



Annual Report 2022

SHORT PROFILE

Proven Productivity

Bossard's global team is fully committed to Proven Productivity. Together we create sustainable values for our customers.

The Bossard Group is a leading strategic partner for industrial fastening and assembly technology solutions to OEM customers globally with proven expertise in engineering and logistic services.

Bossard was founded in Zug in 1831. Today local and multinational companies count on Bossard's expertise to increase their productivity – with success. Bossard calls this concept, which is also a promise to its customers, Proven Productivity. This includes, among other things, optimizing processes and reducing inventories to increase the efficiency and productivity sustainably. In addition, Bossard is considered a pioneer in developing intelligent production facilities in line with Industry 4.0.

With close to 3,000 employees at 82 locations in 32 countries throughout the world, the Bossard Group generated CHF 1,153.8 million in sales in the financial year 2022. Bossard is listed on the SIX Swiss Exchange.



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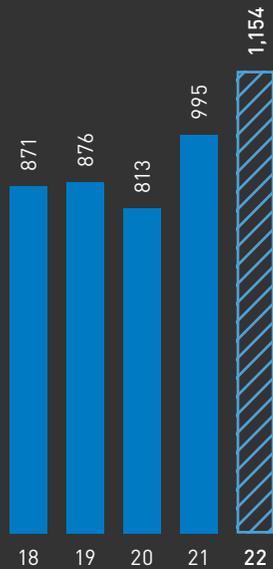
AT A GLANCE

Robust profitability in a challenging environment

Thanks to strong demand across all three market regions, Bossard achieved new records in terms of sales as well as EBIT and net income in spite of an economically challenging environment and the tense situation on the procurement market.

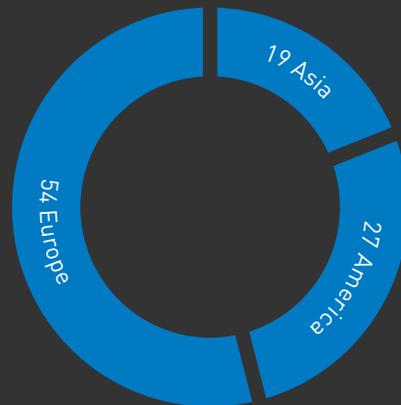
Net sales

in CHF million



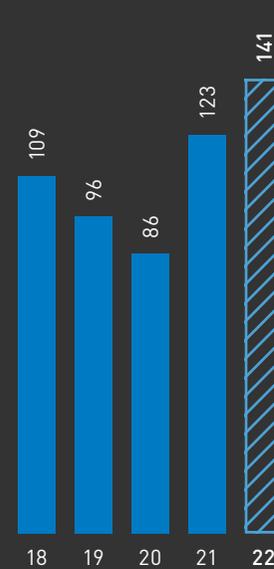
Geographic sales distribution

in %



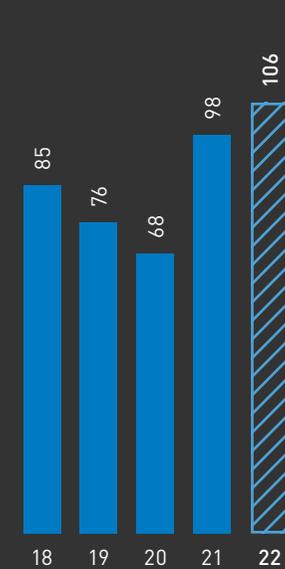
EBIT

in CHF million



Net income

in CHF million



Key figures

in CHF 1,000	2022	2021
Net sales	1,153,841	995,148
Change to prior year in %	15.9	22.4
Gross profit	360,131	317,120
Personnel expenses	216,475	199,732
in % of net sales	18.8	20.1
EBITDA	165,185	145,904
in % of net sales	14.3	14.7
EBIT	141,467	123,326
in % of net sales	12.3	12.4
Net income	105,583	98,017
in % of net sales	9.2	9.8
Cashflow ¹⁾	129,301	120,595
in % of net sales	11.2	12.1
Capital expenditures	41,230	35,289
Operating net working capital ²⁾	554,964	435,620
in % of net sales	48.1	43.8
Net debt	318,989	217,222
Shareholders' equity	379,623	349,548
in % of total assets	41.7	45.2
Total assets	910,089	772,776
Return on equity	29.0	29.2
Return on average capital employed (ROCE)	17.4	19.1
Dividend yield in % (Basis: share price at Dec. 31)	2.8	1.6
Earnings per share ^{3) 4)}		
Registered A share in CHF	13.38	12.53
Registered B share in CHF	2.68	2.51
Price/earnings ratio (Basis: share price at Dec. 31)	14.9	26.2
Price/book value per share	4.1	7.2
Annual weighted average number of employees ⁵⁾	2,765	2,516
Net sales per employee ⁶⁾	417.3	395.5

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

REPORT TO THE SHAREHOLDERS

New records in a challenging environment



Dr. Daniel Bossard
CEO

Dr. Thomas Schmuckli
Chair of the board of directors

Dear Shareholders,

After two years marked by the pandemic, numerous lockdowns, and persistent interruptions in the global supply chains, we faced additional challenges due to the shortage of skilled labor and the wage and cost inflation in the past financial year. Furthermore, the war in Ukraine and the resulting European energy crisis as well as the increasing tensions between China and Taiwan have led to further market uncertainties.

In this challenging environment, and despite the strong Swiss franc, Bossard achieved new records in sales as well as EBIT and net income thanks to strong demand across all three market regions. Sales in the financial year 2022 totaled CHF 1,153.8 million (prior year: CHF 995.1 million). EBIT was CHF 141.5 million (prior year: CHF 123.3 million), corresponding to an EBIT margin of 12.3 percent (prior year: 12.4 percent). Net income increased by 7.7 percent to CHF 105.6 million (prior year: CHF 98.0 million). For the first time in its history, the Bossard Group achieved sales of over 1 billion Swiss francs and a net income of more than 100 million Swiss francs.

Optimal use of market momentum

The quality of our product solutions and our delivery capability are the foundation of our business. In times of various regional lockdowns, our long-standing proven purchasing strategy, which is based on multiple sources of procurement, once again proved beneficial. In combination with its strategically generous stock-keeping, Bossard was able to ensure the best-possible delivery capability to its customers and expand its market position as a reliable partner.

Digital customer retention

The value of the cooperation with our customers grows thanks to our digital customer services. We help our customers design their processes more efficient, thus increasing productivity. We call this “Proven Productivity.”

Even 20 years after the market launch of the first fully digitalized and automated C-parts management system, there is unbroken demand for our solutions. With over 437,000 installed Smart Devices, more than 1,100 customers globally rely on our proven Smart Factory Logistics (SFL) applications. The Bossard Group provides its customers a comprehensive supply of C-parts for production without manual intervention, thereby ensuring optimized stock level and a seamless flow of parts through production. At the same time, Bossard SFL solutions provide customers with permanent visibility of their C-parts inventories, including their material flows.

“Nearshoring” – back to the future

Complex procurement markets, high transportation costs, and increasing requirements for a responsible handling of resources have strengthened the trend toward “nearshoring.” As a result, the structural shortage of skilled workers manifested itself clearly in the past year, triggering increased demand for Bossard’s Smart Factory Assembly (SFA) solutions. Through smart tools and digital work instructions, these services help customers avoid errors in the assembly process while simultaneously accelerating it and training new employees very efficiently. Our Smart Factory Assembly solutions allow us to make another contribution toward increasing our customers’ productivity.

Continued strong growth across all regions

The Bossard Group’s positive business development, ongoing since the fourth quarter of 2020, continued, especially in America and Asia. The market upturn was supported by recently won customer projects and the higher structural growth in the focus industries. Continued diversification of the customer base in the electromobility sector was reflected in the solid order situation from manufacturers of passenger and commercial vehicles as well as from manufacturers of charging stations for electrical vehicles.

Demand in Europe remained at a constantly high level in spite of geopolitical tensions and the resulting challenges. In an environment marked by inflation and a shortage of skilled labor, Bossard’s Smart Factory services drew even more attention from customers.

The positive business development in America was driven by ongoing dynamic economic growth. In the electromobility sector, exciting commercial vehicle projects were implemented. In November, Bossard acquired PENN Engineered Fasteners Corporation, the Canadian distribution business of PennEngineering®, a US manufacturer of innovative fastening solutions. The acquisition is in line with the strategic approach to further expand Bossard’s capabilities in America.

In Asia, the Group benefited from growth initiatives of recent years, resulting in expanded customer relationships, especially in the focus industries of railway, electromobility, and robotics. Despite repeated lockdowns in China, Bossard was able to maintain double-digit sales growth in local currency in this region for the ninth quarter in a row.

Sustainability at Bossard

The Bossard Group has been committed to sustainable corporate development for generations. Innovative, efficient, and holistic solutions – that is Bossard’s approach. With products and services that simplify and optimize our customers’ processes, sustainability is an integral component of Bossard’s business model.

Focus thanks to materiality analysis

In a strategic approach, Bossard identified the essential topics where its business activities have the greatest impact on the economy, people, and the planet as well as its own long-term business success. These insights were prioritized to determine the current challenges as well as solutions for the future. Bossard’s four focus topics – Future Proven Solutions, Reduced Footprint, Empowered People and Fair Partnership – cover the economic, environmental, and social dimensions of responsible governance.

Carbon strategy to reduce emissions

For the first time, Bossard published its emissions (scope 1 and 2) within the framework of the Greenhouse Gas Protocol and identified the major polluters. The results provide valuable indications of where emissions can be reduced. All data relevant for sustainability are defined as targets with specific measures for implementation. In the next step, Bossard will define achievable targets for carbon neutrality and publish them in 2023.

Changes in the executive committee

After 15 successful years as CEO Central Europe and member of the executive committee, Beat Grob left Bossard at his own request at the end of April 2022. The board of directors and the executive committee would like to thank him for his significant commitment to the Group over many years. From May to December 2022, the region was managed on an interim basis by CEO Dr. Daniel Bossard.

On January 1, 2023, Rolf Ritter assumed responsibility of the region Central Europe. He has served on the executive committee in his function CSO, M&A and Business Development since 2021 and will continue to hold this double role for the time being.

Susan Salzbrenner joined the executive committee on January 1, 2023. She has been VP People & Organization since June 1, 2021. With her joining the executive committee, cultural transformation – one of the core initiatives of Strategy 200 – will be even more firmly embedded throughout the Group.

Moving into the future – strengthened by Strategy 200

One of the central strategic initiatives involves the promotion of global exchange and cooperation, summarized under the motto “Together We Create.” We believe that we can achieve additional sustainably profitable growth

if our close to 3,000 employees worldwide are able to share ideas and consult with each other even more effectively. For us, cooperation means not only exchange between regions and technical experts but also between hierarchies.

During the first year of implementing the Strategy 200, feedback from all stakeholders has shown that we are on the right track for the future. With double-digit growth in the past nine quarters, the Group has demonstrated that it can identify and act on growth opportunities in constantly changing times.

From today’s perspective, it is difficult to predict how the geopolitical tensions, inflationary developments, and their effects on our daily life and procurement will develop in future quarters. Much is beyond our scope of influence. The way in which Bossard mastered the financial year 2022 gives us confidence, and we are optimistic about the future. Dedicated employees and a strong balance sheet with an equity ratio of 41.7 percent allow the Bossard Group to continue pursuing strategically significant projects with full force.

Proposals at the annual general meeting of shareholders

At the 2023 annual general meeting of shareholders, the board of directors will propose a gross dividend of CHF 5.50 per registered A share (prior year: CHF 5.10 gross), in line with our dividend policy of approximately 40 percent payout of net income. This represents an increase of 8 percent.

Prof. Dr. Stefan Michel (member of the board of directors since 2011) and Dr. René Cotting (member of the board of directors since 2015) will not seek re-election. The board of directors and the executive committee would like to thank them sincerely for their many years of committed service. The board of directors will propose the election of Prof. Dr. Ina Toegel at the annual general meeting of shareholders.

We express our deep gratitude to all our employees for their tireless dedication, solidarity, team spirit, and enthusiasm – they are the core of the Bossard Group’s success. We thank our customers for their years of loyalty, and our partners and suppliers for their outstanding cooperation. And we thank you, our valued Shareholders, for your continued trust.

Dr. Thomas Schmuckli
Chair of the board
of directors

Dr. Daniel Bossard
CEO

Zug, February 24, 2023



Company

Founded 1831 in Zug, Switzerland, the Bossard Group is a leading strategic partner for industrial fastening and assembly technology solutions to OEM customers globally with proven expertise in engineering and logistic services.

With close to 3,000 employees at 82 locations in 32 countries throughout the world, the Bossard Group generated CHF 1,153.8 million in sales in the financial year 2022. Bossard is listed on the SIX Swiss Exchange.



AT A GLANCE

Company

Market position

Top 3

Bossard is one of the top 3 global distributors of fasteners.

Customer loyalty

> 10

More than 90 percent of our large and medium-sized customers have been working with Bossard for more than ten years.

Customers worldwide

> 30,000

Bossard is proud to serve more than 30,000 customers globally – in a huge variety of industries.

Thereof with B- and C-parts management

> 1,100

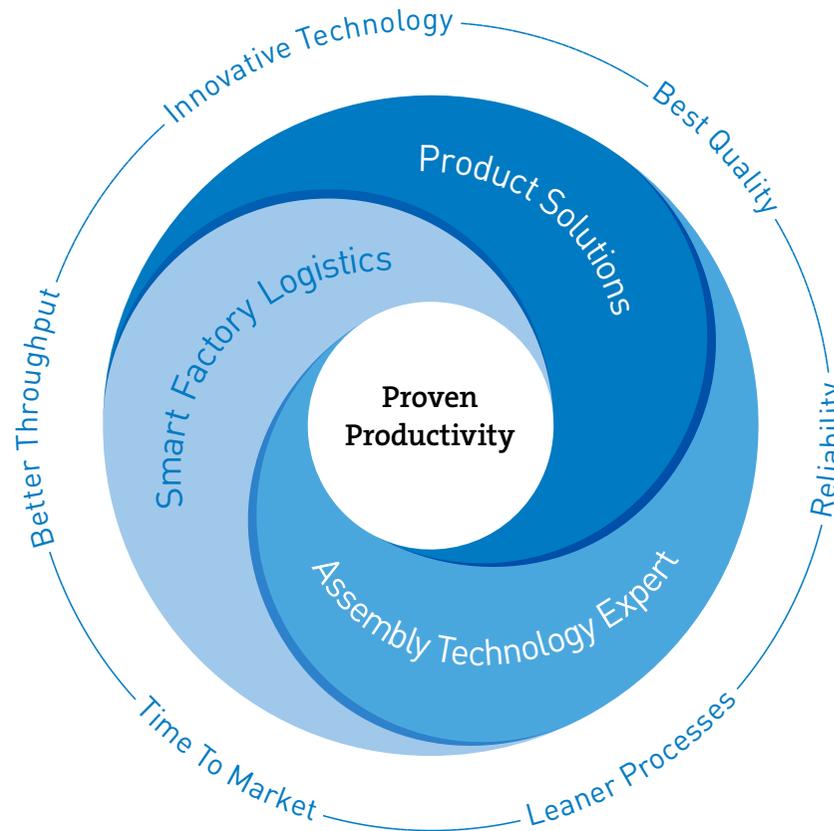
More than 1,100 customers rely on Bossard's automated B- and C-parts management solutions.

BUSINESS MODEL

Proven Productivity

Bossard offers fastening solutions and process optimization measures that are proven to deliver the best possible efficiency, thereby reducing costs. In evaluating our services, we rely on facts. They consistently show that by working with us, our customers are able to achieve lasting and measurable productivity improvements. That is why we talk about Proven Productivity.

The interplay of Product Solutions, Assembly Technology Expert and Smart Factory Logistics gives our customers competitive advantages in six key areas.



Time to market

Thanks to shorter delivery times, products make it to market faster.

Leaner processes

Systematic time, money, and resource savings reduce overall operational costs.

Better throughput

Advanced logistic systems and lean assembly processes markedly boost efficiency.

Best quality

For our product solutions, we rely on the highest quality combined with comprehensive process consulting. This leads to maximum reliability and predictable planning.

Innovative technology

Our forward-looking solutions are tailored to the very latest requirements of Industry 4.0.

Reliability

We value continuity and this is how we empower and support our team to ensure that we will be there for our customers tomorrow.

Product Solutions

Our fastening solutions are as unique as our customers' products. Sometimes standard fasteners are just right, while in other cases brand solutions or custom fastening solutions get the best results. Bossard has the right solution for every challenge.

Fastening technology catalog products

We have more than 200,000 different fasteners ready to ship from our warehouses: screws, nuts, rivets, washers, electrical fasteners and more.

Customized items

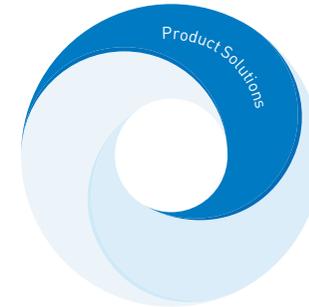
Customized solutions and parts (turned, milled, extruded, stamped and bent parts) for unique technical requirements, manufactured to our customers' specifications.

Bossard ecosyn®

The ecosyn® product line features premium quality fasteners. They are both economical and in sync with the needs of our customers. Smart and safe quality products based on innovative engineering and designed to make work easier and more efficient.

Brand products

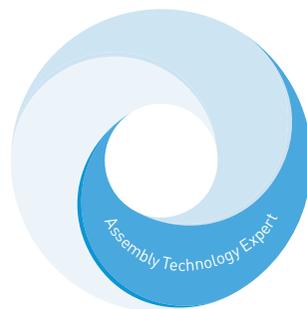
Bossard maintains a carefully selected brand portfolio in cooperation with highly innovative and reliable partners.



Assembly Technology Expert

Our customers develop a diverse range of premium products whose production methods place equally diverse demands on fasteners. Six field-proven Bossard Assembly Technology Expert services help find, test and implement the most suitable fastening solutions based on specific requirements. In addition, they optimize the customer's assembly processes and product assortment and train their employees.

Using this three-step approach, from design to optimization to training, the specialists at Bossard help product designers and engineers meet the most diverse challenges with respect to innovation, process optimization, and efficiency. This leads to a sustainable reduction in production time and costs, increases product safety and quality, and significantly improves our customers' competitiveness.



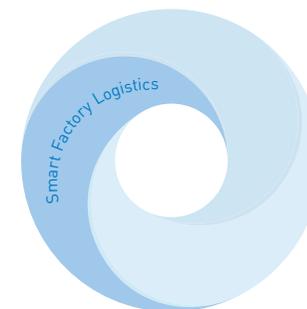
Smart Factory Logistics

In the world of Industry 4.0, Smart Factory Logistics is a core element for profitable growth. The more precise and smarter factory logistics is, the better companies fare against their competitors.

