,219
(Increase)/Decrease other receivables		-402	4,326
Increase inventories		-3,934	-21,512
(Decrease)/Increase accounts payable, trade		-698	2,626
Decrease other liabilities		-5,237	-2,519
Cash flow from operating activities		52,837	47,518
Investments in property, plant and equipment	7	-18,140	-9,981
Proceeds from sales of property, plant and equipment	7	658	633
Investments in intangible assets	8	-3,988	-1,555
Cash flow from purchases of companies	23	-56,607	0
Investments in financial assets	9	-338	-9,899
Divestments of financial assets	9	296	207
Cash flow from investing activities		-78,119	-20,595
Proceeds/Repayment of short-term debts	13	15,513	-4,075
Proceeds/Repayment of long-term debts	14	38,235	0
Increase treasury shares		-138	-1,414
Dividends paid to shareholders		-22,694	-22,681
Dividends paid to minority interests		-71	0
Cash flow from financing activities		30,845	-28,170
Translation differences		-1,063	1,219
Change in cash and cash equivalents		4,500	-28
Cash and cash equivalents at January 1		25,418	25,446
Cash and cash equivalents at December 31	4	29,918	25,418

The notes on pages 60 to 79 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF OPERATIONS (1)

Bossard Holding AG, Zug, Switzerland, a limited company subject to Swiss law, is the parent company of all entities within Bossard Group (hereinafter "Bossard"). Bossard is a leading distributor of fasteners of every kind and a provider of related engineering and logistics services including inventory management solutions. The Group operates in three geographic regions, Europe, America and Asia, and is one of the market leaders in its sector of industry.

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS (2)

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2015 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with full Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

The consolidated financial statements were authorized for issue by the board of directors on February 29, 2016 and will be recommended for approval at the annual meeting of shareholders.

The main principles of consolidation and valuation are detailed in the following chapters.

PRINCIPLES OF CONSOLIDATION (2.1)

The consolidated financial statements include the financial statements of Bossard Holding AG as well as the domestic and foreign subsidiaries over which Bossard Holding AG exercises control. Group companies acquired during the year are included in the consolidation from the date on which control over the company is transferred to Bossard. Group companies are excluded from the consolidation as of the date Bossard ceases to have control over the company. December 31 represents the uniform closing date for all companies included in the consolidated financial statements.

The purchase method of accounting is used for capital consolidation. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which Bossard Holding AG directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent directly or indirectly holds more than one half of the voting rights of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Under the full consolidation method, 100 percent of assets, liabilities, income and expenses are included. The interests of minority shareholders in equity and net income or loss are shown separately in the balance sheet and income statement.

MINORITY INTEREST

Minority interest of less than 20 percent is recognized at acquisition cost less any economically necessary impairment.

GOODWILL

In accordance to Swiss GAAP FER 30 "Consolidated financial statement" goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date and is fully offset against equity at the date of acquisition.

FOREIGN CURRENCY TRANSLATION (2.2)

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are drawn up in the applicable local currency.

Transactions in foreign currencies are translated at the time of the transaction at the daily rate applicable on that date. Exchange differences from adjustments of foreign exchange portfolios at the balance sheet date are recognized in the income statements of the Group companies as exchange gains or losses.

For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as fol-

lows: balance sheet items at year-end rates, equity at historical rates, and items on the income statement at the average exchange rate for the year. The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity.

Exchange differences arising from intercompany loans of an equity nature are booked to equity.

ACCOUNTING AND VALUATION PRINCIPLES (2.3)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and at banks, time deposits, and other short-term highly liquid investments with original maturities of up to three months. Cash and cash equivalents are recognized at nominal value.

ACCOUNTS RECEIVABLE, TRADE

Accounts receivable are carried at the invoiced amount less allowances. The allowance for bad debts is based on the aging of accounts receivable and recognized credit risks.

INVENTORIES

Goods for trading are recognized at average acquisition cost. Should the net realizable value be lower, the necessary value adjustments are made. Acquisition cost comprises product price and delivery cost (freight, customs duties, etc.). Cash discounts are treated as reductions of the acquisition value. Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs.

PROPERTY, PLANT AND EQUIPMENT

Land is stated at cost, whereas buildings, machinery and equipment, office machines and furniture as well as vehicles are stated at cost less economically necessary depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The general applicable useful lives are as follows:

Buildings	30–40 years
Machinery and equipment	5–20 years
Office machines and furniture	3–10 years
Vehicles	4–10 years

Leasehold improvements are depreciated over the shorter of useful life or lease term. Repair and mainten-

ance costs which do not increase the value or useful life of an asset are charged directly as an expense. Replacement work to increase the useful life of assets is capitalized. Fixed assets no longer in use or sold are taken out of the assets at acquisition cost minus the related accumulated depreciation. Any gains or losses arising are recognized in the income statement.

LEASING

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases, and payments are recognized as an expense on a straight-line basis over the lease term.

INTANGIBLE ASSETS

SOFTWARE

Costs arising from the development of computer software are recognized as intangible assets; provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over a number of years.

Computer software is depreciated using the straight-line method over its estimated useful life, up to a maximum of 15 years.

OTHERS

This item includes rights. Rights are depreciated using the straight-line method over their estimated useful life, up to a maximum of ten years.

FINANCIAL ASSETS

Financial assets comprise both non-consolidated investments and long-term loans. They are recognized at acquisition cost less economically necessary value adjustments. Changes in fair value are recognized in the income statement for the period in which they arise.

IMPAIRMENT

The recoverability of long-term assets is monitored annually. Impairment is treated adequately in the financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments are recognized in the balance sheet at fair value. Positive replacement values are recognized under financial assets and negative replacement values under current liabilities. Derivative finan-

cial instruments held for hedging purposes are carried at the same value as the underlying transactions.

LIABILITIES

All liabilities of Bossard vis-à-vis third parties are recognized at nominal value.

PROVISIONS

A provision is recognized if, on the basis of past events, Bossard has reason to assume that it will need to meet an obligation for which the amount and due date are still uncertain but can be reliably estimated.

CONTINGENT LIABILITIES

Contingent liabilities are valued as at the balance sheet date. A provision is made if an outflow of funds without a utilizable inflow is both probable and assessable.

FINANCIAL DEBTS

Financial debts are recognized at nominal value. They are classified as current liabilities unless Bossard can defer the settlement of the liability for at least twelve months after the balance sheet date.

TREASURY SHARES

Treasury shares are recognized as deduction in the equity at acquisition cost. Any gains and losses from transactions with treasury shares are included in capital reserves and recognized in equity.

SHARE-BASED COMPENSATION

There is a share purchase plan for the board of directors and the executive committee, and they are required, or may elect, to draw part of their total compensation in shares. The shares are made available at market price, less the allowable tax discount of approximately 16 percent for the three-year lockup period. The market value is always determined in February and is based on the average closing price over the last ten trading days in February.