While our customers fully focus on their core competences, we take care of automating their B- and C-parts management processes, thus ensuring a lean assortment and a smooth supply flow. Inventory is controlled in real time, and material is delivered directly to the assembly stations thanks to smart order management. All at the right time and in the right place. Lower material handling costs and smaller inventories enable our customers to significantly boost productivity in their production.

In addition, we support our customers in the digital transformation of their production with our Smart Factory Assembly services. Digital documentation and connected devices ensure consistently high quality, and the recorded data provide maximum transparency and traceability.

As a result, processing control takes place automatically, significantly reducing faulty assembly and lowering the overall cost of a product. Manufacturing companies can more easily make the right decisions and produce high-quality products with shorter lead times and smaller batch sizes.



Hidden aspects account for about

85%

of the total cost of ownership of fasteners. We are reducing them.

BUSINESS RESILIENCE AND STRATEGY 200

Solid foundation for accelerated growth

Bossard's business model has proven not only its strength for growth in normal circumstances but also its extraordinary resilience in unprecedented times. With the Bossard "Strategy 200" – Bossard turns 200 years old in 2031 – we will focus on this business model and accelerate growth in all our key markets.

Leader in digitalization in our industry

27 years ago, Bossard invented the first fully digitalized and automated C-parts management system, based on IoT technology, that today is being used every day by over 1,100 customers globally. Our proven solutions, used by customers to maintain a seamless supply of C-parts for production without manual interaction, have been especially important during the COVID-19 pandemic. With the digital platforms developed over the last years, Bossard was able to switch its wide range of services to the virtual space – instantly and across the globe.

Industrial and geographical diversification

As impressively demonstrated in the crisis, our broad industrial diversification with around 30,000 customers from a wide variety of industries enables us to balance customer growth and makes us much less dependent on single industrial segments. Our global footprint, with more than 80 operations in Europe, America and Asia, allows for a global distribution of income. This global

presence also helps us on the procurement side where, for key products, Bossard has always been working with multiple sources from different continents to mitigate supply risks.

Customer centricity and sustainability

The close and strategic collaboration with our customers, focusing on services to ensure the customer's peace of mind in C-parts management and supply and enabling trusted relationships, creates a solid customer base for the long term. This is reflected in our enduring relationships with our customers, with over 90 percent of our large and medium-size customers still working with Bossard after ten years. Our sustainable customer base is a key foundation for our long-term sales and profit development.

Innovation and experimental mindset

Ongoing curiosity has always been at the core of the Bossard DNA. For this reason, we would consider ourselves a "start-up with 192 years of experience." Solving customer problems with creativity and passion – using years of experience in fastening technology, supply chain and assembly solutions – has enabled us to provide leading-edge market services. And the journey continues: for example, we are looking into new products for lightweight applications, AI-enabled systems to speed up the quoting process for customized fasteners, and new services to ensure secure assembly processes.

With our Strategy 200, we want to build on the past, focusing on our key strengths and scale our business model to achieve relevant market share in all our key markets by 2031.

Proven Productivity – our promise...

For the average industrial OEM (original equipment manufacturer), more than 50 percent of single assembly parts are fastener-related while they only represent a very small amount of the purchasing value. The related management and handling costs – parts definition, ordering, goods receipt, inventory management, and assembly costs – typically exceed the purchase price of the C-parts significantly. With our long-time philosophy of Proven Productivity, we focus on substantially reducing the management and assembly costs of C-parts for our customers, thereby boosting their competitiveness in a sustainable and measurable way. This philosophy strengthens the bridge of trust between us and our customers day in and day out.

...in a globally fragmented market with growth potential

The global fastener market for industrial OEMs is heavily fragmented. With only 3 percent global market share in our industry segment, Bossard is one of the top 3 global distributors of fasteners. This leaves significant opportunities for growth. We will make use of 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 with the lowest total cost of ownership and the highest product availability. 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.

...captured by a truly empowered organization

Bossard Strategy 200 has one theme at its core: to create a company as amazing as its people, where everybody collaborates, feels empowered, experiments, talks real, and delivers value. Together we will create and pave the way for accelerated sales and profitability growth in the years to come.

Strategic aspiration towards 2031

Together, we bring Proven Productivity and sustainability to every assembly operation in the world. To turn this aspiration into reality, we focus on OEM customer groups with the aim of supporting them to boost their competitiveness. In doing so, we rely on high-quality products, outstanding services, assembly technology consulting, and efficient processes along the entire supply chain.

Strategy 200 – focus and scale

Within the context of our winning aspiration towards 2031 we are aiming to achieve sustainable, profitable growth by focusing on our key strengths. We want to substantially increase our sales revenue to further expand our market position – organically and through acquisitions. Bossard plans to increase its average organic growth rate to over 5 percent after a period of increased investments. As a result, the Group is targeting mid-term an EBIT margin of 12 percent to 15 percent. Bossard continues to rely on a strong balance sheet with an equity ratio of at least 40 percent. Notwithstanding the stepped-up growth initiatives, the dividend payout is expected to remain at about 40 percent of the Group's net income.



With our Strategy 200, we aim to achieve sustainable, profitable growth.



In 900 seconds

you will experience what Bossard means by Proven Productivity. Stay up to date on product innovations, services and customer experiences by reading our blog.

provenproductivity.com

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 with 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 risk situation with a strategic and operational view.

We examine all business activities and balance sheet items annually 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 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 finance department coordinates the revision of the risk documentation centrally.

Low supply risk as a result of a 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 fluctuates. 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 at our customers. Steel, chrome, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we cannot hedge against price increases. We have an extensive supply portfolio of close to 4,700 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 tensions or currency fluctuations.

Systematic quality monitoring

Quality assurance constantly faces new challenges as our customers' requirements continue to rise and increasingly stricter regulations apply. Therefore, 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. The Group has implemented an internal cyber security training program. All employees have to go through this program, where they receive simulated phishing emails on the one hand and have to answer

cyber security questions on the other. Bossard has outsourced the 24/7 cyber security monitoring to be able to react more quickly and thus ensure better protection against IT attacks.

Minimizing financial risks

Given its international operations, the Bossard Group is exposed to various financial risks; these comprise foreign currency, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring.

Financial risk management is described in detail on pages 141 to 142.

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. Overall, risks that could negatively impact the Group's further development can never be completely excluded. Such risks include, for example, war, terror attacks, natural hazards and pandemics.

Low supply risk as a result of a large, global network.



Sustainability

The Bossard Group has been committed to sustainable corporate development for generations. This sustainability report explains Bossard's activities and efforts to achieve long-term sustainable growth. The report contains information on the strategic and organizational anchoring of sustainability throughout the Group's operations as well as explanations on the respective focus areas: Future Proven Solutions, Reduced Footprint, Empowered People and Fair Partnership.



AT A GLANCE

Sustainability

Employees by region



- Europe (55%)
- America (16%)
- Asia (29%)

Employees by gender



- Women (35%)
- Men (65%)

68.4

Recycling rate of its waste in percent

72.4

Signed Supplier Code of Conduct in percent
(for 65 percent of purchasing volume)

19,863 2,367

Total energy consumption in MWh

thereof renewable

9,714

Electricity consumption in MWh

2,037

thereof renewable

SUSTAINABILITY AT BOSSARD

Reference to business model

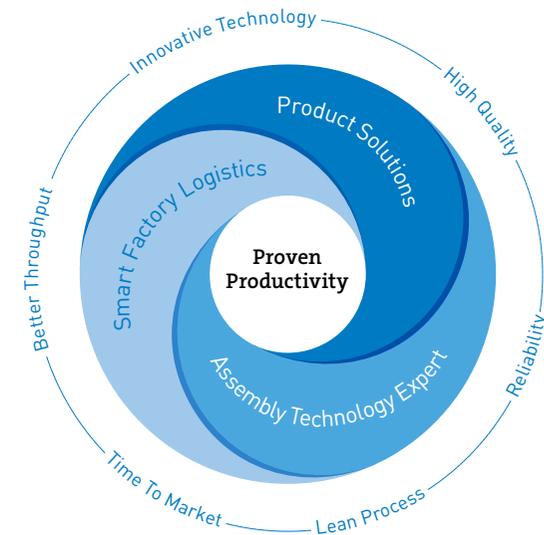
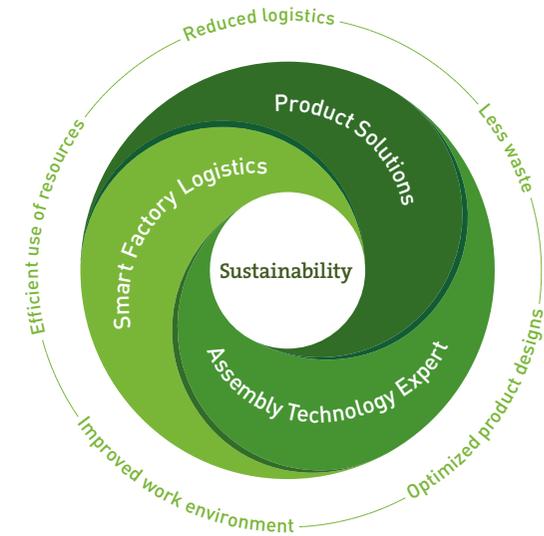
Innovative, efficient and holistic solutions – that is Bossard’s approach. With products and services that simplify and optimize processes across all fastening solutions, sustainability is an integral ambition of Bossard’s business model.

Bossard helps its customers not only avoid hidden costs in development, design, procurement, ordering, logistics, storage, assembly and quality assurance, but Bossard’s solutions also mitigate environmental impact. Streamlining processes and optimizing individual products, reducing complexity and enhancing assembly, allow for more careful and targeted use of materials, energy and production capacities.

Mindful handling of resources begins in the product design phase and extends through supply chain structuring to the manufacturing processes, thus reducing operating waste and emissions. In addition, Bossard’s customers’ employees save time; consolidated and more efficient workflows make their work easier, resulting in a better work climate overall. With Bossard’s support, its customers demonstrably boost their productivity. True to its Proven Productivity principle, Bossard creates added economic, ecological and social value.

Bossard’s products and services are already part of Industry 4.0 and contribute to groundbreaking innovations. Moreover, Bossard is working with customers in emerging sectors such as electromobility, railway, automation, robotics, and medical technology, which contribute to sustainable development. In order to understand and propel the efficiency of customers’ processes, Bossard promotes internal innovation, such as analytical methods using big data.

Close to 3,000 employees at 82 locations in 32 countries help Bossard to bring Proven Productivity and sustainability into assembly operations around the world by making more efficient fastening solutions possible. Driven by this value proposition and guided by its tested corporate values, Bossard intends to expand even further and strengthen its global supplier network for product solutions.



SUSTAINABILITY AT BOSSARD

Reference to stakeholders

Bossard acts with integrity, fairness and responsibility in its dealings with stakeholders, treating all players with respect and honoring their interests. Among others, customers, suppliers, investors, rating companies, employees, authorities and governments, as well as partners account for Bossard's most important stakeholders. The Group attempts to harmonize differing expectations to the best of its ability and only makes promises it can keep.

Transparency is a central tenet and the Group ensures respectful, professional, and timely communication with its stakeholders. Bossard works with its customers as partners and often designs customized, innovative fastening solutions for and with them. The Group values this kind of collaboration and exchange. Similarly, Bossard enters into cooperation with other companies and research institutions. Among other things, the Group wants to help shape the structural change toward state-of-the-art digitalized production facilities.

Materiality analysis

Bossard has identified the material topics with the greatest impacts of its business activities on the economy, people, and planet as well as on its own long-term business success using a strategic approach. Bossard knows that the consequences of climate change, global population growth and current economic developments can impact its business operations and vice-versa. Thus, Bossard has conducted a materiality assessment to determine which topics could have the largest potential impacts for the Group and to set goals to minimize the negative consequences of Bossard's business activities.

Furthermore, to uphold current legal (EU and Swiss) regulations and Global Reporting Initiative (GRI) Standards 2021, Bossard is required to conduct a materiality analysis. To cover and align with these requirements, Bossard looks at each material topic from two different perspectives using the concept of double materiality:

- The “outside-in” perspective: How relevant is a topic for Bossard's long-term (business) success?
- The “inside-out” perspective: What are the most significant impacts of Bossard's business activities on the economy, people and environment?

To answer these questions, Bossard was supported by an external consulting company during this process. The final materiality matrix will help Bossard pinpoint the sustainability challenges it currently faces, while also enabling the Group to start working on solutions for the future.

Transparency
is a central tenet.

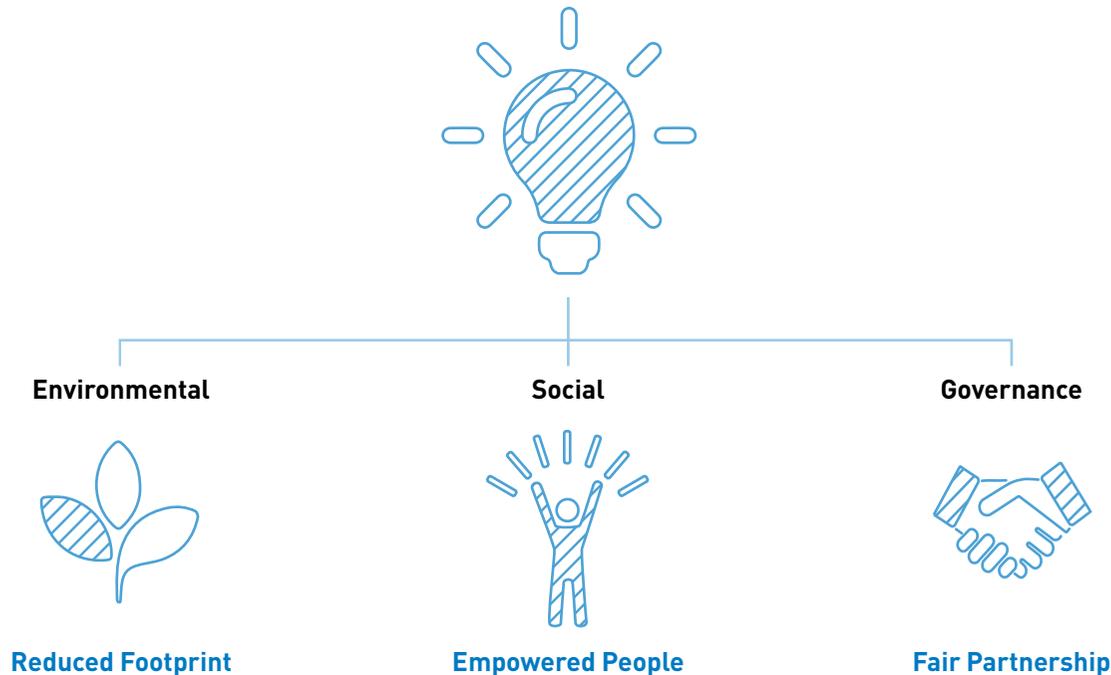
Bossard's four focus areas, Future Proven Solutions, Reduced Footprint, Empowered People and Fair Partnership, cover the economic, environmental, social, and governance dimension of Bossard's responsible corporate leadership. They were developed under the direction of Tabea Bürgler, Vice President (VP) Sustainability and

General Counsel, in collaboration with a project group devoted to the topic of sustainability and adopted by the executive committee at the beginning of 2021. They serve as a framework for orienting Bossard's current and future sustainability efforts.

Each focus area consists of several topics on which Bossard has an impact. These topics were then compared to a list of topics on reporting standards, such as the GRI Standards, sector-specific topics as well as environmental, social, and governance (ESG) ratings and rankings. This led to a consolidated list of topics which are potentially relevant for Bossard, focusing on the Responsible Business Initiative (RBI) counter-proposal matters (environmental, social, and employee matters, human rights as well as corruption). The final list was shortened to 13 topics.

Bossard took a two-way approach to develop the materiality matrix. First, an online survey with 22 people of Bossard's management was conducted. In the survey, the contributors were asked to rank the impacts of each topic according to their best knowledge. The results were then consolidated and analyzed in a first draft of the materiality matrix. To validate the materiality matrix, Bossard's ESG team and its external consulting agency held a workshop with the CEO and CFO in which the matrix was discussed, assessed, and, if necessary, adjusted. In addition to the online survey, Bossard was able to evaluate the matrix, including its topics and impacts, from as many different angles as possible. All changes were incorporated, allowing Bossard to present its materiality matrix in this report.

Future Proven Solutions



The materiality matrix shows a balanced picture between economic, environmental, social, and governance topics. For each focus area, the material topics are spread evenly across the materiality matrix. Sustainable and profitable growth and customer loyalty as core values enable Bossard to tackle its material topics and are thus of key importance. While innovation drives Bossard's business, its sustainable product and service solutions define the impact on the environment. It is important to Bossard to manage its energy and greenhouse gas emission efficiently. As a distributor, Bossard also strives to manage its waste effectively and strengthen circular economy. While the wellbeing and safety of Bossard's employees are well understood, the Group pushes for more diversity, equity, and inclusion. Not only is Bossard already an attractive employer for talent to come, but the Group also lays emphasis on the development of its current employees. As a Group, Bossard already engages with local communities extensively. Integrity is a core value to the Group and deeply anchored in the daily business. Thus, Bossard also seeks to manage its entire supply chain responsibly.

MATERIALITY MATRIX



- Future Proven Solutions
- Fair Partnership
- Reduced Footprint
- Empowered People

SUSTAINABILITY AT BOSSARD

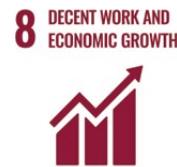
Contribution to the sustainable development goals

Agenda 2030 and the United Nations' 17 sustainable development goals (SDGs) are essential for sustainable development. The SDGs are closely linked through their interdependencies.

Bossard seeks to offer products and services with low carbon footprints. By increasing energy efficiency and reducing greenhouse gas emissions for its business units, Bossard contributes to SDG 7. As an international business with local employees, the Group creates secure jobs for all employees, regardless of gender, age, religion, ethnicity, disabilities, and sexual orientation, etc., equally with humane and non-discriminatory conditions as outlined in SDG 8. Bossard sees its greatest potential for impact in its core business and hence in relation to SDG 9. The Group's solutions make a significant contribution to the modernization of industry and promote resource-saving production processes. Furthermore, the efficient and resource conscious use of all Bossard's product solutions is in line with SDG 12. Different measures are proposed within the Reduced Footprint focus area and environmental requirements set forth in the Supplier Code of Conduct. Thus, by measuring and aiming to reduce its emissions, Bossard contributes to SDG 13.

To further emphasize Bossard's intention to maintain environmentally, socially and economically responsible business practices, the Group's CEO signed the letter of commitment of the United Nations Global Compact (UNGC) in March 2021. Bossard thus joined a global community of nearly 15,000 companies of all sizes united in upholding the 10 global principles of responsible corporate leader-

ship. As a signatory of the compact, Bossard pledges to implement the principles in the areas of human rights, work standards, environmental protection and the fight against corruption as well as submit a yearly progress report. In return, participation in the UNGC initiative allows the Group to benefit from the organization's expertise and its extensive network.



SDGs: Bossard focuses on these five sustainability goals (source: www.globalgoals.org).

SUSTAINABILITY AT BOSSARD

ESG governance and organization

Based on the requirements of law and the articles of association, the board of directors (BoD) exercises overall management (management function), supervision and control (control and organizational function) over the Group and its business units, thus ensuring corporate governance within the Group.

The BoD decides on the strategic objectives of the Group and the financial and human resources required to achieve these objectives. It appoints the members of the executive committee and their removal. Furthermore, ESG topics are reported regularly during the year to the BoD through the VP Sustainability to control the Group’s ESG developments. In 2021, the BoD received training on ESG topics from an external specialist (status, progress, and outlook on ESG topics in general and in the distribution sector).

Submissions of critical concerns to the legal department are processed by the legal department, involving other departments if necessary, and reported anonymously to the BoD if the executive committee decides so. There were no critical concerns reported to the BoD in 2022. Bossard has not appointed a specific ESG committee.

Bossard’s sustainability team reports to the executive committee on a regular basis, several times a year on ESG topics. In these meetings, the VP Sustainability and the executive committee decide on areas of ESG progress and next steps. The VP Sustainability is a member of the extended group executive committee and thus part of group management.

In October 2022, the Group announced that Susan Salzbrenner, VP People & Organization, will become a member of the group executive committee as of January 1, 2023. The board of directors has nominated Prof. Dr. Ina Toegel for election to the BoD. Therefore, Bossard expects the percentage of women in the BoD and executive committee to increase in 2023.

KEY FIGURES: GOVERNANCE

Diversity of governance bodies ¹⁾	2022			2021		
	Male	Female		Male	Female	
By gender						
Board of directors	6	2		6	2	
Executive committee	6	-		7	-	
By age	< 30	30-50	> 50	< 30	30-50	> 50
Board of directors	-	3	5	-	3	5
Executive committee	-	-	6	-	-	7

1) The table refers to the reporting date as of December 31, 2022 respectively December 31, 2021.

SUSTAINABILITY AT BOSSARD

ESG risk management

As part of its annual reporting Bossard describes how it identifies and deals with risks (see pages 19 to 20). ESG risks, in particular environmental and social risks, are an important part of the risk spectrum that groups like Bossard have to take into account in their management.

Bossard made efforts in the reporting year to clarify social risks in the supply chain (child labor, compliance with human rights, conflict minerals) systematically. This was done in preparation for compliance with the new Swiss law on due diligence in the areas of child labor and conflict minerals. In addition, Bossard laid the foundations for an extended reporting on climate risks, which will be based on the Task Force on Climate-related Financial Disclosures (TCFD) guidelines in the coming years. External expertise was involved in all these topics and various corporate functions were integrated into the process. Further results will be reported in the next annual report.

Bossard manages
its risks systematically.

SUSTAINABILITY AT BOSSARD

Focus areas

Future Proven Solutions

Future Proven Solutions are a value proposition for Bossard's products and services. One of the Group's core competencies is to critically evaluate selected customer processes and identify potential for improvement. Customers are shown where and how they can achieve sustained added value thanks to Bossard's solutions. At the same time, Bossard continuously works on making its solutions offering even more sustainable. In that effort, Bossard aligns itself with its quality and efficiency claim, increasingly integrating the approaches of a circular economy.

Reduced Footprint

The long-term vision is clear: a climate-neutral Bossard Group. To that effect, Bossard endeavors to use resources and energy as efficiently and sparingly as possible and to reduce its overall environmental impact. Following a holistic management approach, the Group accounts for not only the impact of its core business but additionally the up- and downstream processes across the entire value chain. To minimize any negative impact on the environment in a targeted and efficient way, Bossard collects relevant environmental data across all business units.

Empowered People

Bossard knows the driving force behind its success are its employees. For this reason, their physical and mental wellbeing at the workplace is one of the Group's highest priorities. All employees shall be equally valued in their variety and diversity, feel supported and be able to develop their potential within the Group without discrimination of any kind. Bossard invests in its workforce and aims to bring the best talents on board. To that end, Bossard offers various education and training opportunities as well as attractive benefits and bonuses. Last but not least, mobile and agile ways of working are now firmly anchored in Bossard's work models.

Fair Partnership

The Fair Partnership focus area revolves around Bossard's integrity and reputation. First, Bossard fosters and protects these at the Group level in accordance with the principles of its new Code of Conduct. Second, they must be ensured with respect to Bossard's supplier network. Lastly, the Group's social engagement at the different locations contributes to its standing as a fair and reliable partner.

Bossard sources more than a million items from specialized industrial companies. Through a broad procurement network, the Group delivers innovative solutions for its customers. Professional relationships are fair and based on partnerships, guaranteeing all parties benefit from the cooperation.

FUTURE PROVEN SOLUTIONS

Sustainable and profitable growth

Bossard works to ensure market competitiveness and productivity in order to achieve sustainable economic growth, aligned to ESG goals. The Group's efforts are also targeted at maintaining a stable position as an industry leader in the markets Bossard operates. Bossard's success in these endeavors has positively impacted various stakeholders. The Group's customers, suppliers and employees benefit from greater security, reliability and holistic services.

As a market leader, Bossard is in a position to influence and support the value chain both upstream and downstream. Upstream, Bossard fosters a sustainable purchasing policy with its close to 4,700 suppliers to uphold environmental and human rights protection as core values within their operations. Downstream, Bossard's strategic services enable its customers to access smarter processes, which generate less waste and facilitate higher productivity.

Economic strength is key to securing the necessary resources to make sustainable and profitable investments and implement innovative solutions, furthering Bossard's competitive advantage. Being recognized within the industry as the first-choice strategic partner is not only good for customer attraction, but moreover adds to Bossard's credibility to shape market trends, demand and expectations in line with the Group's business interests and wider long-term vision. Bossard is proud to be a trusted partner to its customers, suppliers and shareholders and uses its expertise to accelerate the industry. Bringing together all of Bossard's attributes, the Group pushes forward with its mission to lead the market into the future.

This mission is also advanced in Bossard's management approach, which champions a long-term and foresighted view of doing business. In spring 2021 the Group has introduced its 10-year Strategy 200. The eight key initiatives, which are fixed on the leadership team's agenda, are all goal oriented. They include implementing a cultural journey, sales and marketing transformation and innovating the

sales engine. Goals, such as product and service offers with financial targets, are in place. To assess the effectiveness of the management approach, strategic success indicators for some of the eight key initiatives are used and monitored with strategic controlling and analytics. Additionally, for some of the initiatives, the fulfillment of key performance indicators (KPIs) is evaluated, and regular feedback acquired through surveys, and customer questionnaires.

In 2022, Bossard grew and strengthened numerous aspects of its business. The Group improved its system and offering within Smart Factory Logistics (SFL) through AI-based solutions for Smart Ordering, reducing manual orders by 25 percent and thus optimizing transport, and enhanced its Smart Factory Assembly (SFA) systems to increase quality. Furthermore, Bossard installed its new software in addition to reinforcing its center of excellence. Bossard's Real Time Manufacturing Service (RMS) was also scaled, adding a new internal tool: Product Solution Advisor (PSA), which helps Bossard's sales team locate the best parts depending on the customer's requirements. The first business units started transforming the sales and marketing process, with a focus on digital lead generation and a seamless connection to the Group's cultural journey initiative to better enable cross-functional and cross-border collaboration. Additionally, a new ERP system was implemented for the first business units, namely Denmark and Sweden.

On-going challenges to maintain Bossard's position as a market leader include digitalization, new technologies and their associated change management as well as ensuring the right talents are recruited.

**Under Future Proven Solutions
Bossard understands the value
proposition of its products
and services.**

FUTURE PROVEN SOLUTIONS

Customer loyalty

Bossard acts in the interests of all its stakeholders by taking a strong customer-centric approach to business. The Group seeks to maintain an open, trustworthy and transparent dialog with its customers at all times. Fundamental to this approach is Bossard's internal Code of Conduct and business ethics policy, which serves as a basis for the collaboration with its stakeholders. Bossard has several measures in place to ensure consistently high quality and safe products that comply with all legal and customer-specific requirements.

The Group is committed to finding the optimal solution for every customer. To this end, Bossard uses premium standard fastening elements, such as screws, nuts, rivets and washers, as well as electrotechnical fastening elements. Additionally, the Group's ecosyn® product line offers smart solutions that are both economical and need-based. Through customization and specially-manufactured items, including turned, milled, extruded, stamped and flexible parts, Bossard guarantees the best possible results for its customers. Furthermore, the Group has established a carefully selected brand portfolio with highly innovative and reliable partners.

Bossard's goal is to ensure the Group's stability and create financial value for all its stakeholders by constantly increasing customer satisfaction and customer loyalty. This strategy benefits not only Bossard's customers, but the Group's shareholders, employees, business partners and the local communities in which Bossard operates. The main focus is on enabling the Group's customers to achieve higher productivity, which is quantified by the concept of total cost of ownership. Bossard fulfills this goal in a variety of ways. For instance, Bossard's customers benefit from lower handling costs through Smart Factory Logistics services. Further, Bossard's six Assembly Technology Expert services help customers to improve end-to-end production with a leaner fastening process. The Group's stakeholder management program gauges the attitudes and opinions of its stakeholders generally and with regards to the Group, and has been shown to have a positive influence.

Bossard has cemented its position as a market leader by continuously delivering solutions for the betterment of its customers. Key is a thorough understanding of customers' actual needs and expectations. The Group's stakeholder management activities play a crucial role in verifying the specific requirements of individual customers and other stakeholders, enabling real-time and future needs to be

anticipated, and opportunities and risks identified and acted upon at an early stage. This has had a direct impact on customer retention rates and contributes to Bossard's success in winning new customers. Trust is at the core of all Bossard's customer relationships and the Group operates with a view of maintaining customer relationships for the long-term in order to facilitate growth, mitigate risks and add to the overall stability of the business.

Bossard guarantees the best possible results for its customers.

In the spirit of collaborative and agile customer cooperation, Bossard has set up work groups based in several locations worldwide to define its customer-centric approach. Customers have many touch points through which to share their pain points and provide feedback more generally. To further this aim, a customer community for Smart Factory Logistics users is being piloted. This forum provides a working platform to co-create solutions directly with customers. The pilot was initially limited to Switzerland, but due to its success has been expanded to invite customers based in other countries to participate. Additionally, customer relationships have been strengthened with the implementation of co-creation workshops. During the project selected customer success cases have been filmed and showcasing the videos on [Bossard YouTube](#) ¹⁾.

Customer success stories



The videos highlight the immense value that can be gained through the Group's collaborative approach, spotlighting customers and key contacts while proving how Bossard increases its customers' profitability.

Bossard has learned that early-stage involvement in customer projects maximizes the value of the partnership for its customers, whether that be by supporting them in the design of next generation products, simplifying supply chain and assembly processes with Smart Factory Logistics services or advancing innovative product solutions. Therefore, another initiative brings together the Group's customers and suppliers in moderated sessions including discovery workshops, value stream analysis, training programs and joint customer events.

To evaluate the effectiveness of Bossard's customer satisfaction efforts, several customer satisfaction surveys and net promoter score (NPS) surveys are conducted on a local basis. Moreover, to ensure the Group's management approach is progressive, targeted KPIs and strategic success indicators for Bossard's key initiatives have also been established and are continuously assessed, for instance, through strategic controlling and analytics.

The Group is mindful that for its customer focused approach to thrive organizational complexity and bureaucracy must be minimized. Other prominent challenges include attracting, developing and retaining the best talents to move the business forward as well as market competition and geopolitical stability. Solving these challenges in a way that maximizes value for Bossard and its customers is a priority for the Group.

Bossard co-creates solutions directly with customers.

FUTURE PROVEN SOLUTIONS

Innovation

Bossard continuously expands its innovation capabilities and is in the midst of a digitalization program to further support its commitment to new product and service development as well as optimizing internal operating processes.

The Group understands that digitalization and innovation is pivotal to improving satisfaction across all its stakeholder groups, in particular, for its customers and employees. For example, the on-going digital transformation benefits customers by boosting Bossard's capacity to minimize human error and decrease waste activities such as reducing the use of paper. Specifically, Smart Factory Logistics has the potential to lead to lessened CO₂ emissions while Smart Factory Assembly has a positive impact on quality standards and facilitating easier and safer working conditions for customers' employees. In addition, it goes with more transparency, increased product quality, the benefit of easier job rotation, process reliability, and less waste thanks to digital work processes.

Furthermore, Bossard's Real Time Manufacturing Service has made the process of milling and turning parts faster, more reliable, and plannable, which has proven advantageous for the Group, its customers and manufacturers who gain from more insightful data. Besides enhancing Bossard's processes, digitalization efforts have resulted in greater transparency and efficiency savings.

On a wider level, digitalization and innovation support Bossard's business aims throughout the value chain. Customers' needs are addressed with increased efficiency leading to even higher productivity, while suppliers and manufacturers get the best possible products and services. Simultaneously, optimization makes Bossard more productive, reliable and profitable.

Innovation activities are supervised and encouraged through the Strategy 200. Moreover, a project team is also in place to support Bossard's aims in this area as well as an innovation change agent community. It is Bossard's firm belief that a willingness to learn is vital for fostering genuine innovation and the Group welcomes experimentation, viewing problems and missteps as an opportunity for improvement.

The Group ensures that innovations are recognized at Bossard and in the market, driving forward its position as a market leader by outperforming the competition. Furthermore, the Group's employees are adequately supported to master an increasing number of issues and systems that arise through digital transformation and an innovation agenda.

FUTURE PROVEN SOLUTIONS

Sustainable product and service solutions

Bossard strives to offer products and services geared to its customers' sustainability requirements. To ensure its solutions have a positive impact, the Group sources from certified suppliers adhering to environmental and social standards in addition to developing high-quality products that consume fewer resources and generate less waste. As a result of this commitment, Bossard's solutions not only engender greater efficiency and productivity but simultaneously promote a more careful use of resources which creates sustainable added value.

Industry-wide, the Group influences best practice approaches by delivering sustainability-focused solutions as well as production setups and transportation chains through its choice of suppliers. It is Bossard's goal to reduce packaging overall and rely on recycled or renewable materials.

Sustainable solutions are among the priorities of Bossard's customers. The Group must endeavor to meet this growing need if it is to acquire new customers and retain existing ones. A timely understanding of market trends and fulfillment of new requirements is essential and differentiates Bossard from its competitors, opening up opportunities to cultivate customer stickiness and business development.

Bossard proactively manages sustainability. The Group constantly reviews its portfolio with the aim of enabling a leaner assembly process for its customers. To ensure the most efficient solutions are found, Bossard will continue to facilitate collaboration between customers, application engineers and supply chain partners. The potential of Bossard's total cost of ownership concept, which measures savings, is also being explored with a view to using it to account for carbon footprints. Optimization of shipping processes remains a group-wide goal, although Bossard notes that significant efficiency gains have been made since the implementation of Smart Factory Logistics and machine learning. Among other things, with SFL Bossard's customers have the possibility to predefine their delivery cycle or rely on Smart Ordering.

Smart Ordering was introduced a few years ago and is based on an algorithm that analyzes product consumption, order quantities, and order timing. It calculates the probability of when the customer will be out of stock, based on past ordering patterns. This offer can save transport routes, process steps, and minimize express orders. Bossard celebrated a new milestone with 58 percent of customers relying on and 33 percent of items running on Smart Ordering. One of Bossard's targets is a 30 percent decrease in express orders, which shall be achieved by implementing Smart Ordering for 80 percent of the Group's customers. Additional sustainability targets include reduced transport efforts and fastening systems developments in new materials.

Great advances were achieved in 2022 towards Bossard's sustainability goals. For example, with the introduction of MultiMaterial-Welding®, a revolutionary new technology that has the potential to lead to the elimination of fasteners and components for single applications. This can result in a reduction in costs and energy waste by lessening waste activities, material demand and energy for mounting. Moreover, to further minimize the Group's logistic costs and CO₂ emissions from transportation, Bossard has the possibility to grant its customers licenses to produce the fasteners for MultiMaterial-Welding® inside their own premises if they have the possibility to do so. Emissions are also controlled by encouraging brand partners to choose locally produced products thereby cutting transportation distances. Furthermore, Bossard's lightweight solutions and simplification of its customers' assembly processes have proven to positively impact customers' carbon footprints and boost their competitiveness. In addition, the Group has various customers using Last Mile Management, which digitalizes internal logistics and makes processes paperless.

Despite its substantial progress in 2022, the Group is wary of future issues affecting its sustainability efforts. In particular, Bossard is working to mitigate rising energy costs for the manufacturing of its products and utilize more sustainable energy options. Product recyclability and end of life procedures are also becoming an increasingly important consideration that will require better solutions for disassembly and limited material mixing during the scrapping process. Moreover, many customers are defining their sustainability goals and expectations, which results in the challenge for Bossard to predict and fulfill their needs. Bossard ensures it is collecting the best data to draw the right conclusions. Another challenge for a global business is that there is no universal standard to measure sustainability. Overcoming these issues will bring the Group closer to its goals and help Bossard advance sustainability within the industry.



Bossard offers products to its customers' sustainability requirements.

REDUCED FOOTPRINT

Energy and greenhouse gas emissions management

Climate protection is of utmost importance. Accordingly, Bossard has established sustainable practices in its operations and throughout its supply chain. The Group works to reduce its greenhouse gas emissions, maximize energy efficiency and offers products and services with a low carbon footprint. Bossard is also focused on increasing its renewable energy usage as per market availability.

The Group's business activities have a positive impact for customers. For example, Smart Factory Logistics and Last Mile Management, which consolidate shipments to optimize transportation routes, have resulted in direct fuel and emissions savings. Another highlight is Assembly Technology Expert, which aims to improve product quality and if reasonable utilize fewer parts, potentially leading to less CO₂ emissions. Bossard has also introduced paperless processes as part of its wide-reaching digital transformation. To further cut emissions and mini-

mize energy consumption, formal operative emission reduction targets are being considered. The Group is steering its suppliers, particularly the metals industry, to produce with greater efficiency and in a more climate

friendly way. Furthermore, internal and external Codes of Conduct oblige Bossard's suppliers and employees to act sustainably. Continuing to target transportation and packaging CO₂ emissions remains a high priority.