There is a restricted stock unit plan (RSU) in place for the members of the management. The eligible participants annually receive a defined sum which is converted into RSUs on Bossard Holding AG registered A shares. The conversion is performed at market value and is based on the average closing price over the last ten trading days in November. The stock options (RSU) are subject to a three-year vesting period. After three years, yearly one-third of the allocated RSUs is passed on to the manager provided as long as he or she has not left

the company or been given notice. The share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel costs and as equity (instruments with equity compensation) or liabilities (instruments with cash compensation). If no cash settlement is planned, no subsequent valuation is made unless the terms of exercise and purchase are amended. The subsequent valuation is based on the closing price for the share of the last trading day of the fiscal year.

PENSION BENEFIT OBLIGATIONS

Bossard operates a number of pension plans in accordance with the legal requirements in the individual countries. Their assets are generally held in autonomous pension institutions or in statutory occupational pension plans. The pension plans are funded by employee and employer contributions. Pension plans are dealt in accordance with Swiss GAAP FER 16.

Any actual economic impacts of pension plans on the company are calculated as at the balance sheet date. An economic benefit from a surplus is capitalized provided this is admissible and the surplus is to be used to decrease the company's future contributions to its pension plans. An economic liability is recognized if the conditions for forming a provision are met. Contributions by subsidiaries to other pension plans are recognized in the income statement in the year they are made.

NET SALES AND REVENUE RECOGNITION

Revenue is recognized at fair value and represents the amount receivable for goods supplied and services rendered, net of sales-related taxes and revenue reductions. Revenue reductions include all positions that can be directly assigned to the sales, such as discounts, losses on receivables and exchange rate differences. Sales revenues are recognized when the goods and services have been supplied or rendered.

NON-OPERATING RESULT

Non-operating results are expenses and income arising from events or transactions which clearly differ from the ordinary operations of Bossard.

INCOME TAXES

All taxes are accrued irrespective of when such taxes are due. Deferred income taxes are recognized according to the "liability method" for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets on temporary differences can only be capitalized if recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates. Bossard will not capitalize tax savings from tax loss carryforwards. The value of such tax assets is recognized only when realized.

Taxes payable on the distribution of profits of subsidiaries and associates are accrued only for profits that are to be distributed the following year.

RELATED PARTIES

A party is related to Bossard if the party directly or indirectly controls, is controlled by, or is under common control with Bossard, has an interest in Bossard that gives it significant influence over Bossard, has joint control over Bossard (board of directors and executive committee) or is an associate or a joint venture of Bossard. In addition, members of the key management personnel of Bossard as well as pension plans are also considered related parties.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparing the financial statements in accordance with Swiss GAAP FER requires the board of directors and the executive committee to make estimates and assumptions which can impact on the recognized assets, liabilities, contingent liabilities and contingent assets at the time of preparation as well as income and expenses for the reporting period. These assessments are based on the board of directors' and the executive committee's best knowledge and belief of current and future Bossard activities. The actual results may deviate from these estimates.

RISK MANAGEMENT (2.4)

Risk management is a tool to analyze and evaluate all the processes for identifying and assessing risks in the Bossard Group. The results are defined in a report submitted to the board of directors and the executive committee.

FINANCIAL RISK MANAGEMENT

Within the scope of its international operations, Bossard is exposed to various financial risks arising from its business activities, but also from the Group's financial activities. The Group's main financial risks include foreign exchange and interest rate fluctuations as well as the credit worthiness and solvency of the Group's counter parties.

The board of directors and the executive committee lay down the principles governing the Group's financial risk management with regard to exchange rate, interest rate, credit, liquidity and capital risks. The aim is, where necessary, to hedge against the financial risks listed above and thus to minimize any negative impact on the consolidated result as well as on the Group's performance.

Where this is considered advisable, the Group may hedge individual financial risks using financial instruments such as derivatives. However, these must be linked with the Group's business operations.

The Group has comprehensive insurance cover to safeguard itself against other risks.

FOREIGN CURRENCY RISK

Given its international operations, the Group is exposed to exchange rate fluctuations that impact on the Group's financial and income situation, because these are disclosed in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially confined to the Euro and the US dollar. Business transactions in the Group's individual companies are mainly performed in local currency. Consequently, the currency risks for the Group's ongoing operations can basically be considered as low. In some Group companies, however, there are foreign currency risks in connection with payments outside their local currency, mainly in regard to payments to suppliers. Where necessary, parts of these foreign currency risks are hedged through foreign exchange contracts.

The net assets of foreign subsidiaries are exposed to exchange rate risk. Such risks are partly hedged through taking up loans in the currency concerned and, where

necessary, through foreign exchange contracts of up to a maximum of twelve months.

INTEREST RATE RISK

Changes in interest rates can negatively affect the Group's financial and income situation and thus lead to changes in interest income and expense. Financing and related interest rate conditions are invariably handled centrally by corporate treasury. In certain market situations the Group can employ interest hedge transactions to safeguard itself against interest rate fluctuations, or it can convert a part of the loan requirements into fixed interest loans.

CREDIT RISK

Credit risks can arise if, in a transaction, the counter party is either not prepared or not in a position to meet its obligations. The credit loss risk for accounts receivable trade can be confined through setting credit limits, undertaking credit investigations where possible, and by running an efficient system for managing receivables. Given the Group's monthly reporting system, continual monitoring of overdue payments is ensured. Accounts receivable trade are recognized after deducting allowances for bad debts. The danger of risk concentration is limited through the fact that the Group's customer base is composed of numerous customers and is widely spread in geographic terms. Short-term bank deposits are placed in banks with high credit rating.

LIQUIDITY RISK

One aspect of judicious risk management is ensuring that an adequate sum can be drawn on through approved credit limits and that there is a possibility of refinancing. To ensure that the company is invariably solvent and financially flexible, a liquidity reserve has been established in the form of credit limits and cash in hand. Optimal liquidity control is conducted by means of cash pooling.

CAPITAL RISK

To minimize its capital risk, Bossard Group ensures that the company's operations can run smoothly and that the shareholders will receive an adequate yield. To achieve this, the company may, if necessary, adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets.

Bossard Group monitors its capital structure on the basis of its equity ratio. The equity ratio is equity as a percentage of total assets.

CHANGES IN THE SCOPE OF CONSOLIDATION (3)

In 2015 the Bossard Group invested in the following companies:

- [_Aero-Space Southwest, Inc., USA](#)
100 % investment, January 2015
- [_Aero-Space Southwest, Inc., Mexico](#)
100 % investment, January 2015
- [_SertiTec SAS, France](#)
100 % investment, January 2015
- [_Torp Tekniske AS, Norway](#)
60 % investment, January 2015
- [_Forind Fasteners S.r.l., Italy](#)
100 % investment, February 2015

The scope of consolidation changed in 2014 as follows:

- [_Bossard Canada, Inc. \(founding\)](#)
- [_Bossard Fastening Solutions \(Shanghai\) Co. Ltd \(founding\)](#)
- [_Intrado AG \(merger with Bossard AG\)](#)
- [_Trimec AG \(merger with Bossard AG\)](#)
- [_Bossard Metrics, Inc. \(merger with Bossard North America, Inc.\)](#)

CASH AND CASH EQUIVALENTS (4)

IN CHF 1,000	2015	INTEREST RATES IN %	2014	INTEREST RATES IN %
Cash at banks and on hand	29,641	0.0–2.3	24,040	0.0–1.0
Short-term bank deposits	277	0.0–9.1	1,378	0.3–9.1
Total	29,918		25,418	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 59).