Energy-efficient: Bossard's warehouse in France.

Increase in energy efficiency and productivity in Bossard France's warehouse

In 2022, Bossard France finished renovating its warehouse. Actions included the extension of the warehouse area from 4,500 m² to 10,700 m², more efficient heating, better insulation, an optimized logistics flow as well as the installation of LED lights. As a result, energy efficiency has increased. Although the warehouse has more than doubled in size, the energy consumption has only changed insignificantly (1,100 MWh/year compared to 1,000 MWh/year before renovation and extension). In addition, warehouse productivity increased because of an improved logistic flow while employee satisfaction was also improved due to better insulation. A newly acquired cardboard baler also leads to higher recycling rates. Going forward, Bossard France plans to install solar panels on the roof of the warehouse.

Bossard takes its environmental responsibilities seriously not only to adhere to applicable laws and match customer needs, but to secure competitive advantage. Against rising prices, higher energy efficiency and wider renewable energy procurement to limit business costs is a necessity. This effort also reflects positively on the business' reputation. Moreover, climate protective practices lower the risk of environmental damage that may adversely impact Bossard's business activities. Specifically, Assembly Technology Expert and Smart Factory Logistics can lead to a more efficient use of fasteners and cut emissions in deliveries.

The Group's environmental management system is ISO 14001 certified in nearly all major business units and some smaller units. Regular audits ensure compliance with the latest standards and that Bossard continues to evolve in this area. In the coming years, the Group plans to achieve comprehensive certifications for all locations that together generate 90 percent of sales.

Bossard is currently in the process of calculating its emissions and pinpointing its biggest sources. The first findings already provide a strong indication where emission reductions are possible and business unit budgets have been reviewed accordingly. Data on energy and resource consumption, waste volumes and associated greenhouse gas emissions is also systematically reported via the internal data portal. All sustainability related data will lead to the implementation of targets and reduction pathways with defined measures. While Bossard has already identified key levers to reduce its internal energy consumption, group-wide coordination will accelerate efficiency gains.

Further, Bossard is committed to designing and adapting its locations to maximize energy and resource efficiency. To determine the effectiveness of Bossard's approach to energy and greenhouse gas emissions management, KPIs were defined in 2022. The Group also tracks its EcoVadis rating (see page 50) with a view to continuously improve. Additional measures are being worked on including a specially programmed app that will collect data and analyze it using internally programmed business intelligence reports for monitoring and comparison purposes. This portal, which is undergoing further development, fosters transparency and enables Bossard to better set future goals.

As a distributor, Bossard's main challenge is decreasing its scope 3 emissions. Here, the Group is dependent on the support of its competitors and suppliers to stimulate industrial change. Making the positive impact of Bossard's solutions more visible will also add to market competitiveness and help the business better capitalize on its many achievements in this area. The measures to reduce our emissions are currently being evaluated concerning a possible commitment to the Science Based Targets Initiative (SBTI).

**Bossard takes
its environmental
responsibilities
seriously.**

KEY FIGURES: ENVIRONMENT

Energy in MWh ¹⁾	2021
Energy consumption	19,863
thereof renewable	2,367
Electricity consumption	9,714
thereof renewable	2,037
District heating	330
Heating fuels	3,084
Oil	22
Gas	3,062
LPG/propane	-
Wood	-
Motor fuels	6,735
Diesel	5,441
Petrol	1,294
LPG/propane	-

Greenhouse gas emissions tCO ₂ e ¹⁾	2021
Total emissions (scope 1 & 2)	5,879
Scope 1²⁾	2,421
Oil	6
Gas	621
Diesel	1,465
Petrol/LPG	329
Scope 2³⁾	3,458
Electricity	3,402
District heating	56

1) The greenhouse gas inventory was calculated in line with WRI/WBCSD Greenhouse Gas Protocol guidelines.

2) Scope 1: Emissions from fuels and combustibles.

3) Scope 2: Emissions arising from the production of electricity and district heating purchased by the business units. Emissions factors used: current versions of IEA and DEFRA.

1) The energy consumption figures include all business units with more than five full time equivalents. Business units with five or fewer full time equivalents are not included due to their relatively low influence on energy consumption. Acquisitions in the corresponding reporting year are not included.

REDUCED FOOTPRINT

Waste management

Bossard promotes circular economy to reduce its resource and materials consumption and minimizes waste. Alongside the Group's work to cut emissions, the circular economy mitigates negative impacts on the environment. Most waste is generated on the supply side of Bossard's value chain in the manufacturing of its products. Through innovation, the Group is positively contributing to its suppliers' waste reduction efforts and benefiting its customers.

Competitive advantage is also gained through the provision of circular products and solutions. Aside from meeting increasing customer demand, Bossard's work at the forefront of this area consolidates its reputation as an innovation leader. Tackling wrong purchases and unsold goods as well as improved packaging is also essential to minimize waste.

Bossard collects waste data on a business unit-level, in connection with the Group's sustainability goals. Reviewing this data will generate insights how to further reduce waste. Bossard has a good picture of its current waste output and is in the process of implementing internal reduction strategies.

KEY FIGURES: ENVIRONMENT

Waste in t ¹⁾	2021
Non-hazardous waste ²⁾	1,547.8
Incineration or landfill	489.0
Recycling	1,058.8
Hazardous waste	2.7

- 1) The figures for non-hazardous and hazardous waste include all business units in with more than five full time equivalents. Business units with five or less than five full time equivalents are not included because of their relatively low impact on waste. The business units from Bossard America are excluded from this data collection. Acquisitions in the corresponding reporting year are not included.
- 2) Some of the non-hazardous waste data of three European business units were estimated. The data quality will be improved in next years in cooperation with these business units.

Sustainability drive in Bossard's packaging

As a distributor, Bossard relies on efficient and secure packaging to meet the requirements of its customers. By starting a group-wide project, the Group strives to sustainably improve packaging and the respective processes. Bossard Germany has made its packaging more sustainable, which has a substantial impact due to the large warehouse in Illerrieden.

By increasing the recycled content of cardboard to at least 86 percent across all sizes and the content of regranulated raw material to almost 100 percent for the new flat bags, more than 1.1 tons of CO₂ can be saved per year. This switch was even cost-neutral. In addition, Bossard Germany is also considering changes in stretch films and filling paper in order to be able to reduce even more carbon emissions.



Sustainable packaging: the new cardboard boxes with increased recycled content at Bossard Germany

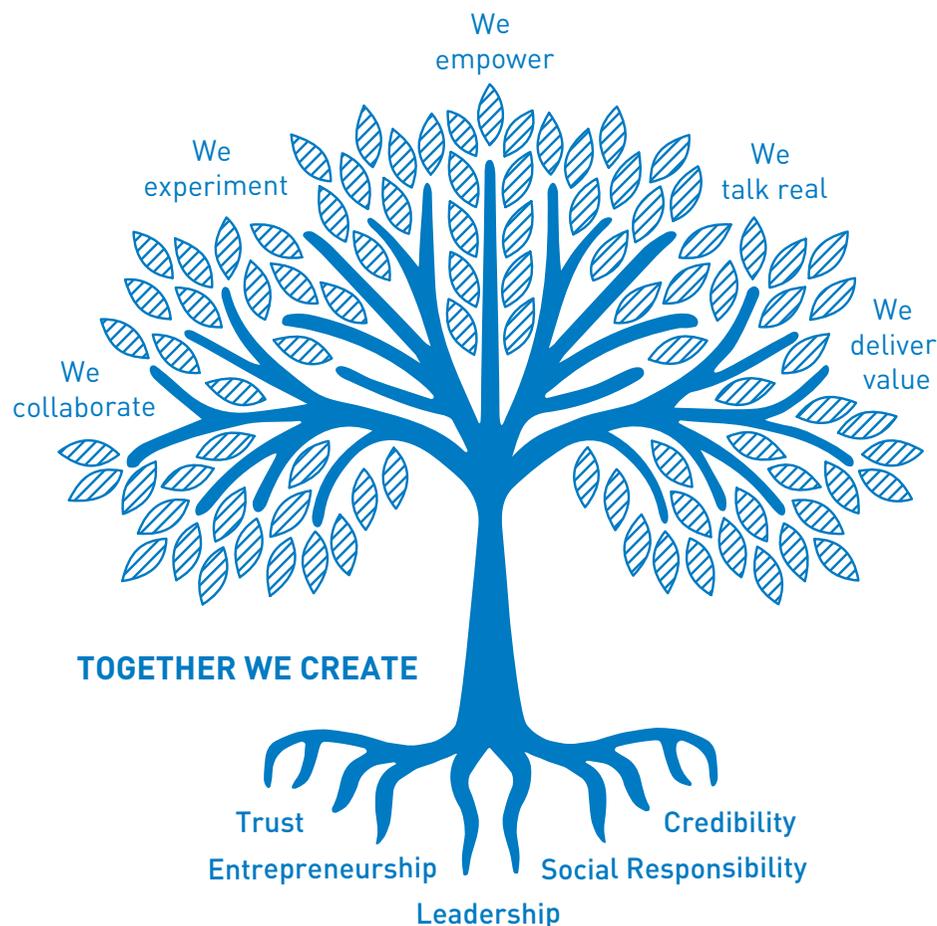
EMPOWERED PEOPLE

Employee development

At Bossard, empowering employees is paramount. All activities and initiatives revolve around strengthening Bossard’s employees’ sense of belonging and giving them opportunities and space to leverage their full potential within Bossard’s corporate culture.

Bossard believes in continuous professional development, and correspondingly offers formal and informal training and development programs. This enables employees to realize their full potential and adds value to the business. In particular, the programs not only contribute to employee satisfaction and wellbeing, but also are key for reducing employee turnover, knowledge retention and attracting new talent – overall, strengthening the workforce. Opportunities for upskilling are offered through designated projects, coaching and job enrichment. Employees learn competencies, such as conflict management and communication, which additionally benefits society in a wider sense.

Bossard’s approach to professional development centers on the values of creativity, empowerment, and collaboration. Employees’ ideas are heard and acted upon, ultimately fueling internal innovation and collective problem-solving. A corporate culture revolving around strengthening employee competencies also stimulates the Group’s productivity and accelerated growth.



Bossard’s corporate culture: Bossard’s corporate culture is represented by a tree with five values as its roots and five guiding principles as its branches.

A global initiative to unlock employee potential

In order to accelerate growth at Bossard, the Group wants to support engaged employees to use their full potential. Therefore, Bossard started a leadership development program for the Group by offering courses that are in line with the Group's five guiding principles (we experiment, we collaborate, we empower, we talk real and we deliver value). The courses were accessible globally, as well as locally hosted by the business units under the same umbrella concept. In these courses, Bossard's top 80 leaders sharpened skills such as coaching, conflict management, change and remote leadership, and facilitation. Hogan assessments as well as direct 1:1 conversations with Bossard's VP People & Organization gave each leader a clear trajectory of how to improve from every angle.



Bossard Leadership Conference: Bossard's leadership team

A Bossard-specific talent ecosystem is currently being developed. Externally, the ecosystem will enable the Group to manifest competitive skills and diversify positions into multiple roles for employees. Internally, it will result in personalized professional development with an emphasis on offering more advancement opportunities within the Group. Not only does this align with employee demand, but tackles increasing labor market pressures.

The ecosystem will be a transparent process to instigate all employees to proactively shape their career however individualized. Directly, there will be longer and more diverse succession planning lists where internal candidates are flagged earlier. In addition to the on-going overarching transformations related to employee development, the topic is embedded into everyday projects. Bossard equips its leaders with change capabilities through training and on-the-job coaching. Learning culture is fostered through co-creative workshops during which employees share their opinions on the Group's change roadmap and jointly decide new challenges. For instance, employees were encouraged throughout 2022 to sign up to open enrollment courses, ranging from short 20-minute formats to five-month programs, that were in line with Bossard's five guiding principles. The courses, built on interviews, e-learning and small workshops, were accessible globally with complimentary input from local units. The initiative unified corporate culture at Bossard, while devolving freedom and responsibility to its units.

EMPOWERED PEOPLE

Attractive employer

Bossard realizes that being an attractive employer and amplifying this perception is vital to securing its goals. The Group seeks to continuously boost employee satisfaction through economic situation, health and education.

Becoming a more attractive employer will bring in new talent with different ideas that will drive innovation and market competitiveness. It will also retain expertise within its current workforce. Overall, employee satisfaction fosters commitment, which initiates a positive spiral for success.

KEY FIGURES: EMPLOYEES

Composition of workforce ^{1) 2)}

	Unit	2022			2021		
		Total	Female	Male	Total	Female	Male
Workforce by employment contract							
Permanent	HC	2,819	985	1,834	n/a	n/a	n/a
Temporary (agency/lease workers)	HC	27	n/a	n/a	n/a	n/a	n/a
Workforce by employment type							
FTE total (full time equivalent)	FTE	2,769	n/a	n/a	2,549	n/a	n/a
Employees total ³⁾	HC	2,819	985	1,834	2,601	899	1,702
Full time	HC	2,604	863	1,741	2,443	801	1,642
Part time ⁴⁾	HC	215	122	93	158	98	60
Number of apprentices/trainees/interns	HC	114	n/a	n/a	70	n/a	n/a
Workforce by age							
< 30 years	HC	465	170	295	450	190	260
30-50 years	HC	1,645	615	1,030	1,475	519	956
> 50 years	HC	709	200	509	676	190	486
Management							
Employees in management positions	HC	373	79	294	366	76	290
Other							
Qualification dialogues/annual appraisals ⁵⁾	No.	2,115	n/a	n/a	2,244	n/a	n/a
Pulse checks or employee satisfaction surveys done on unit level	No.	272	n/a	n/a	n/a	n/a	n/a

1) The HR figures include all business units with more than five full time equivalents. Business units with five or fewer full time equivalents as well as acquisitions in the corresponding reporting year are not included.

2) The consolidated data collection was expanded in the reporting year 2022. In 2021, some of the data were not yet collected in a globally consolidated manner.

3) This value is inclusive of apprentices, trainees and interns and exclusive agency/lease workers.

4) All employees working less than 90 percent or 90 percent.

5) Excluding apprentices and trainees, business units and employees with long-term absences. In such cases, individual conversations and reviews take place that are adapted accordingly to the case.

Today's working world is complex and dynamic. Bossard and its employees need to adapt to unprecedented challenges presented through increased globalization, digitalization and networking. Therefore, it is essential to attract the right talent with a growth mindset to better move the Group forward. Every touchpoint with candidates and employees shapes Bossard's employer brand and consequently its ability to hire and retain the best workforce.

Hires & fluctuation in HC ^{1) 2)}	2022				2021		
	Entries	Natural departures	All departures	Fluctuation rate ⁵⁾	Entries	Departures	Fluctuation rate ³⁾
Total	581	134	411	9.8%	n/a	331	12.7%
Total by gender							
Male	361	84	260	9.6%	n/a	n/a	n/a
Female	220	50	151	10.3%	n/a	n/a	n/a
Total by age ⁴⁾							
< 30 years	197	32	116	19.6%	n/a	n/a	n/a
30-50 years	307	59	197	8.7%	n/a	n/a	n/a
> 50 years	74	43	77	5.3%	n/a	n/a	n/a
Total by region							
Europe	342	57	252	12.7%	n/a	177	12.9%
America	139	74	91	3.8%	n/a	98	22.1%
Asia	100	3	68	7.9%	n/a	56	7.2%

- 1) The consolidated data collection was expanded in the reporting year 2022. In 2021, some of the data were not yet collected in a globally consolidated manner.
- 2) The figures for hires and fluctuation include all business units with more than five full-time equivalents. Business units with five or fewer full-time equivalents as well as acquisitions in the corresponding reporting year are not included.
- 3) All departures in relation to the average number of employees in the reporting year. The calculation includes all departures, no distinction was made between natural departures, retirements and terminations by employees or Bossard.
- 4) Two European business units are not included in entries by age and fluctuation by age, as these data were not collected in these units.
- 5) For the calculation of the fluctuation rate 2022, the number of employees as of December 31, 2022 was taken.

Part of Bossard's Strategy 200 is to release the full potential of its employees worldwide and, hence, aspire to be one of the most inspiring companies to work for. With the overarching goal of attracting passionate, focused talents to the Group and motivating current employees to act as ambassadors, Bossard outlined its employer branding vision in 2022:

- Make Bossard the employer of choice
- Strengthen Bossard's brand recognition
- Promote Bossard's five guiding principles
- Position Bossard as a sustainable, inclusive, innovative, and secure employer
- Strengthen the identification of existing employees with Bossard

To further this vision, Bossard ensures transparent recruitment processes. The filling of positions is based on internal guidelines, professional criteria and job descriptions. Market-driven remuneration consists of a fixed salary component and various performance-related compensation systems that allow employees to participate in the Group's success on a local level.

As ambassadors, upholding Bossard's Code of Conduct is the responsibility of all employees. Employees receive training on the Code of Conduct, which is also enforced at management level, to promote its correct and seamless integration group-wide. Violations against the Code of Conduct are reviewed internally and sanctioned if necessary. If an employee suspects misconduct, they can contact the supervisors, local management, the executive committee, the HR or use the new integrity line that will be introduced by the beginning of 2023.

One of Bossard's biggest strengths is its corporate culture, which was multiple times verified in local or regional employee satisfaction surveys and in competing for awards, such as, the Swiss Employer Award. The revision of the Group's business strategy in 2021 enhances the role of its employees. Bossard wants to include its employees to an even greater degree in the business development by recognizing their ideas and concerns within the framework of its various initiatives. External communication of Bossard's established working culture remains a key challenge for the Group's employer branding vision.

The goal is to release the full potential of all employees.

EMPOWERED PEOPLE

Diversity, equity, and inclusion

Bossard acts to guarantee equal opportunities for all its employees regardless of origin, gender, age, religion, sexual orientation, physical ability, etc. The Group promotes diversity and inclusion, contributing to the elimination of discrimination and positively impacting social stability at Bossard and within society at large. Bossard is an international organization with a multicultural workforce and, as such, respect for one another at all times is essential. We are not aware of any incidents of discrimination in 2022.

Fostering diversity, equity, and inclusion is not only right and directly benefits the business, but is also one of Bossard's core values. As an inclusive employer, the Group seeks to create an environment where every employee is accepted and empowered to contribute to Bossard's success. Bossard needs the collective potential and all voices to be heard for innovation and continuous growth. To stakeholders, the Group wants to be an exemplary business partner and continue to make progress in this area.

Bossard ensures equal work is remunerated with equal pay by analyzing compliance. For example, in 2021 an equal pay analysis was carried out at Bossard's headquarters in Zug, Switzerland. An independent and certified auditor confirmed the applicable rules regarding equal pay between men and women were being complied in accordance with the gender equality act.

A group-wide diversity, equity and inclusion strategy is currently being developed involving input from employees based around the world. Geographically determined hack teams will analyze Bossard's HR data and define regional action plans. Additionally, Bossard is planning to implement consolidated actions on group level. By focusing on the following practices Bossard drives its diversity, equity, and inclusion strategy forward:

Work environment/structures

Bossard wants to examine its internal framework conditions such as policies, Code of Conduct, flex work and similar and adapt them where necessary in order to establish an inclusive working environment.

Recruiting initiatives

In order to approach the right people, the Group needs to screen the recruitment processes and make them inclusive by means of gender-neutral language, adapted documents, and the like.

Managerial involvement

The Group's management shall be involved in a first step. The management has to act as role model and promote the process: Clear expectations and guidelines shall support this.

Mentoring and sponsorship

Bossard evaluates implementing mentoring and sponsorship program within our organization especially for minority groups to unleash the potential of its talents.

The imminent roll-out of the diversity, equity and inclusion strategy will require a united effort from every employee. Bossard is currently increasing understanding among all its workforce as to the necessity of such a strategy. The diversity, equity, and inclusion strategy will roll-out in the second quarter of 2023.

EMPOWERED PEOPLE

Wellbeing and safety

Bossard places great emphasis on the physical and mental wellbeing of its employees and takes every appropriate measure to ensure their health and safety at all times. This enables the Group's employees to carry out their work responsibly in a highly engaged manner with a willingness to deliver value. It further strengthens the workforce, minimizing risks and absenteeism rates. Such an approach also helps in the recruitment of new talents.

In-house health management initiatives have led to the creation of long-term secure workplaces supportive of a positive work-life balance. Employees are encouraged to participate in local events such as charitable runs or to cycle to work. These events promote the health of the Group's employees but also have wider social, economic and ecological benefits for the communities in which Bossard operates. Similarly, working from home and flex work schemes were integrated in 2021. As Bossard is a devolved organization, health and safety committees, task forces and trainings are carried out at business unit-level. For example, in Zug an online course on safety at work was administered in 2022. Units operate individually, however, benefits such as supplementary insurances, internal fitness offers and facilities, external social counseling, case management, and similar are routinely offered.

KEY FIGURES: OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety ¹⁾	Unit	2022	2021
Total effective hours worked ²⁾	Hours	4,511,382	n/a
Total absences ³⁾	Hours	157,237	84,399
Absence rate	%	2.8 ⁴⁾	2.0 ⁵⁾
Absences due to illness	Hours	152,648	72,106
Absences due to accidents at work	Hours	4,627	6,566
Number of fatalities at work	No.	0	0

- 1) The occupational health and safety figures include all business units with more than five full time equivalents. Business units with five or fewer full time equivalents as well as acquisitions in the corresponding reporting year are not included.
- 2) In the 2021 annual report, only the contractually agreed target working hours were listed. In the 2022 annual report, the effective hours worked are reported; these include all hours worked, including overtime.
- 3) Excl. vacation and other absences not related to illness or accidents.
- 4) For the calculation of the absenteeism rate, the approach suggested by GRI of 2,000 hours per one FTE was used.
- 5) For the calculation of the absence rate 2021 the reported target working hours were used.

Alongside its new Code of Conduct, Bossard will launch a whistleblowing process for employees in early 2023. The Integrity Line will include the implementation of whistleblowing software licensed from a third party to guarantee confidentiality if desired. Further an internal campaign will be launched to raise employees' awareness of tool's availability. The initiative is underlined by a policy to protect involved parties and define how reported cases are investigated, and, if needed, sanctioned. Concerns about the working situations can also be reported to human resources directly.

Remote and hybrid working offer a number of advantages and new opportunities, however, the reduction of personal contact flags a possible challenge in identifying employees who need more support with their physical or mental health. Therefore, Bossard is working to better educate employees on these topics.

FAIR PARTNERSHIP

Responsible supply chain management

Bossard's close to 4,700 strong supplier network is of great strategic importance in delivering unique solutions to its customers. The Group considers environmental and social criteria, including due diligence on human rights and the avoidance of child, forced or compulsory labor, in awarding contracts and procurement.

The Group's efforts to advance its corporate responsibility influences industry standards and more generally leads to a positive development of sustainability in the respective organizations, companies and industries. As a minimum, fulfillment of regulatory requirements minimizes indirect risks for Bossard and enables the Group to reduce its carbon footprint. However, being a first-mover in this environmental, social and governance area also gains at least short-term competitive advantage thereby strengthening Bossard's position as a supplier to multi-national companies and in the longer term ensures healthy global growth.

Bossard will continue to expand in the coming years. Integrating new locations and building up its supplier network present challenges, especially for sustainability. In line with the Supplier Code of Conduct, the Group's suppliers are required to verify a high degree of environmental protection in their procurement, manufacturing and transport activities or to guarantee compliance with internationally recognized environmental management systems. As such, Bossard can raise further awareness on climate related topics among its stakeholders. The Group will place even greater emphasis on qualitative and quantitative sustainability aspects in future internal investment processes. Furthermore, acceptance to Bossard's supplier network is based on strict quality criteria. Beside adherence to the Supplier Code of Conduct, a new supplier is subject to multiple selection steps. These include factory audits which gather information on production environment, manufacturing processes, machinery and employee expertise. In 2022, Bossard improved its renowned sustainability rating and supplier portal of the company EcoVadis. To reinforce quality standards, the Group's own quality management systems are ISO 9001 certified and a total of 16 certified testing laboratories worldwide vouch for Bossard's products and solutions.

Three out of four Bossard's most significant long-term suppliers (representing 65 percent of purchasing volume) have signed Bossard's Supplier Code of Conduct. Bossard's goal is to cover approximately 80 percent of its purchasing volume from signatories of the Supplier Code of Conduct. The code was refined in 2022 to reflect the new structure of the Group's supplier network and further strengthen sustainability aspects. Bossard reserves the right to conduct reviews without prior notice. Should partners, or potential partners, not comply with mandatory social and environmental standards, Bossard will dissolve the relationship.

Bossard's supplier network incorporates Europe, America and Asia, and is monitored through the Group's supplier relationship management (SRM) platform. In addition to the Supplier Code of Conduct, supply chain management policies, audits, risk management criteria and an extensive supplier evaluation process, Bossard expects adherence to several laws and regulations, such as REACH/RoHS and the Dodd Franck Act among others. Suppliers provide up-to-date certification in the SRM tool.

Bossard regularly screens its suppliers for upholding laws and regulations, i. e. human rights and child labor. As a result of this screening processes, several suppliers were blocklisted in 2022. Blocklisting occurs if the supplier is not behaving in accordance with Bossard's requirements or the agreement. It involves a universal blocking within the Group's accounting and enterprise resource planning (ERP) system to prevent the Group doing further business with the supplier in question. On the topic of child or forced labor, there were no incidents reported in 2022 at Bossard.

An important achievement in Bossard's commitment to corporate responsibility was the launch of the aforementioned SRM system in October 2022. The tool clarified the Group's processes, enhancing its ESG, quality and risk management requirements for its supply chain. With the SRM system, Bossard is able to control, follow up and develop its supplier network, mitigating expansion challenges. For example, since the introduction of the new system, 21 suppliers have completed the ESG self assessment.

Looking forward, Bossard is preparing for the introduction of more regulations, such as the supply chain act and Carbon Border Adjustment Mechanism (CBAM). Despite the Group's rigorous supply chain management, Bossard expects bigger challenges with greater associated risks in the future and foresees more complex solutions will be needed to promote responsible business growth.

“
**Fair Partnership
 revolves around
 integrity and
 reputation.**”

FAIR PARTNERSHIP

Integrity

Integrity, respect and fairness are core values at Bossard pervasive throughout all its relationships and activities. Moreover, they represent the foundation of its partnerships worldwide. Upholding these fundamental values is how, for decades, Bossard has won the trust of its customers, employees and stakeholders.

Anchoring integrity into the fabric of the organization ensures accountability and safeguards, contributing to the fight against corruption and anti-competitive behavior. Ethical business management is not only imperative for compliance with local laws and regulations but also secures long-term growth by avoiding penalties or reputational damage. Further, placing integrity at the core of all Bossard's operations is an important part of being an attractive employer.

Bossard's suppliers are central to its ambition to exercise and strengthen its corporate responsibility. The Supplier Code of Conduct, which follows the 10 principles of the United Nations Global Compact (UNGC), mandates the Group's requirements with regard to corruption and bribery, environmental protection and human and labor rights including safety standards and the prohibition of child and forced labor. In addition to expecting all suppliers to comply with regulations, many important suppliers have signed Bossard's Supplier Code of Conduct and the Group is actively working to achieve universal cooperation. Suppliers are audited or complete a self-assessment to check adherence to the Supplier Code of Conduct.

Internally, a new Code of Conduct drafted by employees for employees was launched in 2022. The new Code of Conduct integrates Bossard's guiding principles into its operations. Employees have been introduced to the new Code of Conduct through online training, which is available in 13 languages. To ensure it is properly understood and lived by, a campaign was also showcasing chapters of the new Code of Conduct to employees on a monthly basis.

Under the slogan, "See something, say something!," the Group encourages all employees to be vigilant and report any violation of integrity. To better equip employees in this endeavor, a new whistleblowing line will be implemented in 2023. The tool, available through Bossard's intranet, transmits reports to the Group's legal department and cases are handled by the Group General Counsel, Senior Legal Counsel and Senior ESG Project Lead. Further members of the management, subject matter experts as well as third parties will be brought in as required. A policy ensures there is no retaliation for making a report, and confidential reporting is possible. The tool is aligned to data privacy laws. A campaign is planned to make the Integrity Line and its features more prominent across the Group. Bossard investigates the extension of the service to include suppliers and third parties. Violations are investigated and, if necessary, disciplinary measures are taken. Moreover, Bossard actively asks its business units to supply information on whether there has been an integrity related incident every year.

To cement Bossard's standing as a role model in the industry, ethical business practices and partnerships are essential. Its Codes of Conduct additionally outline its expectations regarding conflicts of interest, fair competition, conflict materials, human rights and child labor as well as environmental issues. Similarly, the Group enforces its moral grounding on the topics of financial risks and compensation. In 2022, Bossard conducted checks regarding conflict minerals. Furthermore, an analysis was made into which countries the Group operates could raise potential risks of human rights violations and follow-up measures are being looked into.

Bossard tracks and manages its integrity strategy through KPIs and audits. The Group is a member of the European Fastener Distributor Association (EFDA), with its VP Supply Chain Management as the current president. The EFDA raises awareness of upcoming issues in

countries or compliance risks. This aids Bossard's own internal global control system and risk assessment that flags potential integrity issues to enable a prompt response. Internal financial audits are routinely carried out and Code of Conduct topics spot-checked. The Group's legal department along with local business units monitor applicable laws and regulations.

In 2022, Bossard was made aware of a breach of the Code of Conduct involving certain employees. As the result of an internal investigation, appropriate disciplinary actions have been taken against the employees involved. In the reporting year, there were no reported complaints or legal proceedings based on anti-competitive behavior, cartel and/or monopoly formation. Further, there are no known violations against any environmental, economic or social laws or regulations.

**Integrity, respect
and fairness are core
values at Bossard.**

FAIR PARTNERSHIP

Community engagement

Bossard is committed to positively affecting the local communities in which it operates, most notably by promoting wellbeing and socio-economic development. The Group works with civil organizations to better engage on a community level and initiatives are pursued locally.

Particularly, Bossard utilizes community engagement to embed its values across the entire value chain and support the economy, society and the environment where its employees live and work. Bossard observes that this commitment has contributed to employee satisfaction and motivation. Community engagement, whether through sponsoring, donating or volunteering, is an important part of Bossard's corporate culture and being an attractive employer.

Bossard's business units are encouraged to champion social issues and sustainability projects within the context of community engagement. The Group evaluates the implementation of local volunteering days and various donations are made to organizations embodying Bossard's values.

For example, at the annual general meeting of shareholders 2021 the decision was taken to make charitable donations instead of shareholder giveaways in the future. Regardless of doing business in the affected regions, Bossard was committed to counteracting global crises in 2022. Generally, Bossard prefers to sponsor or donate to smaller organizations or projects where there is a clear connection between the financing and benefit.

In order to analyze Bossard's level of community engagement, the Group collects information annually on what engagement activities have taken place in the local communities Bossard operates in. Additionally, money spent globally on donations and sponsoring is tracked. As certain community engagements become increasingly political, the projects and organizations to be supported must be carefully selected to ensure that they are in line with Bossard's values.



Race for the Ukraine: Impressions from the time when the Group collected kilometers for the good cause.

Blue Hearts Embassy – Hearty Foundation

A special highlight of community engagement in 2022 is the "Help for the Ukraine" initiative. Started by Bossard Poland, useful donations were sent to selected organizations to support refugees in Poland and in the Ukraine. The entire Group joined the business unit's efforts. In addition, the Group launched in conjunction with Bossard Poland another initiative where colleagues could race kilometers to raise money. Altogether, more than 20,000 km were raced and CHF 100,000 collected and donated to the Hearty Foundation. The foundation creates a learning space for Ukrainian refugees in

Poland. Bossard strongly believes that together with the Hearty Foundation the Group has created a comprehensive project that is strongly connected with its guiding principles and corporate values. Bossard places great emphasis on it and hopes it will improve the quality of life of Ukrainian refugees in Poland.

GRI CONTENT INDEX

General Disclosures

Bossard has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022. For the Content Index-Essentials Service, GRI Services reviewed that the GRI Content Index is clearly presented, in a manner consistent with the standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. The GRI Content Index – Essentials Service was carried out on the English version of the report.

The sustainability report in accordance with GRI is approved by the board of directors and will be published as the “Sustainability” section of the Bossard annual report on the March 1, 2023.

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CONTENT INDEX ESSENTIALS SERVICE

2023

GRI Standard	Disclosure	Location ¹⁾	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 1: Foundation 2021					
GRI 2: General Disclosures 2021					
The organization and its reporting practices					
GRI 2: General Disclosures 2021	2-1 Organizational Details	p. 62			
	2-2 Entities included in the organization’s sustainability reporting	p. 135–136			
	2-3 Reporting period, frequency and contact point	p. 55			
	2-4 Restatements of information	No restatements of information			
	2-5 External assurance	No external assurance			
Activities and workers					
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	p. 13–14			
	2-7 Employees	p. 45			
	2-8 Workers who are not employees	p. 45			

1) Location refers to the Bossard Group’s Annual Report 2022.

Table continued on next page →

GRI Standard	Disclosure	Location ¹⁾	Omission		
			Requirement(s) omitted	Reason	Explanation
Governance					
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	p. 66–70, 77–80			
	2-10 Nomination and selection of the highest governance body	p. 67			
	2-11 Chair of the highest governance body	p. 66			
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 28			
	2-13 Delegation of responsibility for managing impacts	p. 28			
	2-14 Role of the highest governance body in sustainability reporting	p. 55			
	2-15 Conflicts of interest	p. 77, 81			
	2-16 Communication of critical concerns	p. 28			
	2-17 Collective knowledge of the highest governance body	p. 69			
	2-18 Evaluation of the performance of the highest governance body	p. 96–97			
	2-19 Remuneration policies	p. 94–96			
	2-20 Process to determine remuneration	p. 96			
	2-21 Annual total compensation ration		Annual total compensation ratio	Data not yet available	Data management system will be expanded
Strategy, policies and practices					
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	p. 8			
	2-23 Policy commitments	p. 47, 50, 52			
	2-24 Embedding policy commitments	p. 47, 50			
	2-25 Processes to remediate negative impacts	p. 30			
	2-26 Mechanisms for seeking advice and raising concerns	p. 49			
	2-27 Compliance with laws and regulations	p. 53			
	2-28 Membership associations	p. 53			
	Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	p. 8, 24			
	2-30 Collective bargaining agreements		Collective bargaining agreements	Data not yet available	Data management system will be expanded

1) Location refers to the Bossard Group's Annual Report 2022.

GRI CONTENT INDEX

Material Topics

GRI Standard	Disclosure	Location ¹⁾	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3: Material Topics 2021					
Materiality assessment and list of material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 25			
GRI 3: Material Topics 2021	3-2 List of material topics	p. 26			
Sustainable and Profitable Growth					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 31			
GRI 201: Economic Performance-2016	201-1 Direct economic value generated and distributed	p. 117, 124, 127, 128			
Customer Loyalty					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 33-34			
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 35			
Sustainable Product and Service Solutions					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 36-37			
Energy and Greenhouse Gas Emissions Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 38-39			
GRI 302: Energy-2016	302-1 Energy consumption within the organization	p. 40			
	302-2 Energy consumption outside of the organization	p. 39			
	302-4 Reduction of energy consumption	p. 38			
GRI 305: Emissions-2016	305-1 Direct (Scope 1) GHG emissions	p. 40			
	305-2 Energy indirect (Scope 2) GHG emissions	p. 40			
Waste Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 41			
GRI 306: Waste-2020	306-1 Waste generation and significant waste-related impacts	p. 41			
	306-2 Management of significant waste-related impacts	p. 41			
	306-3 Waste generated	p. 41			

1) Location refers to the Bossard Group's Annual Report 2022.

GRI Standard	Disclosure	Location ¹⁾	Omission		
			Requirement(s) omitted	Reason	Explanation
Employee Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 43-44			
GRI 404: Training and Education-2016	404-1 Average hours of training per year per employee	p. 45			
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 45			
Attractive Employer					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 45-47			
GRI 401: Employment-2016	404-1 New employee hires and employee turnover	p. 46			
Diversity, Equity, and Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 48			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 28			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 48			
Wellbeing and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 49			
GRI 403: Occupational Health and Safety-2018	403-1 Occupational health and safety management system	p. 49			
	403-2 Hazard identification, risk assessment, and incident investigation	p. 49			
	403-3 Occupational health services	p. 49			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 49			
	403-5 Worker training on occupational health and safety	p. 49			
	403-6 Promotion of worker health	p. 49			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 49			
	403-8 Workers covered by an occupational health and safety management system	p. 49			
	403-10 Work-related ill health	p. 49			

1) Location refers to the Bossard Group's Annual Report 2022.