ACCOUNTS RECEIVABLE, TRADE (5)

IN CHF 1,000	2015	2014
Accounts receivable, trade gross	103,328	95,813
According to due date		
not due	97,097	88,160
30 days overdue	3,451	4,035
60 days overdue	983	1,054
90 days overdue	1,797	2,564
Notes receivable	3,050	3,006
Allowance for bad debts		
Balance at Jan. 1	-3,472	-3,416
Reversals	454	44
Changes scope of consolidation	-142	0
Translation differences	154	-100
Balance at Dec. 31	-3,006	-3,472
Total	103,372	95,347

The book value of receivables is based on fair value and represents the maximal credit risk on this position.

INVENTORIES (6)

Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs. Value adjustments amounted to CHF 28.7 million as per December 31, 2015 (2014: CHF 26.4 million), this is equivalent to 12.6 percent of gross inventory (2014: 12.2 percent).

PROPERTY, PLANT & EQUIPMENT (7)

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2015	-	103,096	101,486	7,156	211,738
Additions	6,757	1,108	8,992	1,283	18,140
Changes scope of consolidation	-	28	135	54	217
Disposals	-	-1,485	-7,414	-920	-9,819
Translation differences	12	-2,400	-2,454	-264	-5,106
Balance at Dec. 31, 2015	6,769	100,347	100,745	7,309	215,170
Accumulated depreciation					
Balance at Jan. 1, 2015	-	46,030	75,025	3,621	124,676
Depreciation	-	2,629	6,533	1,310	10,472
Disposals	-	-1,437	-7,082	-732	-9,251
Translation differences	-	-759	-1,752	-136	-2,647
Balance at Dec. 31, 2015	0	46,463	72,724	4,063	123,250
Net book amount	6,769	53,884	28,021	3,246	91,920

The insurance value of property, plant and equipment is CHF 190.3 million (2014: CHF 194.0 million).

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2014	-	101,050	95,678	7,172	203,900
Additions	-	1,084	6,722	2,175	9,981
Disposals	-	-334	-2,698	-2,209	-5,241
Translation differences	-	1,296	1,784	18	3,098
Balance at Dec. 31, 2014	0	103,096	101,486	7,156	211,738
Accumulated depreciation					
Balance at Jan. 1, 2014	-	43,280	69,243	3,977	116,500
Depreciation	-	2,752	7,043	1,409	11,204
Disposals	-	-330	-2,577	-1,773	-4,680
Translation differences	-	328	1,316	8	1,652
Balance at Dec. 31, 2014	0	46,030	75,025	3,621	124,676
Net book amount	0	57,066	26,461	3,535	87,062

INTANGIBLE ASSETS (8)

IN CHF 1,000	SOFTWARE IN DEVELOPMENT	SOFTWARE	OTHERS	TOTAL
Cost				
Balance at Jan. 1, 2015	-	27,012	427	27,439
Additions	2,528	1,460	-	3,988
Disposals	-	-2,405	-	-2,405
Translation differences	-	-578	-	-578
Balance at Dec. 31, 2015	2,528	25,489	427	28,444

Accumulated amortization				
Balance at Jan. 1, 2015	-	23,584	186	23,770
Amortization	-	1,088	43	1,131
Disposals	-	-2,283	-	-2,283
Translation differences	-	-566	-	-566
Balance at Dec. 31, 2015	0	21,823	229	22,052
Net book amount	2,528	3,666	198	6,392

IN CHF 1,000	SOFTWARE IN DEVELOPMENT	SOFTWARE	OTHERS	TOTAL
Cost				
Balance at Jan. 1, 2014	-	26,248	427	26,675
Additions	-	1,555	-	1,555
Disposals	-	-749	-	-749
Translation differences	-	-42	-	-42
Balance at Dec. 31, 2014	0	27,012	427	27,439

Accumulated amortization				
Balance at Jan. 1, 2014	-	23,168	143	23,311
Amortization	-	1,201	43	1,244
Disposals	-	-726	-	-726
Translation differences	-	-59	-	-59
Balance at Dec. 31, 2014	0	23,584	186	23,770
Net book amount	0	3,428	241	3,669

FINANCIAL ASSETS (9)

IN CHF 1,000	2015	INTEREST RATES IN %	2014	INTEREST RATES IN %
Loans and deposits to third parties	10,734	0.0–10.0	10,710	0.0–10.0
Other financial assets	740		740	
Total	11,474		11,450	

INCOME TAXES (10)

The tax expenses are made up as follows:

IN CHF 1,000	2015	2014
Current taxes	13,988	14,353
Deferred taxes	-656	-1,822
Total	13,332	12,531

The effective tax rate on the Group's profit differs from the average basic tax rate of the various countries in which Bossard operates as follows:

IN %	2015	2014
Group's average tax rate	25.9	26.1
Non tax deductible expenses	0.5	0.7
Non-taxable income	-4.8	-6.4
Expenses taxed at special rate	0.1	0.2
Unrecognized current year tax losses	0.6	0.7
Utilization unrecognized prior year tax losses	-2.6	-2.5
Others	-0.0	-0.8
Effective tax rate	19.7	18.0

The Group's average tax rate is the weighted average based on the various individual results and the local tax rates.

The deferred taxes consist of the following:

IN CHF 1,000	ASSETS 2015	LIABILITIES 2015	ASSETS 2014	LIABILITIES 2014
Accounts receivable	374	834	366	635
Inventories	3,746	1,835	2,689	1,680
Property, plant and equipment	64	363	246	345
Intangible assets	4,057	71	2,554	1
Liabilities	1,561	1,476	1,254	1,875
Total deferred taxes	9,802	4,579	7,109	4,536
Net		-5,223		-2,573

The gross values of unused tax loss carryforwards which have not been capitalized expire as follows:

EXPIRY OF UNUSED TAX LOSS CARRYFORWARDS IN CHF 1,000	WITHIN 5 YEARS	OVER 5 YEARS	TOTAL
2015	0	40,390	40,390
2014	893	39,858	40,751

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 11.7 million (2014: CHF 12.2 million).

ACCOUNTS PAYABLE, TRADE (11)

IN CHF 1,000	2015	2014
Accounts payable, trade	45,437	42,667
Notes payable	216	251
Total	45,653	42,918

PROVISIONS (12)

IN CHF 1,000	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2015	2,339	474	2,665	5,478
Additions	1,102	202	859	2,163
Change in consolidation scope	227	-	610	837
Usage	-132	-53	-286	-471
Reversals	-10	-17	-9	-36
Translation differences	-200	-18	-6	-224
Balance at Dec. 31, 2015	3,326	588	3,833	7,747
Thereof short-term	20	-	235	255

Pension and other termination benefits include liabilities for pension and granted legal benefits based on affiliation to the company.

The provision management participation plan pertains a long-term orientated program which is offered by Bossard Group to specified middle and top management personnel. The manager annually receives a defined sum which is converted into restricted stock units on Bossard Holding AG registered A shares. The additional compensation is locked up for three years.