GRI Standard	Disclosure	Location ¹⁾	Omission		
			Requirement(s) omitted	Reason	Explanation
Responsible Supply Chain Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 50–51			
GRI 308: Supplier Environmental Assessment-2016	308-1 New suppliers that were screened using environmental criteria	p. 51			
GRI 408: Child Labor-2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 53			
GRI 409: Forced or Compulsory Labor-2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 53			
GRI 414: Supplier Social Assessment-2016	414-1 New suppliers that were screened using social criteria	p. 51			
Integrity					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 52–53			
GRI 206: Anti-competitive Behavior-2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 53			
Community Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 54			
GRI 203: Indirect Economic Impacts-2016	203-2 Significant indirect economic impacts	p. 54			
GRI 413: Local Communities-2016	413-1 Operations with local community engagement, impact assessments, and development programs	p. 54			

1) Location refers to the Bossard Group's Annual Report 2022.



Corporate Governance

This corporate governance report describes the organizational structure of the Bossard Group. The report contains information on the allocation of duties within the board of directors and its committees as well as further information on the individual members.



AT A GLANCE

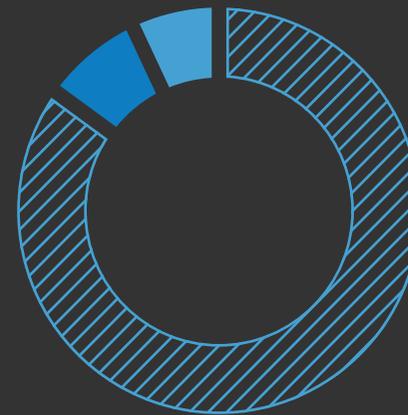
Corporate Governance

Market capitalization

as of reporting date, in CHF million

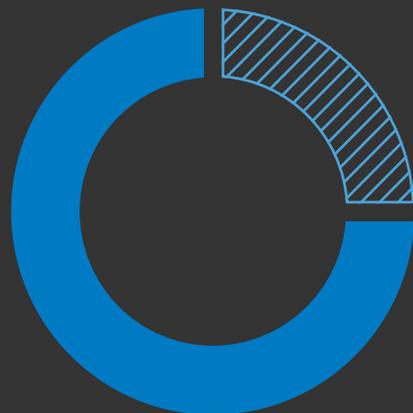
1,538

Shares by country



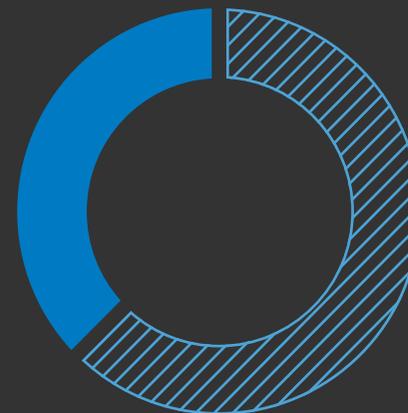
- Switzerland (85%)
- Great Britain (8%)
- Other countries (7%)

Gender board of directors



- Women (25%)
- Men (75%)

Independence board of directors



- Independent/non-executive (62.5%)
- Independent/non-executive/proposed by majority voting rights shareholder (37.5%)

CORPORATE GOVERNANCE

About corporate management

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

The organizational structure of the Bossard Group is based on clear delimitation of tasks, competencies and responsibilities between the board of directors and the executive committee. The functions of the chair of the board of directors and 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 on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange. Unless otherwise indicated, all information applies as of December 31, 2022. The principles and rules on corporate governance are set out in the rules and regulations of Bossard Holding AG, namely 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 resolutions of the board of directors. The rules are regularly reviewed by the board of directors and adapted to current requirements (articles of association most recently in 2022, OBR most recently in 2021 and regulations of the board’s committees most recently in 2015).

The Bossard Group is currently amending its articles of association based on the revision of the company law entering into force in 2023. At the annual general meeting of shareholders 2024, the board of directors will propose the respective revision of the articles of association. Necessary amendments with regard to the compensation in connection with the revision of the company law have already been implemented through approval of the revision of the articles of association on the annual general meeting of shareholders on April 11, 2022.

Group structure and shareholders

Group structure

Bossard Holding AG, the parent company of the Bossard Group, is a limited 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 holds a direct or indirect interest in the companies listed in note 28 of the financial report. Bossard Holding AG (Swiss securities no. 23862714, ISIN CH0238627142/BOSN) is listed on the SIX Swiss Exchange. Its stock market capitalization as of December 31, 2022 was CHF 1,537.7 million (2021: CHF 2,529.2 million). The Group’s structure aims to provide the best possible 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 in

industrial fastening technology and generates its entire revenue in this market segment. Further information regarding the Group structure is set out in the notes to the financial report, namely on pages 120 and 127.

Significant shareholders

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.ser-ag.com/en/home/publications/significant-shareholders.html

The following shareholders held more than 3 percent of the total voting rights in Bossard Holding AG as of December 31, 2022:

The Kolin Group – a shareholder group as per article 120seq. of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) – consisting of Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, owns 56.3 percent (2021: 56.3 percent) of total voting rights and 27.8 percent (2021: 27.8 percent) of capital entitled to dividend (with notification on September 7, 2022 due to change in the information subject to the obligation to notify). Kolin Holding AG is wholly controlled by the Bossard families. The individual members (shareholders) of the

Bossard families are published on the electronic publication platform of SIX Swiss Exchange.

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.

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 of December 31, 2022.

Cross-shareholdings

There are no cross-shareholdings with other companies.

Changes in the articles of association

The board of directors proposed a revision of the articles of association to the annual general meeting of shareholders on April 11, 2022, namely the revision of article 11, article 36, article 37, article 38, article 42 and article 51 and the deletion of article 39 and article 40.

Next to some necessary amendments with regard to the compensation in connection with the revision of the company law (the Code of Obligations), which come into force in 2023, in material terms, the articles of association were amended as follows (remaining amendments are of a purely formal nature):

- The mechanism for compensation of the CEO and the members of the executive committee has been adjusted.
- As before, the CEO and members of the executive committee will receive a fixed compensation (paid in the form of cash or A shares).
- The variable compensation will now be divided into a “Short-Term Incentive” (STI) and a “Long-Term Incentive” (LTI). The short-term oriented compensation may consist of a bonus in cash or A shares. The long-term oriented compensation may be paid by means of allocations of A share options, expectancies (including RSUs) or similar financial instruments.
- The short-term and long-term variable compensation for the CEO, is calculated and measured on the basis of the performance of the Group as well as the individual, qualitative performance of the CEO (discretionary components).
- The short-term and long-term variable compensation for the other members of the group management is calculated and determined on the basis of the performance of the Group and/or the company and/or business units and/or market regions, as well as the individual, qualitative performance of each member (discretionary components).

The detailed wording of each of the provisions were outlined in an appendix to the invitation to the annual general meeting of shareholders. The annual general meeting of shareholders approved the above changes through revision of the articles of association on April 11, 2022.

The Protocol of the 49th annual general meeting of shareholders (in German) can be accessed via the following link:

www.bossard.com/en/about-us/investor-relations/annual-shareholders-meeting/

Capital structure

Share capital

As of December 31, 2022 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 291,867 registered A shares (2021: 291,867) in reserve. These reserve shares can be used for management participation plans, acquisitions or other purposes in the interest of the company and 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

There were no changes in capital in the last three years.

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 in. 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 of December 31, 2022, Bossard Holding AG held 303,559 own registered A shares (including the 291,867 reserve shares mentioned under authorized and conditional capital) that represent 2.265 percent of the total shares of Bossard Holding AG. 11,692 (0.087 percent) of these shares are held by Bossard Holding AG as sales positions related to grants made under its management participation plan. For further details, please refer to the compensation report and notes 11 and 15 of the financial report.

Number of registered A shares at December 31, 2022:

Number of registered A shares	Number of registered shareholders	Shares in %
1–100	4,394	3.2
101–1,000	3,003	14.2
1,001–10,000	343	14.5
10,001–100,000	50	16.7
> 100,000	7	26.0
Total registered shareholders/shares	7,797	74.6
Non-registered shares		25.4
Total		100.0

Number of holders of registered A shares at December 31, 2022:

	Shareholders in %	Shares in %
Individual entities	93.0	33.4
Legal entities	7.0	66.6
Total	100.0	100.0

Registered A shares by country at December 31, 2022:

	Shareholders in %	Shares in %
Switzerland	95.4	84.5
Great Britain	0.3	7.9
Germany	2.1	1.5
USA	0.3	1.4
Luxembourg	0.1	1.3
Other countries	1.8	3.4
Total	100.0	100.0

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 if the acquirer does not inform the board of directors in writing at its first request that she or he is acquiring the shares concerned in her or his own name and for her or his own account. Furthermore, the board of directors may refuse its approval if it offers to the seller or acquirer of the registered B shares that it will acquire these shares for the account of the company, other shareholders or third parties for at least their actual value at the time the request was made (article 8 of the articles of association). If there is good reason to do so, the board of directors may grant exceptions to these rules (no exceptions have been granted in the reporting year 2022). 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). For the incorporation or tightening of transferability restrictions, at least two-thirds of the votes represented and an absolute majority of the represented nominal share value are required for a decision. These provisions also apply for registered B shares, which are acquired (subscribed) by the exercise of subscription, option or conversion rights, and for the establishment of usufruct of registered B shares.

Nominee registrations

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

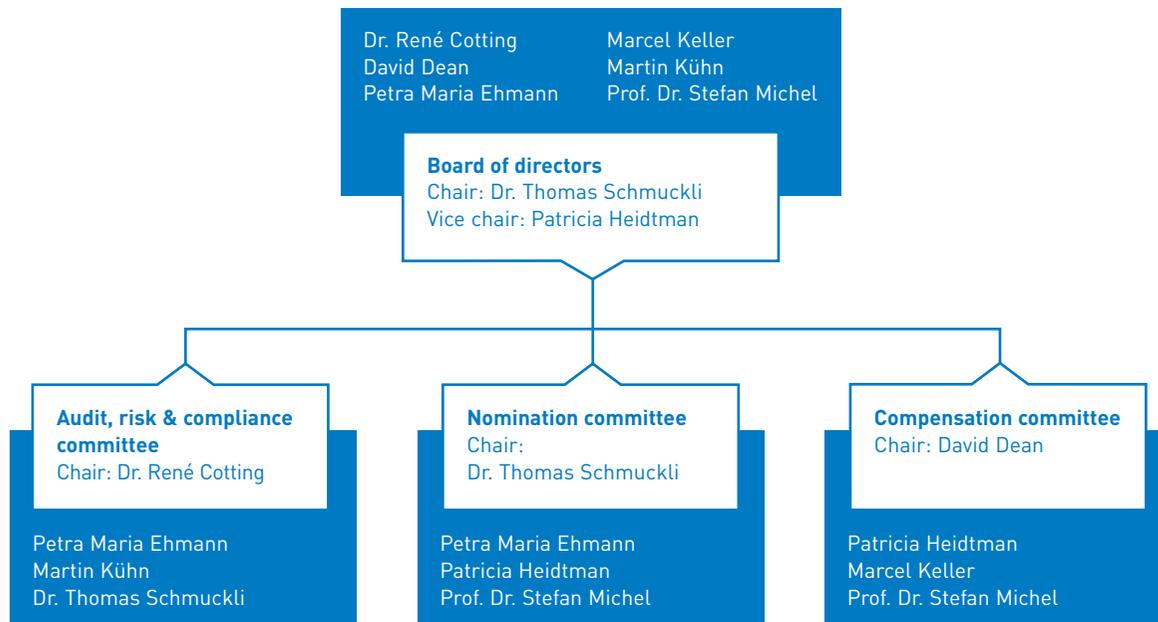
Up to a registration limit of 0.5 percent of the total number of registered A shares entered in the commercial register, anyone who does not expressly state that she or he is acting on her or his own account shall be acknowledged as being a nominee with voting rights. Beyond this registration limit, anyone who makes known to Bossard Holding AG the name, address and/or registered office of the person for whose account she or he 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. The board of directors makes the necessary arrangements for the acknowledgment and registration of acquirers of registered A shares, and particularly also of nominees. These provisions also apply to registered A shares that have been acquired by exercising subscription, option or conversion rights as well as to the creation of rights of usufruct to registered A shares.

Outstanding bonds and options

Bossard Holding AG currently has no bonds or convertible bonds outstanding. Information on conditional rights to receive registered A shares of Bossard Holding AG (outstanding options respectively Restricted Stock Units/RSUs) according to the management participation plan that is offered to selected members of the management of the Bossard Group is disclosed in section 6 of the compensation report and in note 15 of the financial report. Further detailed information can be accessed on the electronic publication platform of the SIX Swiss Exchange via the following link:

www.ser-ag.com/en/home/publications/significant-shareholders.html

Board of directors



Members of the board of directors

As of December 31, 2022, the board of directors of Bossard Holding AG consisted of eight non-executive members. David Dean was CEO of the Bossard Group from 2005 to April 2019. None of the other members of the board of directors belonged to the executive committee in the past.

The board of directors had the following members as of December 31, 2022:

Name	Function	Appointed
Dr. Thomas Schmuckli	Chair	2007
Patricia Heidtman	Vice chair	2021
Dr. René Cotting	Member	2015
	Repr. of registered	
David Dean	A shares	2019
Petra Maria Ehmann	Member	2021
Marcel Keller	Member	2021
Martin Kühn	Member	2018
Prof. Dr. Stefan Michel	Member	2011

As per ad hoc announcement pursuant to Article 53 LR as of October 31, 2022, of Bossard Group announced that Prof. Dr. Stefan Michel and Dr. René Cotting will not be standing for re-election to the board of directors of Bossard Holding AG. The board of directors is nominating Prof. Dr. Ina Toegel for election at the upcoming annual general meeting of shareholders on April 17, 2023.

Other activities and vested interests

Dr. Thomas Schmuckli, Patricia Heidtman and Martin Kühn were proposed for election by the majority voting rights shareholder, Kolin Holding AG, Zug, and were elected to the board of directors of Bossard Holding AG. Dr. Thomas Schmuckli is a member of the Bossard family, which has 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 71 to 76 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, including his function for the company, at the same time take on a maximum of ten mandates, whereby chairmanships count as two mandates. A maximum of four mandates may be in listed companies. 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. The actual number of additional mandates are listed on pages 71 to 76.

Elections and terms of office

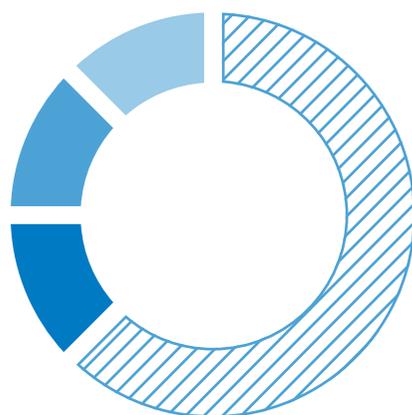
According to the articles of association, the board of directors consists of five to nine members. The chair of the board of directors and the other members of the board of directors are elected by the annual general meeting of shareholders for a period of one year (until the next ordinary annual general meeting of shareholders). Members are elected on an individual basis. The annual general meeting of shareholders also elects the chair of the board of directors. There are no statutory limits to the term of office; members may be re-elected. According to the OBR, however, a member of the board of directors shall offer to step down at the annual general meeting of shareholders following her or his 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. In 2022, David Dean was re-elected as the representative of the holders of registered A shares; holders of registered B shares with voting rights did not take part in this election. As a rule, the majority of the 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 reporting year 2022.

The following table shows the year in which each member was first elected to the board of directors as well as their function as of December 31, 2022:

Name	Function	First elected
Dr. Thomas Schmuckli	Chair ¹⁾	2000
Prof. Dr. Stefan Michel	Member ²⁾	2011
Dr. René Cotting	Member ³⁾	2015
Martin Kühn	Member ⁴⁾	2018
	Repr. of registered	
David Dean	A shares ⁵⁾	2019
Patricia Heidtman	Vice chair ⁶⁾	2019
Petra Maria Ehmann	Member ⁷⁾	2021
Marcel Keller	Member ⁸⁾	2021

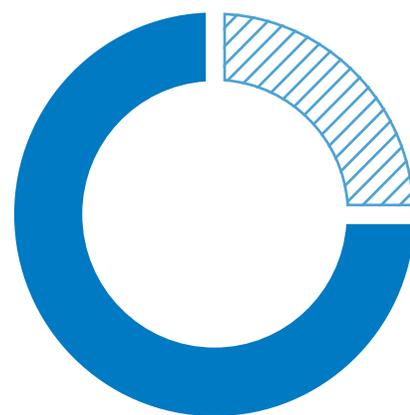
- 1) Chair of the nomination committee (NC), member of the audit, risk & compliance committee (ARCC)
- 2) Member of the compensation committee (CC), member of the NC
- 3) Chair of the ARCC
- 4) Member of the ARCC
- 5) Chair of the CC
- 6) Member of the CC, member of the NC
- 7) Member of the NC, member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

Term



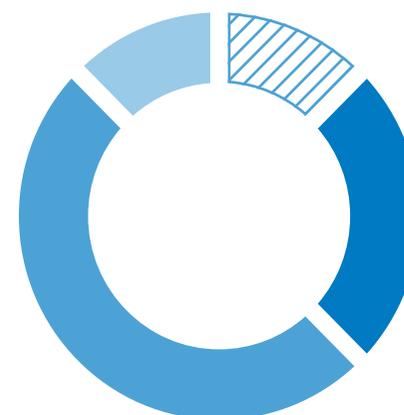
- < 5 years (62.5%)
- 5 to 8 years (12.5%)
- 9 to 12 years (12.5%)
- > 12 years (12.5%)

Gender



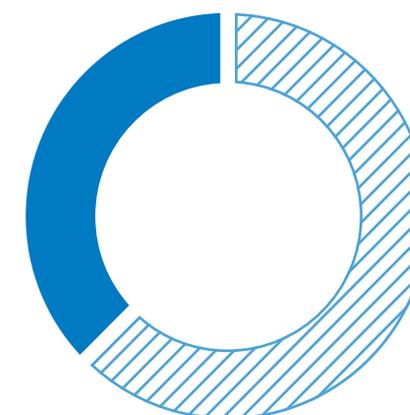
- Women (25%)
- Men (75%)

Age



- 30 to 40 years (12.5%)
- 41 to 50 years (25%)
- 51 to 60 years (50%)
- 61 to 70 years (12.5%)

Independence



- Independent/non-executive (62.5%)
- Independent/non-executive/proposed by majority voting rights shareholder (37.5%)

Diversity and independence

The board of directors ensures that its composition fulfills criteria of diversity and independence as well as that the required skills are available for a critical exchange of ideas.