Other provisions include CHF 2.1 million (2014: CHF 2.3 million) for assumed obligations for renovations related to the acquisition of KVT-Fastening.

IN CHF 1,000	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2014	1,936	178	3,008	5,122
Additions	471	276	78	825
Usage	-25	-	-379	-404
Reversals	-6	-	-40	-46
Translation differences	-37	20	-2	-19
Balance at Dec. 31, 2014	2,339	474	2,665	5,478
Thereof short-term	86	-	447	533

SHORT-TERM DEBTS (13)

IN CHF 1,000	2015	INTEREST RATES IN %	2014	INTEREST RATES IN %
Bank overdrafts	5,336	0.6–4.0	7,144	0.6–4.5
Bank loans	49,414	1.1–6.3	30,459	1.1–6.3
Personnel savings accounts	19,175	1.3–2.0	20,646	2.0
Other	10	0.0	44	0.0
Total	73,935		58,293	

The personnel savings accounts corresponds to savings of employees. The effective weighted average interest rate on all borrowings was 1.6 percent (2014: 1.8 percent).

LONG-TERM DEBTS (14)

IN CHF 1,000	2015	INTEREST RATES IN %	2014	INTEREST RATES IN %
Bank loans	103,811	0.8–2.5	65,000	1.1
Total	103,811		65,000	

The loan provided is a credit facility with a maturity date of March 2020 and running amortization payments.

SHARE CAPITAL (15)

DETAILS OF SHARE CAPITAL	PAR VALUE IN CHF	NUMBER OF SHARES	TOTAL IN CHF 1,000
Registered A shares	5	6,650,000	33,250
Registered B shares	1	6,750,000	6,750
Total			40,000

431,503 registered A shares of CHF 5 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement.

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 22 million (2014: CHF 22 million).

TREASURY SHARES

IN CHF	2015	2014
Balance at Jan. 1: 72,542 shares (2014: 67,208 shares)	4,993,916	3,580,187
Additions: 5,473 registered A shares of CHF 5 par value (2014: 18,268 shares)	553,244	1,979,806
Disposals: 16,512 registered A shares of CHF 5 par value (2014: 12,934 shares)	-724,805	-566,077
Balance at Dec. 31: 61,503 shares, rate 109.20 (2014: 72,542 shares, rate 109.30)	4,822,355	4,993,916

In addition, Bossard Holding AG holds 370,000 registered A shares with a nominal value of CHF 5 in reserve since the increase in share capital.

61,503 registered A shares (2014: 71,639) are reserved for the management participation plan (RSU).

DIVIDEND/DISTRIBUTION FROM RESERVES FROM CAPITAL CONTRIBUTION

At the upcoming annual general meeting of shareholders on April 11, 2016 the board of directors of Bossard Holding AG will propose a distribution for the 2015 fiscal year from reserves of capital contributions in the amount of CHF 3.00 (2014: CHF 3.00) per registered A share or CHF 0.60 (2014: CHF 0.60) per registered B share.

SEGMENT INFORMATION (16)

The Bossard Group, with all of its Group companies, operates globally in the industrial fastening technology segment. All the Group companies are managed according to a consistent business strategy with a centralized decision-making structure. Key elements of Bossard's strategy include a consistent business model with uniform customer and product focus in the world's most important industrial regions. Bossard provides industrial companies with fastening technology products at their different production sites around the world and offers associated services with consistently high standards of quality, as well as standardized systems and processes. The board of directors and CEO manage the Bossard Group on the basis of the financial statements of the individual Group companies as well as the Group's consolidated financial statements. Due to their economic similarity, uniform strategy and similar product and service solutions for all Bossard customers, as well as the central management of the Group by the CEO, Bossard reports its business together in one segment in compliance with Swiss GAAP FER 31.

SALES BY REGIONS (17)

IN CHF MILLION	EUROPE		AMERICA		ASIA		GROUP	
	2015	2014	2015	2014	2015	2014	2015	2014
Sales	386.8	398.1	166.7	122.3	106.6	100.9	660.1	621.3
Sales deductions	3.4	3.4	0.5	0.3	-0.1	-0.2	3.8	3.5
Net sales	383.4	394.7	166.2	122.0	106.7	101.1	656.3	617.8

PERSONNEL EXPENSES (18)

IN CHF 1,000	2015	2014
Salaries and variable compensation	108,932	104,941
Social security expenses	14,848	13,947
Pension expenses	8,985	7,604
Other personnel expenses	3,138	2,909
Total	135,903	129,401

The expense recognized for share-based compensation in the results for the period is CHF 1,246,344 (2014: CHF 1,006,202).

AWARDED RESTRICTED STOCK UNITS (19)

NO. RSU	2015	2014
Balance at Jan. 1: Number of RSU outstanding	71,639	59,112
Deliveries	-7,697	-
Allocations	14,725	14,307
Other changes	-1,266	-1,780
Balance at Dec. 31: Number of RSU outstanding	77,401	71,639

OTHER OPERATING EXPENSES (20)

IN CHF 1,000	2015	2014
Occupancy costs	11,747	9,837
Capital taxes, insurance and charges	3,016	2,431
Other operating expenses	7,267	5,962
Total	22,030	18,230

FINANCIAL RESULT (21)

IN CHF 1,000	2015	2014
Financial income		
Income from interests and securities	956	823
Income from non-consolidated investments	93	76
Exchange gains	2,568	613
Total	3,617	1,512
Financial expenses		
Interest expenses	4,134	3,837
Exchange losses	1,980	819
Total	6,114	4,656
Total Financial result	2,497	3,144

EARNINGS PER SHARE (22)

	2015	2014
Net income in CHF 1,000	52,982	56,655
Average number of shares entitled to dividend ¹⁾	7,562,677	7,562,974
Earnings per registered A share in CHF	7.01	7.49
Earnings per registered B share in CHF	1.40	1.50

1) Registered B shares adjusted to the nominal value of the registered A shares.

Earnings per share are calculated by dividing the net income attributable to "Shareholders of Bossard Holding AG" by the weighted average number of shares entitled to dividend during the year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND BUSINESSES (23)

ACQUISITIONS 2015

In January 2015, 100% of the shares in Aero-Space Southwest, Inc., USA, Aero-Space Southwest, Inc., Mexico and Ser-tiTec SAS, France as well as 60% of the shares in Torp Tekniske AS, Norway were acquired. In February 2015, 100% of the shares in Forind Fasteners S.r.l., Italy were acquired. The four companies are well-known specialists in high-quality fastening applications in their respective markets.

IN CHF 1,000	PROVISIONAL MARKET VALUE AS PER ACQUISITION
Cash and cash equivalents	1,172
Accounts receivable, trade	9,894
Inventories	12,445
Other current assets	695
Long-term assets	2,543
Accounts payable, trade	4,981
Other current liabilities	8,373
Long-term liabilities	828
Net assets	12,567
Minorities	-17
Net assets acquired	12,550
Goodwill	46,254
Total	58,804
Less acquired cash and cash equivalents	-1,172
Less purchase price not yet paid	-1,025
Cash flow from acquisitions	56,607

ACQUISITIONS 2014

There were no acquisitions in 2014.

A subsequent tax payment of CHF 1.3 million in connection with the acquisition of KVT-Fastening in 2012 led in an adjustment to the purchase price allocation, which resulted in a goodwill increase of CHF 1.3 million.

DISPOSALS

In 2015 and 2014, no subsidiaries were disposed.

DERIVATIVE FINANCIAL INSTRUMENTS (24)

Open forward contracts at December 31 were as follows:

IN CHF MILLION	2015	2014
Contract value	4.4	56.6
Fair value	0.0	0.4
Balance sheet value	0.0	0.4

The contract value shows the volume of open forward exchange contracts at the balance sheet date.

GOODWILL (25)

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

IN CHF 1,000	2015	2014
Equity incl. minority interest	186,186	210,603
Equity ratio	40.2%	48.5%
Cost		
Balance at Jan. 1	182,493	181,211
Additions	46,254	1,282
Balance at Dec. 31	228,747	182,493
Amortization over 5 years		
Balance at Jan. 1	75,561	39,115
Additions	45,884	36,446
Balance at Dec. 31	121,445	75,561
Theoretical net book value goodwill as per 31.12.	107,302	106,932
Theoretical equity incl. minority interest and nbv goodwill	293,488	317,535
Theoretical equity ratio	51.5%	58.7%

Goodwill is theoretically amortized on a straight-line basis usually over 5 years. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

Impact on income statement:

IN CHF 1,000	2015	2014
Operating result (EBIT) without theoretical amortization goodwill	70,319	72,803
Theoretical amortization goodwill	-45,884	-36,446
Operating result (EBIT) incl. theoretical amortization goodwill	24,435	36,357

PENSION BENEFIT OBLIGATIONS (26)

The Group has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland, the pension institution is responsible for providing coverage for retirement, survivors' and disability benefits.

The pension plan institution for the Swiss companies is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG).

Economic benefit/economic obligation and pension plan expenses:

IN CHF 1,000	SURPLUS/DEFICIT ACCORDING TO PENSION PLANS		ECONOMIC SHARE OF THE COMPANY		CHANGE OR CAPITALIZED IN FISCAL YEAR	CONTRI- BUTIONS ACCRUED	PENSION PLAN EXPENSES IN PERSONNEL EXPENSES	
	31.12.2015	31.12.2015	31.12.2014	2015	2015	2015	2014	
Patronage funds/pension institutions	2,984				40	40	85	
Pension institutions without surplus/deficit					5,156	5,156	5,063	
Pension institutions with surplus								
Pension institutions with deficit								
Pension institutions abroad					3,789	3,789	2,456	
Total	2,984	-	-	-	8,985	8,985	7,604	

In accordance with Swiss GAAP FER 26, the provisional financial statements of the pension plan institution serve as a basis for calculation. The surplus in the patronage fund corresponds to the non-committed funds. The patronage fund may, at its own discretion, make contributions to the pension plan institution.

Items comprising the pension plan expenses:

IN CHF 1,000	2015	2014
Contributions to pension institutions charged to the company	8,985	7,604
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
Total contributions	8,985	7,604
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
Contributions and changes in employer contribution reserve	8,985	7,604
Changes in economic benefit of the company from surplus	-	-
Changes in economic obligations of the company from deficit	-	-
Total changes of economic impact through surplus/deficit	-	-
Pension plan expenses in personnel expenses	8,985	7,604

Financing is through employer and employee contributions. The contributions are calculated as a percentage of the insured compensation.

PARTICIPATIONS BY THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE (27)

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following registered A shares of Bossard Holding AG:

		2015	2014
Board of directors			
Dr. Thomas Schmuckli	Chairman, chairman NC ¹⁾ , ARCC ²⁾	15,600	14,000
Anton Lauber	Deputy chairman, ARCC	7,694	7,374
Dr. René Cotting	Chairman ARCC	500	-
Daniel Lippuner	ARCC	-	-
Prof. Dr. Stefan Michel	Representative of registered A shares, chairman CC ³⁾ , NC	3,402	2,582
Maria Teresa Vacalli	NC, CC	1,620	800
Helen Wetter-Bossard	NC, CC	23,178	22,358
Total		51,994	47,114

- 1) Nomination committee
 2) Audit, risk & compliance committee
 3) Compensation committee

Executive committee

David Dean	CEO	23,502	23,270
Stephan Zehnder	CFO	14,930	15,026
Beat Grob	CEO Central Europe	30,610	28,006
Dr. Daniel Bossard	CEO Northern & Eastern Europe	5,474	5,120
Steen Hansen	CEO America	354	3,586
Robert Ang	CEO Asia	6,578	7,004
Dr. Frank Hilgers	CCO	442	-
Total		81,890	82,012

At December 31, the individual members of the executive committee held the following numbers of awarded restricted stock units (RSU):

		2015	2014
David Dean	CEO	3,074	2,936
Stephan Zehnder	CFO	3,074	2,936
Beat Grob	CEO Central Europe	3,074	2,936
Dr. Daniel Bossard	CEO Northern & Eastern Europe	3,074	2,936
Steen Hansen	CEO America	3,074	2,936
Robert Ang	CEO Asia	3,074	2,936
Dr. Frank Hilgers	CCO	2,361	1,124
Total		20,805	18,740

RELATED PARTY TRANSACTIONS (28)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.1 percent (2014: 56.1 percent) of total voting rights or 27.9 percent (2014: 28.0 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were undertaken:

BALANCE SHEET POSITIONS AS PER YEAR END IN CHF MILLION	2015	INTEREST RATES IN %	2014	INTEREST RATES IN %
Deposits in the personnel savings accounts	4.0	1.3–2.0	4.0	2.0

LEASE AND RENTAL OBLIGATIONS (29)

At December 31, future operating lease payments not recorded in the balance sheet amounted to:

OPERATING LEASE COMMITMENT IN CHF 1,000	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	TOTAL
2015	952	680	328	61	5	2,026
2014	1,006	781	544	195	34	2,560

At December 31, future rental liabilities for office and warehouse premises amounted to:

LONG-TERM RENTAL LIABILITIES IN CHF 1,000	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	TOTAL
2015	5,989	4,456	3,631	2,941	18,203	35,220
2014	5,651	4,226	3,320	2,840	17,164	33,201

ASSETS PLEDGED OR OTHERWISE RESTRICTED (30)

IN CHF 1,000	2015	2014
Inventories	5,992	4,055
Property, plant and equipment	1,396	888
Total	7,388	4,943

The pledged or restricted assets are used as collateral for outstanding bank loans which are not encumbered with any special conditions. The assets are after the repayment of the credits freely available again. The total credit lines amount to CHF 6.4 million (2014: CHF 3.3 million). The current borrowings amount to CHF 1.3 million (2014: CHF 0.9 million).

CONTINGENT LIABILITIES (31)

As per December 31, 2015 contingent liabilities of CHF 0.0 million exist (2014: CHF 0.1 million). They result mainly from discounted notes given to third parties in the course of normal business operations. Investment commitments from signed contracts for warehouse construction in China and Germany not recognized in the balance sheet, amounted to CHF 11.9 million on December 31, 2015 (2014: CHF 0.0 million).