Competence matrix

	Executive experience	Finance, audit, risk management	Compliance, regulatory, legal	Capital markets, M&A	Core industry experience	Transferable expertise in related industries	International business experience	Digitalization, technology	Strategy, business transformation	HR, compensation	Board governance	Sustainability
Dr. Thomas Schmuckli	x	x	x	x	x	x	x		x	x	x	x
Patricia Heidtman	x				x	x	x	x	x	x	x	x
Dr. René Cotting	x	x	x	x	x	x	x	x	x		x	x
David Dean	x	x		x	x	x	x		x	x	x	
Petra Maria Ehmann						x	x	x	x			x
Marcel Keller	x					x	x		x		x	
Martin Kühn	x	x	x	x			x		x		x	
Prof. Dr. Stefan Michel						x	x	x	x	x	x	

Internal organization

Allocation of duties within the board of directors

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

The board of directors has the following non-transferable and inalienable main tasks (article 23 of the articles of association):

- ultimate direction of the company, namely establishing the goals and policy, defining the resources available for same and the priorities, and issuing the instructions required for implementation
- determining the organizational structure
- defining finance and accounting as well as financial planning and control
- appointing and dismissing the CEO and other members of the executive committee and adopting provisions governing authorized signatories
- maintaining ultimate supervision of the CEO and other members of the executive committee
- exercising rights of participation from and to shareholdings/investments

- drawing up the annual report and the compensation report, preparing the annual general meeting of shareholders and implementing its resolutions
- notifying the judge in the event of excessive indebtedness
- adopting resolutions on subsequent payment of capital with respect to not fully paid-up shares
- adopting resolutions regarding the approval of capital increases and the resulting amendments to the articles of association

Committees

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

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

These committees prepare specific topics for discussion by the board of directors. The overall integral 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. 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 to 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 chair 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/

Continued on page 77

Board of directors



Dr. Thomas Schmuckli-Grob (1963)

Swiss citizen

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

Professional background

Dr. Thomas Schmuckli-Grob currently works as a professional board member. Between 1993 and 2013, he held various management positions in the General Counsel division of Credit Suisse Group, primarily for M&A, Corporate & Institutional Clients and Asset Management, in Zurich. From 2000 to 2005, he was Head of Process and Product Management at Zuger Kantonalbank.

Educational background

- Degree in law (LLB and LLD), University of Fribourg, Fribourg, Switzerland
- Accredited lawyer and notary, Zug, Switzerland
- Management studies, University of Zurich, Zurich, Switzerland
- Further studies in the fields of strategy, leadership, board of directors; and leading a family office, IMD, Lausanne, Switzerland
- Further studies in the fields of strategy and strategy development, HSG, St. Gallen, Switzerland
- Further studies in the field of finance, University of Zurich, Zurich, Switzerland

Other activities and vested interests

- Member of the board of directors, Hans Oetiker Holding AG, Horgen, Switzerland
- Chair of the board of directors, Helvetia Holding AG and two subsidiaries, Basel/St. Gallen, Switzerland



Patricia Heidtman (1973)

Dual Swiss-US citizen

- Vice chair of the board of directors since 2021
- Member of the compensation committee since 2019
- Member of the nomination committee since 2019
- Member of the board of directors since 2019

Professional background

Patricia Heidtman is working for SIKA since her studies and is a member of the SIKA group management since 2021 as the Chief Innovation and Sustainability Officer. From 2017 to 2021 she led the research & development team for thermoplastic systems in Sarnen, Switzerland. Prior to this, Patricia Heidtman spent around 14 years in the USA, most recently as Head of Innovation Management for products, processes and developments for the automotive industry.

Educational background

- Master of Science, ETH Zurich, Zurich, Switzerland
- Executive education, London Business School, Lucerne, Switzerland
- Executive education, IMD, Lausanne, Switzerland



Dr. René Cotting (1970)

Swiss citizen

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

Professional background

Dr. René Cotting is since May 2021 CFO of Smartenergy Group, an investor, developer and operator of large solar, wind and green hydrogen plants, and is acting in this function as mandated CFO of the stocklisted (SIX) Edisun Power. From 1995 until April 2021 he has held various positions in Switzerland and abroad for the ABB Group. From 2013 until the end of May 2017, he was CFO of ABB Switzerland. On March 1, 2017, he was named Head of Operation, Innovation and R&D for the ABB Group and Chairman of ABB Technology Ventures. In the course of his professional activities, René Cotting gained experience in emerging markets, in particular in India, China and Poland.

Educational background

- Degree in economics, social sciences and doctorate, University of Fribourg, Fribourg, Switzerland
- Further studies in the fields of strategy, finance, controlling and corporate management, IMD, Lausanne, Switzerland
- Further studies in the field of driving corporate performance, Harvard Business School, Boston, USA
- Further studies in the field of business marketing strategy, Kellogg School of Management Northwestern University, Evanston, USA
- Further studies in the field of Artificial Intelligence – Implications for Business Strategies, MIT Massachusetts Institute of Technology, Cambridge, USA
- Further studies in the field of venture capital, Wharton Business School, San Francisco, USA

Other activities and vested interests

- Member of the board of directors, CCI Cotting Consulting AG, Tafers, Switzerland
- Member of the board of directors, Patria Genossenschaft, Basel, Switzerland
- Member of the board of directors, Edisun Power Schweiz AG, Zurich, Switzerland



David Dean (1959)

Swiss citizen

- Representative for holders of registered A shares since 2020
- Chair of the compensation committee since 2019
- Member of the board of directors since 2019

Professional background

David Dean currently works as a professional board member. He was CEO of the Bossard Group from 2005 to 2019. From 1998 to 2004, he served as CFO of Bossard Group and has been with Bossard since 1992. Between 1990 and 1992, he was a 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 management functions in auditing and business consulting. In the course of his professional activities, David Dean gained experience in emerging markets, in particular in India, China, Malaysia, Thailand, Taiwan and South Korea.

Educational background

- Swiss certified management accountant/controller, AKAD Business, Zurich, Switzerland
- Swiss certified public accountant, Expertsuisse, Zurich, Switzerland
- Executive education, Harvard Business School, Boston, USA
- Executive education, IMD, Lausanne, Switzerland

Other activities and vested interests

- Member of the board of directors, Komax Holding AG, Dierikon, Switzerland
- Member of the board of directors, Burckhardt Compression Holding AG, Winterthur, Switzerland
- Member of the board of directors, Haag-Streit Holding AG, Köniz, Switzerland
- Member of the board of directors, Brugg Group AG, Brugg, Switzerland



Petra Maria Ehmann (1985)

German citizen

- Member of the nomination committee since 2021
- Member of the audit, risk & compliance committee since 2021
- Member of the board of directors since 2021

Professional background

Petra Maria Ehmann joined Ringier in 2022 as Chief Innovation Officer and member of the extended Group Executive Board. From 2018 to 2022, she worked at Google as global lead for product partnerships for the innovation technology Augmented Reality. From 2016 to 2018, she drove new business development for Google Advertising & Commerce in EMEA and prior to that for Google Maps and Google Finance for EMEA and APAC. From 2012, Petra Maria Ehmann worked as Head of Business Intelligence at the internet startup Kekanto in Sao Paulo, Brazil. Prior to that she worked as a Senior Business Analyst at A.T. Kearney. From 2008 to 2009 she gained her first work experience at Bosch in steel supply in Toluca, Mexico, and at Hilti in lean warehouse logistics in Shanghai, China.

Educational background

- Bachelor of Science in mechanical engineering, ETH Zurich, Zurich, Switzerland
- Master of Science in management science and engineering, Stanford University, Palo Alto, USA

Other activities and vested interests

- Member of the board of trustees, Swiss Science Center Technorama, Winterthur, Switzerland



Marcel Keller (1968)

Swiss citizen

- Member of the compensation committee since 2021
- Member of the board of directors since 2021

Professional background

Marcel Keller is a member of the executive board of Vorwerk International, Wollerau, since 2018 and responsible for digital transformation and Group IT as well as for the markets in North America and Asia with a focus on China. From 2001 to 2018, he held various management positions at Hewlett Packard, most recently as COO and VP Strategy, Planning and Operations at Hewlett Packard Enterprise Technology Services in Palo Alto, USA.

Educational background

- Business degree, KV Business School Zurich, Zurich, Switzerland

Other activities and vested interests

- Member of the board, Vorwerk International & Co. KmG, Wollerau, Switzerland
- Chair of the board of directors, Vorwerk Household Appliances Manufacturing (Shanghai) Co., Ltd., Shanghai, China
- Chair of the board of directors, Vorwerk Household Appliances Co., Ltd., Shanghai, China



Martin Kühn (1976)

Swiss citizen

- Member of the audit, risk & compliance committee since 2018
- Member of the board of directors since 2018

Professional background

Since 2010 Martin Kühn is working for the KIBAG Group in Zurich, since 2014 as CFO and member of the executive committee. He is responsible for finance, ICT, human resources, real estate, KIBAG Marina and the technical services of the construction and building materials company. From 2002 to 2010, he had been employed at PricewaterhouseCoopers AG national and international as an auditor and M&A consultant for industrial clients. Prior to that, he worked two years for UBS.

Educational background

- Business economist FH, University of Applied Sciences St. Gallen, St. Gallen, Switzerland
- Swiss certified public accountant, Academy of Public Accountants, Zurich, Switzerland

Other activities and vested interests

- Member of the board of directors, Kannewischer Ingenieurbüro AG, Cham, Switzerland
- Chair of the board of directors, Windlin AG, Zurich, Switzerland
- Member of the foundation board, pension fund KIBAG Group, Zurich, Switzerland
- Member of the foundation board, employee foundation KIBAG Group, Zurich, Switzerland
- Member of the audit commission, Bürgergemeinde Zug, Zug, Switzerland



Prof. Dr. Stefan Michel (1967)

Swiss citizen

- Member of the compensation committee since 2021
- Member of the nomination committee since 2015
- Member of the board of directors since 2011

Professional background

Prof. Dr. Stefan Michel is a professor for strategy and marketing at 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, Zurich, Switzerland

Other activities and vested interests

- Member of the foundation board (school representative), IMD, Lausanne, Switzerland
- Chair of the foundation board, Swiss Association for Marketing GfM, Zurich, Switzerland
- Member of the board of directors, Peka Systeme AG, Mosen, Switzerland
- Owner, Business School Press AG, Zug, Switzerland

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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 are convened by providing written justification to the chair of the board of directors. The duration of board and committee meetings depends on the respective agenda. In 2022, a total of six full-day board meetings were held (one of those meetings was held virtually), as well as a three-day retreat. The board of directors holds a retreat once a year, which lasts several days and is used for analyzing the strategic risk/opportunities mix and for fundamentally reviewing the strategy. In 2022, the retreat took place in Boston, USA. Thereby, the board of directors was intensively discussing with representatives of the executive committee and the top management of Bossard America the market of North America as well as the implementation of strategic initiatives in North America. Further, the organizational development of the Bossard Group was discussed.

Board of directors	Function	Participation 2022	Participation 2022 in %
Dr. Thomas Schmuckli	Chair	7/7	100
Patricia Heidtman	Vice chair	7/7	100
Dr. René Cotting	Member	7/7	100
	Repr. registered		
David Dean	A shares	7/7	100
Petra Maria Ehmann	Member	7/7	100
Marcel Keller	Member	6/7	86
Martin Kühn	Member	7/7	100
Prof. Dr. Stefan Michel	Member	7/7	100

The chair 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 chair to add further items to the agenda. The meeting is presided by the chair of the board or, in his absence, by the vice chair. 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 chair 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 chair 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, employees or third parties to attend meetings.

The chair, 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.

The nomination committee dealt intensively with the composition of the board of directors at its ordinary meeting in March 2022 and initiated the search for a new board member. The board of directors regularly discusses the relevance of the items on the agenda, the form and content of the discussions, and the quality of the documentation and information provided. After the self-evaluation in March 2021, the board of directors will conduct another comprehensive self-evaluation at its meeting in March 2023.

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 of shareholders until completion of the next ordinary annual general meeting of shareholders. As of December 31, 2022, the members of the ARCC were Dr. René Cotting (chair), Petra Maria Ehmann, Martin Kühn and Dr. Thomas Schmuckli. The ARCC meets at least three times per year: in 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 chair of the board of directors (unless she or he is already a member of the ARCC), the CFO, the Head of Group Controlling 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 2022, the ARCC held five meetings (two of those meetings were held virtually). On average, the meetings lasted half a day.

Audit, risk & compliance committee	Function	Participation 2022	Participation 2022 in %
Dr. René Cotting	Chair	5/5	100
Petra Maria Ehmann	Member	5/5	100
Martin Kühn	Member	5/5	100
Dr. Thomas Schmuckli	Member	5/5	100

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 and the internal audit, 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.

The board of directors has drawn up in the rules and regulations of the audit, risk & compliance committee the detailed regulations on the areas of activity and competencies of the ARCC.

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 2022 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.

Restricted periods for trading shares

The board of directors implements processes to prevent insider trading. For the board of directors, the executive committee, the extended executive committee, the finance department of the Bossard Group, the senior management, which may come into possession of price-relevant information, as well as the Kolin Group, defined blocking periods apply regarding the trading with registered A shares of Bossard Holding AG. The trading window is closed for at least 14 trading days prior to the publication of the quarterly and half-yearly results for the aforementioned group of persons of Bossard Group. A longer blocking period applies from mid-December until the publication of the annual report (beginning of March). No exceptions were granted in the reporting year.

Nomination committee (NC)

The NC consists of at least three members elected by the board of directors from among its members, for a period of office lasting from one ordinary annual general meeting of shareholders until completion of the next ordinary annual general meeting of shareholders. A representative of the A shareholder group on the board of directors is entitled to a seat on the NC. As of December 31, 2022, the members of the NC were Dr. Thomas Schmuckli (chair), Petra Maria Ehmann, Patricia Heidtman and Prof. Dr. Stefan Michel. The NC meets as required, but at least twice a year. Normally also the CEO and the chair of the board of directors (unless she or he 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 2022, the NC met for five meetings (three of those meetings were held virtually); each of these meetings lasted on average three hours.

Nomination committee	Function	Participation 2022	Participation 2022 in %
Dr. Thomas Schmuckli	Chair	5/5	100
Petra Maria Ehmann	Member	5/5	100
Patricia Heidtman	Member	5/5	100
Prof. Dr. Stefan Michel	Member	5/5	100

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-election to the board of directors, the CEO and, in collaboration with the CEO, the other members of the executive committee
- supporting the board of directors in implementing selection processes for the nomination of candidates for the board of directors and, in collaboration with the CEO, the executive committee
- providing possible training to the board of directors in relation to its duties
- ensuring succession planning for members of the board of directors, the executive committee and, in collaboration with the CEO, the deputies on the executive committee

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

The board of directors has drawn up the detailed regulations on the areas of activity and competencies of the NC in the nomination committee regulations.

Compensation committee (CC)

The CC consists of at least three members of the board of directors individually elected as members of the CC by the annual general meeting of shareholders for a period of office until completion of the next ordinary annual general meeting of shareholders. Subject to election by the annual general meeting of shareholders, the representative of the A shareholder group on the board of directors is entitled to a seat on the CC. David Dean, Patricia Heidtman, Marcel Keller and Prof. Dr. Stefan Michel were re-elected to the CC at the annual general meeting of shareholders on April 11, 2022. The board of directors appointed David Dean as the chair of the CC. The CC meets as required, but at least twice a year. The members of the executive committee and other persons (internal or external) may be invited to attend the meetings, depending on the agenda. Normally, the CEO attends the meetings of the CC. The minutes of these meetings are circulated to all members of the board of directors and the CEO, as well as to those who attended the meeting. The CC also regularly reports to the board of directors at the latter's meetings on its activities and, at least once a year, in detail on the progress of the compensation process. In 2022, the CC held two meetings, each lasted on average half a day.

Compensation committee	Function	Participation 2022	Participation 2022 in %
David Dean	Chair	2/2	100
Patricia Heidtman	Member	2/2	100
Marcel Keller	Member	2/2	100
Prof. Dr. Stefan Michel	Member	2/2	100
Dr. Thomas Schmuckli	Guest/no voting rights	2/2	100

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

- developing the general remuneration principles and the remuneration system for the board of directors, the CEO and the other members of the executive committee for the board of directors to make a decision on
- developing the guidelines governing the structure of the occupational pension scheme for the CEO and the other members of the executive committee for the board of directors to make a decision on
- periodically reviewing the compensation system and proposing any necessary changes to the board of directors
- preparing the annual compensation report to be submitted to the board of directors for the annual general meeting of shareholders and, where applicable, preparing other reports as requested

- submitting proposals concerning the compensation of the individual members of the board of directors, the CEO and the other members of the executive committee
- checking and approving employment contracts as well as other agreements with members of the executive committee
- if the CC considers necessary, the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices

The board of directors has drawn up in the compensation committee regulations detailed regulations on the areas of activity and competencies of the CC.

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

Furthermore, the OBR lay down the procedures to be followed 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 concerning 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/

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 submit an annual report to the board of directors. The internal audit is functionally integrated in Group Controlling and directly reports to the chair of the ARCC with regard to its activities.

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

This written report is supplemented at each board meeting by verbal reports from the executive committee. In special cases the CEO informs the board of directors about the specific issue promptly in writing and/or verbally. The chair 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 chair, individual transactions.

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Executive committee

Dr. Daniel Bossard (1970)

Swiss citizen

- Group CEO since 2019

Professional background

From 2009 to 2018, Dr. Daniel Bossard was CEO Northern and Eastern Europe. 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 Accenture (formerly Andersen Consulting).

Educational background

- Business administration degree and doctorate in technology management, University of St. Gallen, St. Gallen, Switzerland

Other activities and vested interests

- Member of the board of directors, Schweiter Technologies AG, Steinhausen, Switzerland



Stephan Zehnder (1965)

Swiss citizen

- Group CFO since 2005

Professional background

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

Educational background

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





Dr. Frank Hilgers (1966)

German citizen

- CEO Northern & Eastern Europe since 2019
- Group CCO since 2015

Professional background

Dr. Frank Hilgers has been CEO Northern and Eastern Europe since May 2019. Since 2015, he 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 responsible for 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 Corporate 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 headed major international projects at Accenture (formerly Andersen Consulting) 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, University of Stuttgart, Stuttgart, Germany
- Executive MBA (Accenture Program), Kellogg School of Management Northwestern University, Evanston, USA

Other activities and vested interests

- Member of the advisory board, enersis suisse AG, Bern, Switzerland



David Jones (1970)

Citizen of the USA

- CEO America since 2021

Professional background

From 2013 until 2020, David Jones was responsible for the global automotive business as part of the Sika Group. Prior to that, from 2010 to 2013, he managed the industry- and automotive business in North America for Sika Corporation. From 2004 to 2010, David Jones served as a Key Account Manager and later as the Vice President of Engineering for Sika Corporation. While living in Switzerland, from 2000 to 2004, he was the Director of Engineering and Global Account Manager, supporting the integration of newly acquired automotive based business for Sika AG. Between 1995 and 2000, David Jones held positions as Project Manager & Key Account Manager for Sika Corporation and was a Release Engineer for General Motors in 1994.