EVENTS OCCURRING AFTER BALANCE SHEET DATE (32)

Between December 31, 2015 and the approval of the consolidated financial statements by the board of directors, no major events occurred which would require additional disclosures or changes in the consolidated financial statements for 2015.

EXCHANGE RATES (33)

	31.12.2015 YEAR-END EXCHANGE RATE	01.01.2015- 31.12.2015 AVERAGE EXCHANGE RATE	31.12.2014 YEAR-END EXCHANGE RATE	01.01.2014- 31.12.2014 AVERAGE EXCHANGE RATE
1 EUR	1.09	1.07	1.20	1.21
1 USD	1.00	0.96	0.99	0.92
1 GBP	1.47	1.47	1.55	1.51
1 AUD	0.73	0.72	0.81	0.83
1 RON	0.24	0.24	0.27	0.27
1 CAD	0.72	0.75	0.86	0.83
1 NOK	0.11	0.12	0.13	0.15
100 DKK	14.57	14.31	16.15	16.29
100 SEK	11.87	11.41	12.69	13.36
100 CZK	4.02	3.91	4.34	4.41
100 HUF	0.34	0.34	0.38	0.39
100 PLN	25.35	25.52	27.97	29.02
100 SGD	70.84	69.98	75.21	72.21
100 TWD	3.05	3.03	3.14	3.02
100 RMB	15.41	15.44	16.24	14.89
100 MYR	23.30	24.75	28.40	27.96
100 THB	2.77	2.81	3.02	2.82
100 INR	1.51	1.50	1.57	1.50
100 KRW	0.09	0.09	0.09	0.09
100 MXN	5.79	6.07	6.74	6.88

LIST OF GROUP COMPANIES (34)

COMPANIES AND BRANCHES		HEADQUARTERS	CURRENCY	CAPITAL IN 1,000	SHAREHOLDING	FASTENING TECHNOLOGY	FINANCE/ OTHERS
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	40,000	100		■
	Bossard Finance AG	Zug	CHF	100	100		■
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100		■
	KVT-Fastening Beteiligungs GmbH	Illerrieden	EUR	25	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	KVT-Fastening AG	Dietikon	CHF	1,000	100	■	
Germany	KVT-Fastening GmbH	Illerrieden	EUR	100	100	■	
	Bossard Deutschland GmbH	Illerrieden	EUR	25	100	■	
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100	■	
	Forind Fasteners S.r.l.	Cassina de' Pecchi	EUR	10	100	■	
Austria	Bossard Austria Ges.m.b.H.	Schwechat	EUR	1,017	100	■	
	KVT-Fastening GmbH	Linz	EUR	509	100	■	
Denmark	Bossard Denmark A/S	Hvidovre	DKK	9,000	100	■	
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■	
France	Bossard France SAS	Souffelweyersheim	EUR	17,600	100	■	
	SertiTec SAS	Nanterre	EUR	681.8	100	■	
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100	■	
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100	■	
	KVT-Fastening Sp.Z o.o.	Radom	PLN	100	100	■	
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100	■	
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100	■	
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.2	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
	KVT-Fastening s.r.o.	Brno	CZK	200	100	■	
Hungary	KVT-Fastening Kft.	Budapest	HUF	500	100	■	
Norway	Torp Tekniske AS	Oslo	NOK	200	60	■	
America							
USA	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,255	100	■	
	Aero-Space Southwest, Inc.	Phoenix	USD	4.9	100	■	
Canada	Bossard Canada, Inc.	Montreal	CAD	-	100	■	
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
	Aero-Space Southwest, Inc.	Guadalajara	MXN	10	100	■	
Asia/Oceania							
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100	■	
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51	■	
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	110,488	100	■	
	Bossard Fastening Solutions (Shanghai) Co. Ltd	Shanghai	RMB	31,010	100	■	
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■	
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100	■	
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	-	100	■	
South Korea	Bossard (Korea) Ltd	Cheonan	KRW	3,500,000	100	■	
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	500	100	■	

As per December 31, 2015

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Bossard Holding AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 56 to 79), for the year ended December 31, 2015.

Board of directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, February 29, 2016

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

BALANCE SHEET OF BOSSARD HOLDING AG

IN CHF	NOTES	31.12.2015	31.12.2014
Assets			
Current assets			
Cash and cash equivalents		69,472	285,832
Other receivables	1	100,036	-
Prepaid expenses		26,498	9,622
Total current assets		196,006	295,454
Non-current assets			
Financial Assets	2	26,775,781	44,022,551
Investments	3	118,023,215	118,023,215
Costs of capital increase		-	859,373
Total non-current assets		144,798,996	162,905,139
Total assets		144,995,002	163,200,593
Liabilities and shareholders' equity			
Current liabilities			
Other current liabilities	5	136,554	13,400
Accrued expenses		924,849	723,341
Total current liabilities		1,061,403	736,741
Total liabilities		1,061,403	736,741
Shareholders' equity			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		26,824,006	49,517,566
Other legal reserves		2,049,686	2,049,686
Statutory retained earnings			
General statutory retained earnings		16,000,000	16,000,000
Other reserves		34,111,700	34,111,700
Retained earnings			
Profit brought forward		27,628,816	23,433,610
Profit for the current year		3,991,746	4,195,206
Treasury shares	4	-6,672,355	-6,843,916
Total shareholders' equity		143,933,599	162,463,852
Total liabilities and shareholders' equity		144,995,002	163,200,593

INCOME STATEMENT OF BOSSARD HOLDING AG

INCOME STATEMENT

IN CHF	2015	2014
Income		
Dividend income	5,000,000	5,000,000
Other operating income	300,000	300,000
Expenses		
Personnel expenses	1,232,119	1,157,484
Other operating expenses	344,343	441,889
Amortization	859,373	859,373
Other financial income	1,141,605	1,402,945
Financial expenses	14,024	48,993
Income before taxes	3,991,746	4,195,206
Taxes	-	-
Net income	3,991,746	4,195,206

NOTES TO THE FINANCIAL STATEMENTS OF BOSSARD HOLDING AG

Accounting principles applied in the preparation of the financial statements

General

The financial statements of Bossard Holding AG, Zug were prepared in accordance with the Swiss Code of Obligations and for the first time under the new financial reporting law (Title 32 of the Swiss Code of Obligations). For purposes of comparison, the previous periods of the current fiscal year were adjusted.

Financial assets

Financial assets include non-current loans. Loans in foreign currency are translated into Swiss francs at year-end rate. Unrealized translation losses are recognized in the income statement, whereas unrealized translation gains remain unrecognized (Principle of imparity).

Investments

Investments are measured at cost at the time of recognition. Investments are valued individually, if they are material and are not usually grouped together because of their similarity for the valuation.

Treasury shares

Treasury shares are measured at cost at the time of recognition and are disclosed as a negative item in the shareholders' equity. Gains and losses arising from disposal of treasury shares are recognized in the income statement as financial income or financial expenses.

Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

	31.12.2015 YEAR-END EXCHANGE RATE	31.12.2014 YEAR-END EXCHANGE RATE
EUR	1.09	1.20

Information and explanations relating to items on the balance sheet and in the income statement

IN CHF	2015	2014
1. Other receivables		
To subsidiaries	100,036	-
Total	100,036	-
2. Financial assets		
To subsidiaries	26,775,781	44,022,551
Total	26,775,781	44,022,551

3. Investments

NAME, LEGAL FORM, REGISTERED OFFICE	2015		2014	
	CAPITAL	VOTES	CAPITAL	VOTES
Direct investments				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
Indirect investments				
Bossard-KVT Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
KVT-Fastening Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard AG, Zug	100 %	100 %	100 %	100 %
KVT-Fastening AG, Dietikon	100 %	100 %	100 %	100 %
KKV AG, Sattel	35 %	35 %	35 %	35 %
KVT-Fastening GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard Deutschland GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard Italia S.r.l., Legnano	100 %	100 %	100 %	100 %
Forind Fasteners S.r.l., Cassina de' Pecci	100 %	100 %	-	-
Bossard Austria Ges.m.b.H., Schwechat	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Linz	100 %	100 %	100 %	100 %
Bossard Denmark A/S, Hvidovre	100 %	100 %	100 %	100 %
Bossard Sweden AB, Malmö	100 %	100 %	100 %	100 %
Torp Tekniske AS, Oslo	60 %	60 %	-	-
Bossard France SAS, Souffelweyersheim	100 %	100 %	100 %	100 %
SertiTec SAS, Nanterre	100 %	100 %	-	-
Bossard Spain SA, Sant Cugat del Vallès	100 %	100 %	100 %	100 %
Bossard Poland Sp.Z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening Sp.Z o.o., Radom	100 %	100 %	100 %	100 %
KVT-Fastening S.R.L., Bucharest	100 %	100 %	100 %	100 %
KVT-Fastening spol. s.r.o., Bratislava	100 %	100 %	100 %	100 %
KVT-Fastening d.o.o., Ljubljana	100 %	100 %	100 %	100 %
Bossard CZ s.r.o., Brno	100 %	100 %	100 %	100 %
KVT-Fastening s.r.o., Brno	100 %	100 %	100 %	100 %
KVT-Fastening Kft., Budapest	100 %	100 %	100 %	100 %
Bossard U.S. Holdings, Inc., Hampton	100 %	100 %	100 %	100 %
Bossard North America, Inc., Cedar Falls	100 %	100 %	100 %	100 %
Aero-Space Southwest, Inc., Phoenix	100 %	100 %	-	-
Aero-Space Southwest, Inc., Guadalajara	100 %	100 %	-	-
Bossard Canada, Inc., Montreal	100 %	100 %	100 %	100 %
Bossard de México, S.A. de C.V., Monterrey	100 %	100 %	100 %	100 %
Bossard Pte. Ltd, Singapore	100 %	100 %	100 %	100 %
LPS Bossard Pvt. Ltd, Rohtak	51 %	51 %	51 %	51 %
LPS Bossard Information System Pvt., Rohtak	51 %	51 %	51 %	51 %
Bossard Ind. Fasteners Int. Trading (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard (M) Sdn. Bhd., Penang	100 %	100 %	100 %	100 %
Bossard (Thailand) Ltd, Bangkok	100 %	100 %	100 %	100 %
Bossard (Korea) Ltd, Cheonan	100 %	100 %	100 %	100 %
Bossard Australia Pty. Ltd, Melbourne	100 %	100 %	100 %	100 %

4. Treasury shares, incl. shares held by subsidiaries	2015		2014	
	NUMBER	VALUE	NUMBER	VALUE
Balance at January 1	442,542	6,843,916	437,208	5,430,187
Additions	5,473	553,244	18,268	1,979,806
Disposals	-16,512	-724,805	-12,934	-566,077
Balance at December 31	431,503	6,672,355	442,542	6,843,916

Group companies don't hold any registered A shares. In 2015 16,512 registered A shares (2014: 12,934 registered A shares) were used for the share option programs.

5. Other current liabilities	2015	2014
To third parties	136,554	13,400
Total	136,554	13,400

6. Costs for capital increase

The costs for capital increase have been fully amortized in 2015.

7. Collateral to third parties	2015	2014
Guarantees	227,809,279	182,493,367
thereof used	157,446,194	101,679,306

The Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.

8. Shares and options on share held by management and related parties

The disclosure of share holdings of the board of directors and the executive committee as per Swiss Code of Obligation article 959c, section 2, paragraph 11 and article 663c can be found in the notes to the consolidated financial statements (note 27 page 76).

9. Significant shareholders

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 56.1 percent (2014: 56.1 percent) of the voting rights.

Kolin Holding AG, Zug, is wholly owned by the Bossard families.

Other information required by law

10. Full-time equivalents / Personnel expenses

Bossard Holding AG has no employees. The personnel expenses include the compensation to the board of directors.

APPROPRIATION OF AVAILABLE EARNINGS OF BOSSARD HOLDING AG

STATEMENT OF CHANGES IN RETAINED EARNINGS

IN CHF	2015	2014
Retained earnings at the beginning of the year	27,628,816	23,433,610
Net income	3,991,746	4,195,206
Retained earnings at the end of the year	31,620,562	27,628,816

STATEMENT OF CHANGES IN CAPITAL CONTRIBUTION RESERVE

IN CHF	2015	2014
Capital contribution reserve at the beginning of the year ¹⁾	49,517,566	72,198,142
Distribution	-22,693,560	-22,680,576
Capital contribution reserve at the end of the year	26,824,006	49,517,566

1) Subject to adjustments by the Swiss tax authorities.

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING THE FOLLOWING APPROPRIATION OF AVAILABLE RETAINED EARNINGS AND CAPITAL CONTRIBUTION RESERVES

IN CHF	2015
Available retained earnings before distribution	31,620,562
Transfer from capital contribution reserve	22,705,491 ²⁾
Total available for distribution	54,326,053
Distribution from capital contribution reserve, exempt from withholding tax 60.0 percent on the share capital of max. CHF 37,842,485 eligible for dividends	-22,705,491 ²⁾
To be carried forward	31,620,562

2) The figure is based on the issued share capital as of December 31, 2015 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS OF BOSSARD HOLDING AG



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Bossard Holding AG, which comprise the balance sheet, income statement and notes (pages 81 to 85), for the year ended December 31, 2015.

Board of directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zürich, February 29, 2016

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

INVESTOR INFORMATION

	2015	2014	2013	2012	2011
Share capital					
Registered A shares at CHF 5 par					
Capital stock in CHF 1,000	33,250	33,250	33,250	26,600	26,600
Number of shares issued	6,650,000	6,650,000	6,650,000	5,320,000	5,320,000
Number of shares entitled to dividend	6,218,497	6,207,458	6,212,792	4,882,826	4,873,590
Registered B shares at CHF 1 par					
Capital stock in CHF 1,000	6,750	6,750	6,750	5,400	5,400
Number of shares issued	6,750,000	6,750,000	6,750,000	5,400,000	5,400,000
Number of shares entitled to dividend	6,750,000	6,750,000	6,750,000	5,400,000	5,400,000
Registered A shares equivalents, entitled to dividend at Dec. 31					
	7,568,497	7,557,458	7,562,792	5,962,826	5,953,590
Market price					
Ticker symbol (BOSN)					
Volume traded (daily average)	8,011	13,014	11,964	8,160	12,882
Closing price at Dec. 31	109.2	109.3	103.3	67.0	51.0
Registered A share high in CHF	118.4	130.8	104.3	73.0	88.9
Registered A share low in CHF	88.8	88.0	59.1	50.9	47.6
Dividend per share					
Registered A share in CHF	3.00 ¹⁾	3.00	3.00	2.88	3.00
Registered B share in CHF	0.60 ¹⁾	0.60	0.60	0.58	0.60
In % of share capital	60.0	60.0	60.0	57.5	60.0
Dividend yield in % (Basis: price at Dec. 31)					
	2.7	2.7	2.9	4.3	5.9
Earnings per share^{2) 5)}					
Registered A share in CHF	7.01	7.49	7.40	7.29	7.58
Registered B share in CHF	1.40	1.50	1.48	1.46	1.52
Cash flow per share^{2) 4)}					
Registered A share in CHF	8.74	9.20	9.03	9.05	9.33
Registered B share in CHF	1.75	1.84	1.81	1.81	1.87
Price/Earnings ratio (Basis: price at Dec. 31)					
	15.6	14.6	14.0	9.2	6.7
Net worth per share³⁾					
Registered A share in CHF	24.6	27.9	22.1	8.7	34.8
Registered B share in CHF	4.9	5.6	4.4	1.7	7.0
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	826.5	826.0	780.9	399.5	303.6
In % of shareholders' equity	443.9	392.2	466.7	770.3	146.6

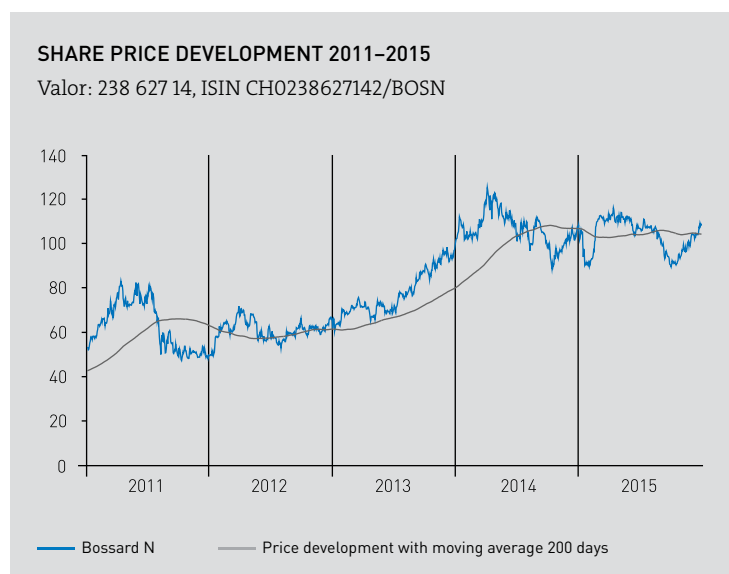
IN CHF MILLION	2015	2014	2013	2012	2011
Economic value added analysis					
Net sales	656.3	617.8	605.7	485.2	471.6
Earnings before interest and taxes (EBIT)	70.3	72.8	69.8	48.4	51.3
Effective tax rate in %	19.7	18.0	14.8	12.7	7.3
Net operating profit after tax (NOPAT)	56.5	59.7	59.5	42.2	47.6
Equity	186.2	210.6	167.3	51.9	207.1
Gross financial debt	177.7	123.3	126.6	227.8	45.3
Less cash and cash equivalents	29.9	25.4	25.4	25.6	15.6
Capital employed (year end)	334.0	308.5	268.5	254.1	236.8
Average annual capital employed (A)	321.3	288.5	261.3	245.5	221.0
Return on average capital employed in % (ROCE)					
	17.6	20.7	22.8	17.2	21.5
Cost of financial debt in %					
Average cost of financial debt	1.6	1.8	2.0	1.7	2.4
Less effective tax	19.7	18.0	14.8	12.7	7.3
Cost of financial debt after tax	1.3	1.5	1.7	1.5	2.2
Cost of equity in %					
Risk free rate					
(Basis: yearly average of yield Swiss government bond)	-0.1	0.7	0.9	0.7	1.5
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	5.4	6.2	6.4	6.2	7.0
Equity ratio	40.2	48.5	43.2	13.8	62.6
Weighted average cost of capital in % (WACC)	3.0	3.8	3.7	2.1	5.2
Economic profit in % (ROCE – WACC) (B)	14.6	16.9	19.1	15.1	16.3
Economic profit in CHF million (A) * (B)	47.1	48.9	49.8	37.0	36.0

- 1) Proposal to annual general meeting of shareholders
- 2) Basis: Average number of outstanding shares entitled to dividend
- 3) Basis: Number of outstanding shares entitled to dividend at year end
- 4) Net income + depreciation and amortization
- 5) Share attributable to shareholders of Bossard Holding AG

The articles of association do not include any provisions for opting-out or opting-up.

IN CHF MILLION	2015	2014	2013	2012	2011
Economic book value (EBV)					
Market value added (economic profit/WACC)	1,593.7	1,297.3	1,333.8	1,733.2	690.3
Capital employed	334.0	308.5	268.5	254.1	236.8
Implied enterprise value	1,927.7	1,605.8	1,602.3	1,987.3	927.1
Less gross financial debt	177.7	123.3	126.6	227.8	45.3
Plus cash and cash equivalents	29.9	25.4	25.4	25.6	15.6
Economic book value at Dec. 31	1,779.9	1,507.9	1,501.1	1,785.1	897.4
Market valuation and key ratios					
Share price at Dec. 31 in CHF	109.2	109.3	103.3	67.0	51.0
Market capitalization	826.5	826.0	780.9	399.5	303.6
Net financial debt	147.8	97.9	101.2	202.2	29.7
Enterprise value (EV)	974.3	923.9	882.1	601.7	333.3
EV in % of net sales	148.5	140.8	134.4	91.7	50.8
EV/EBITDA	11.9	10.8	10.7	10.2	5.5
EV/EBIT	13.9	12.7	12.6	12.4	6.5
EV/NOPAT	17.2	15.5	14.8	14.3	7.0
Price/book value per share	4.4	3.9	4.7	7.7	1.5
Return on equity in %	27.5	30.2	51.1	33.6	23.6

EBIT	Earnings Before Interest and Taxes
NOPAT	Net Operating Profit After Taxes
ROCE	Return On Capital Employed
WACC	Weighted Average Cost of Capital
EV	Enterprise Value
EVA	Economic Value Added
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization



Bossard Holding AG
Steinhauserstrasse 70
6301 Zug
Switzerland

Phone +41 41 749 66 11
Fax +41 41 749 66 22
investor@bossard.com
www.bossard.com