Educational background

- Bachelor degree in Mechanical Engineering, Lawrence Technological University, Southfield, USA
- MBA, Ross School of Business, University of Michigan, Ann Arbor, USA
- Executive education, IMD, Lausanne, Switzerland



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

- Diploma in business administration, Thames Business School, Singapore, Singapore
- Diploma in mechanical engineering, Singapore Polytechnic, Singapore, Singapore
- MBA, Lee Kong Chian School of Business, Singapore, Singapore



Rolf Ritter (1969)

Dual Swiss-US citizen

- CSO M&A and Business Development since 2021

Professional background

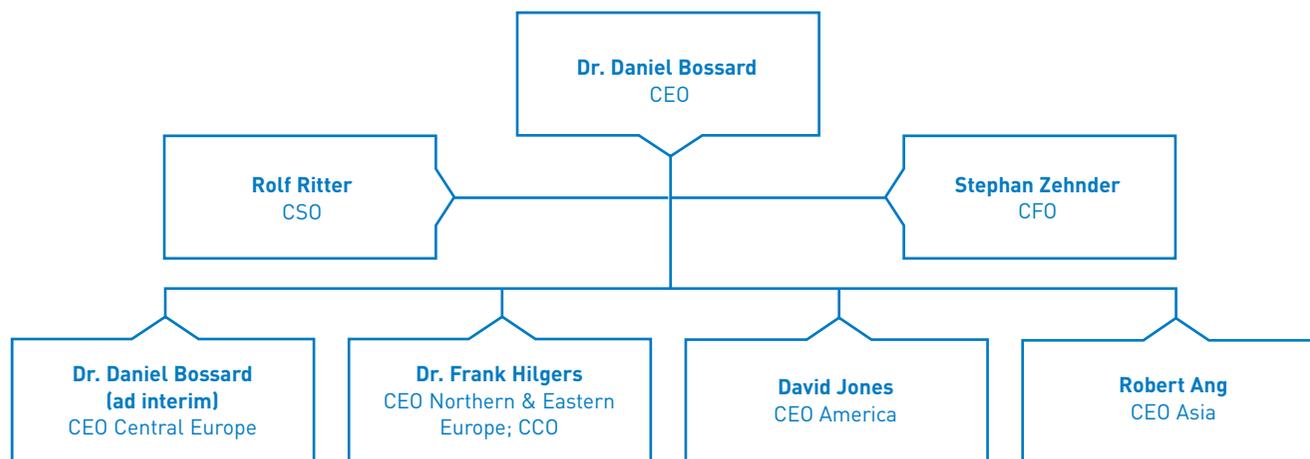
Rolf Ritter joined Bossard in January 2020 as VP of M&A and Business Development (Chief Strategy Officer). In 2014, he founded his own consulting company in Miami, USA, and started investing in tech startups and providing strategic M&A advice to various companies. In addition, Rolf Ritter taught an EMBA in Information Technology at Florida International University. From 2009 to 2014, he was CEO of BDT Media Automation GmbH, Rottweil, Germany, a global technology leader in data archiving with production facilities in Germany, Mexico, China and Singapore. Rolf Ritter joined Bossard in 2004 as General Manager at Bossard France after having worked as project manager and consultant for Volkswagen, Accenture and SIG in Mexico, Brazil, Germany and Switzerland.

Educational background

- Business administration degree, HSG, St. Gallen, Switzerland

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Executive committee



Members of the executive committee

The board of directors has delegated the management of the Group to the CEO. He is responsible for the Group’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 achieve the corporate objectives.

The executive committee had the following members as of December 31, 2022:

Name	Function	Joined Group	Appointed
Dr. Daniel Bossard	CEO, CEO Central Europe ad interim	2000	2019/2022
Stephan Zehnder	CFO	1996	2005
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2012	2019/2015
David Jones	CEO America	2021	2021
Robert Ang	CEO Asia	1997	2009
Rolf Ritter	CSO, M&A, business development	2020	2021

Beat Grob, CEO Central Europe, has left the Bossard Group at his own request at the end of April 2022 and Dr. Daniel Bossard has managed the region ad interim in a dual function as of May 1, 2022.

As per ad hoc announcement pursuant to Art. 53 LR as of October 31, 2022, Bossard Group informed that, as of January 1, 2023, Rolf Ritter is to take over the Central Europe region led by CEO Dr. Daniel Bossard on an interim basis, and Susan Salzbrenner to join the executive committee as VP People & Organization as of January 1, 2023.

Other activities and vested interests

The executive committee members do not perform any other activities outside the Bossard Group apart from the mandates listed on pages 82 to 84. 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 chair 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, alongside the function for the company, take on a maximum of five material mandates, with a maximum of one chairmanship, which counts as two mandates. A maximum of two out of these five mandates may be in listed companies. 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. The actual number of additional mandates are listed on pages 82 to 84.

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 (CO) and the articles of association. The articles of association are available on the Bossard website via the following link: www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/

Voting right restrictions and representation (articles 16 to 18 of articles of association)

Registered B shares are voting right shares. At the annual general meeting of shareholders each share registered with voting rights is entitled to one vote. The voting rights for registered A shares may be exercised by anyone entered in the share register as the owner or beneficiary. A shareholder entitled to vote can have her- or himself represented at the annual general meeting of shareholders by the independent proxy or by any other person with a written power of attorney. Legal representatives do not require a written power of attorney. In the invitation to the annual general meeting of shareholders, the board of

directors shall make known the date by which the shareholders may issue their powers of attorney and instructions to the independent proxy, including by electronic means. Shareholders can issue a special instruction to the independent proxy for each motion announced on the agenda sent out in the invitation.

Shareholders may issue general instructions to the independent proxy for other motions on agenda items proposed at the annual general meeting of shareholders as well as for motions for convening extraordinary general meetings without any agenda and the performance of a special audit. The independent proxy is obliged to exercise as instructed the voting rights that have been transferred to her or him by the shareholders. If she or he has not received any instructions, she or he shall abstain from voting.

The independent proxy keeps any instructions by the shareholders confidential until the annual general meeting of shareholders. Not earlier than three business days before the annual general meeting of shareholders, the independent proxy provides the board of directors with a general information of the received instructions.

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

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

Statutory quorum (article 19 of articles of association)

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

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

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

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

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

Convocation of the annual general meeting of shareholders (articles 12 and 13 of articles of association)

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

With the publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt/SOGC) of the request for items to be placed on the agenda as of February 15, 2023, the board of directors invites shareholders to submit any requests for items to be included on the agenda, together with the proposals formulated, by March 8, 2023.

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.

Inclusion of items on the agenda

Shareholders themselves or collectively representing shares with a nominal value of at least 0.75 percent of the share capital are entitled to have an item placed on the agenda. By publication in the Swiss Official Gazette of Commerce at least 20 calendar days before the publication of the invitation for the ordinary annual general meeting of shareholders, the board of directors requests the shareholders, that are fulfilling the mentioned requirements, to submit any items to be placed on the agenda with the respective motions within the time stated.

Entry in the share register (article 5 of articles of association)

The company keeps a share register in which owners and beneficiaries are inscribed with their names and addresses. The company must be notified of any change of address. Until this notification is received, all information for registered shareholders must be sent to the legally valid address entered in the share register.

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

Entry in the share register is subject to advance proof that ownership of the registered A shares was acquired or that usufruct has been granted (the conditions for transfer of ownership and the registration requirements for registered B shares are governed by articles 7 to 9 of the articles of association).

Shareholders are entered with voting rights if they expressly declare that the shares in question are held in their own name and for their own account. The company only recognizes a person as a shareholder or beneficiary if this person is registered as such in the share register.

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

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

Changes of control and defense measures

Duty to make an offer

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

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 control 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 of Bossard Holding AG since 1986 and audits the annual financial statements and the consolidated financial statements. In 2021, Bossard Holding AG tendered the audit mandate. During the objective review, great importance was set to both, the criteria for ensuring independent, competent, and critical auditing activities as well as open communication with the ARCC. After this review and in-depth analysis by the ARCC, it was decided to maintain PricewaterhouseCoopers AG as the statutory auditor and propose PricewaterhouseCoopers AG for election as auditor to the shareholders at the annual general meeting of shareholders. The statutory auditors are elected by the annual general meeting of shareholders for a term of one year.

The auditor in charge is replaced at least every seven years. Appointed in 2021, Thomas Wallmer, Swiss certified public accountant, continued to carry out his duties in the position of the auditor in charge in 2022 and has been responsible for the audit mandate.

Fees for the statutory auditor

In the financial year 2022, PricewaterhouseCoopers AG received fees of CHF 680,712 (2021: CHF 764,003) for auditing services, CHF 22,649 (2021: CHF 19,848) for tax consulting and CHF 142,126 (2021: CHF 101,498) for other consulting services.

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 matters. 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 statements. The committee annually reviews the scope of the audit, the audit 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 related 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 the Bossard’s stakeholders can form an accurate picture of how the business is developing.
- Relevance: to avoid a flood of information, Bossard focuses on data that is relevant for the company’s stakeholders in terms of content and timing, is necessary for supervisory purposes or is required by law.

The Group publishes relevant information on its business operations using a number of channels, including the annual report, interim reports and press releases. The company also keeps its stakeholders informed by means of press conferences and meetings with analysts and via the annual general meeting of shareholders. Bossard plans to hold a Capital Markets Day every two to three years (most recently in 2021). The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

List of key dates in 2023:

Meeting for financial analysts & media conference	
Publication Annual Report 2022	March 1, 2023
Annual general meeting	April 17, 2023
Publication of sales results	
1st quarter 2023	April 17, 2023
Publication of Semi-Annual Report 2023	July 20, 2023
Publication of sales results	
3rd quarter 2023	October 12, 2023
Publication of sales results 2023	January 12, 2024

Bossard maintains contact with representatives of the capital market via media conferences, meetings with analysts and roadshows. Bossard 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 (www.bossard.com/en/about-us/news-and-press-releases/).

Further, shareholders can subscribe on the Bossard website (www.bossard.com/en/about-us/investor-relations/subscription-press-releases/) to Bossard announcements, press releases and ad hoc publications. All Bossard publications can be ordered by e-mailing investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, 6300 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 executive committee of Bossard Holding AG. The report also provides details on the compensation awarded to those two bodies in the financial year 2022.

The compensation report has been prepared in compliance with the provisions of the Swiss Code of Obligations (CO), the Directive on Information relating to Corporate Governance (DCG) of SIX Swiss Exchange and the principles of the “Swiss Code of Best Practice for Corporate Governance” of [economiesuisse](#).

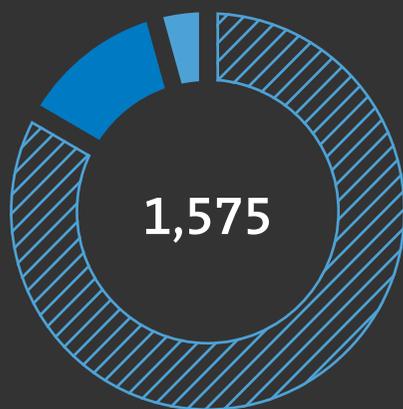


AT A GLANCE

Compensations

Compensation of board of directors 2022

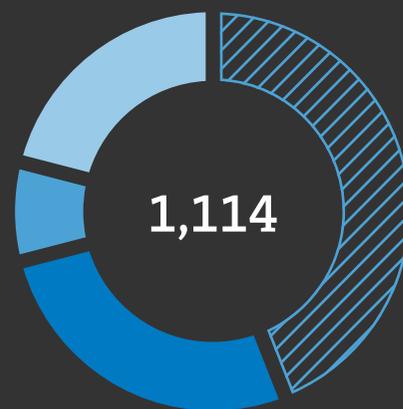
in CHF 1,000



- Fixed compensation
- Social costs
- Expense allowance

Compensation of CEO 2022

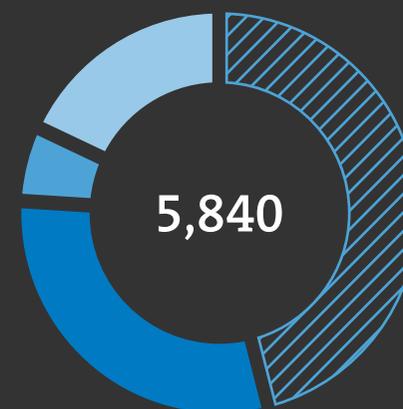
in CHF 1,000



- Fixed compensation
- Variable compensation - short-term incentive (STI)
- Variable compensation - long-term incentive (LTI)
- Social costs and other benefits

Compensation of executive committee 2022

in CHF 1,000



- Fixed compensation
- Variable compensation - short-term incentive (STI)
- Variable compensation - long-term incentive (LTI)
- Social costs and other benefits

COMPENSATION REPORT

Compensation of the board of directors and the executive committee

The compensation report contains information on the compensation policy, the compensation programs and the procedure for determining the compensation of the board of directors and the executive committee of the Bossard Group. The report also contains information on the compensation for these two bodies in the financial year 2022.

Necessary amendments with regard to the compensation in connection with the revision of the company law, which came into force on January 1, 2023, were approved at the annual general meeting of shareholders 2022 and have come into effect as of May 1, 2022.

Compensation of the board of directors

The compensation of the board of directors for the period from the annual general meeting of shareholders 2021 until the next annual general meeting of shareholders 2022 is below the approved maximum compensation amount:

Time period of compensation	Approved compensation	Effective compensation
2021–2022	CHF 1,600,000	CHF 1,574,711
2022–2023	CHF 1,800,000	n/a ¹⁾

1) The compensation period has not yet ended. The final amount will be disclosed in the compensation report for financial year 2023.

Compensation of the executive committee

The compensation granted to the executive committee for 2022 is below the maximum compensation approved by the annual general meeting of shareholders 2022:

Time period of compensation	Approved compensation	Effective compensation
2022	CHF 7,000,000	CHF 5,839,975

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 between management and shareholders' interests through the remuneration of part of the compensation in the form of shares or share-based compensation.
Balanced system	There is a healthy balance between fixed and variable performance-based compensation (no excessive leverage of variable compensation, capped at 100 percent of fixed compensation) for the executive committee. The board of directors receives a purely fixed compensation in order to ensure its independence.
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

The articles of association of Bossard Holding AG contain a summary of the compensation principles in articles 36–38. Details available at:

www.bossard.com/en/about-us/investor-relations/corporate-governance/articles-of-association/

2.2. Compensation committee

In accordance with the articles of association, the organizational and business regulations of Bossard Holding AG and the compensation committee regulations, the compensation committee is composed of at least three members of the board of directors that are elected individually by the annual general meeting of shareholders for a period of one year. Subject to the approval of the annual general meeting of shareholders, the representative of registered A shares is entitled to be a member of the compensation committee. The 2022 annual general meeting of shareholders re-elected David Dean (chair), Patricia Heidtman, Marcel Keller and Prof. Dr. Stefan Michel as members of the compensation committee. All four members are independent according to the regulations.

It is the responsibility of the compensation committee to:

- develop 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; and, if necessary, propose any changes to the board of directors;
- 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 of shareholders;
- 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 of shareholders;
- review and approve the employment contracts of the executive committee members;
- develop and regularly review the guidelines governing the structure of the occupational pension scheme for the executive committee;
- prepare the compensation report;
- if the compensation committee considers necessary: the assignment, the supervision and the critical evaluation of the results of advisers or the comparison with third party companies regarding the compensation practices.

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

	CEO	CC	BoD	AGM
Compensation policy and principles (incl. guidelines for the pension scheme)		Proposal	Approval	
Maximum aggregate compensation amounts of the board of directors		Proposal	Review	Approval (binding vote)
Maximum aggregate compensation amounts of the executive committee		Proposal	Review	Approval (binding vote)
Individual compensation of members of the board of directors		Proposal	Approval	
Compensation of the CEO		Proposal	Approval	
Individual compensation of members of the executive committee	Proposal	Review	Approval	
Compensation report		Proposal	Approval	Consultative vote

The compensation committee meets as often as business requires but at least twice a year. In 2022, it held two meetings, each lasted half a day. In addition, a circular resolution has been adapted. All members were present at these meetings.

As a general rule, the CEO participates in the meetings of the compensation committee in an advisory capacity. Other 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 other members of the board of directors and the executives abstain from a topic when their own performance and/or compensation is being discussed. After each meeting, the chair of the compensation committee reports to the board of directors the topics discussed and its recommendations. The minutes of the compensation committee meetings are available to the entire board of directors.

The compensation committee may appoint external consultants to provide support in fulfilling its duties. In 2022, the compensation committee engaged Agnès Blust Consulting (now part of PricewaterhouseCoopers) to conduct a benchmark study in relation to the compensation of the executive committee. The Bossard Group did not engage Agnès Blust Consulting for any other consulting mandate regarding compensation systems.

The compensation committee regularly compares compensation levels with benchmarks, reviews Bossard Group's compensation policies and conducts a self-assessment.

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 (i.e. every three to four years) reviews the compensation reports published by other international industrial companies that are listed in Switzerland and comparable to the Group in terms of size (market capitalization, employees, revenues), geographic scope and business complexity. The benchmarking study conducted in 2022 on compensation for the executive committee was based on a comparable group of 21 Swiss industrial companies listed on the SIX Swiss Exchange in terms of market capitalization, employees and revenue.

For the compensation of the board of directors, a benchmarking analysis was last carried out in 2019, based on a comparison group of several Swiss industrial companies listed on the SIX Swiss Exchange, which are comparable in terms of market capitalization, employees and revenue.

Performance management: the actual compensation effectively paid out in a given year to the executive committee members depends on their individual performances.

Depending on the level of responsibility, the evaluation of individual performances takes into account the results of the entire Group and/or of a business area. The performance evaluation is based on quantitative and qualitative criteria. The quantitative elements are derived both from the current business results and from the long-term value drivers, which are decisive for the Group's future results and profitability. The assessment is closely linked to the value-oriented and sustainability-focused management approach implemented by the Bossard Group. Qualitative criteria are derived from the company's strategic targets. Therefore, compensation reflects both the sustainable success of the company and the respective individual contributions.

3. Compensation structure – board of directors

In terms of independence of the members of the board of directors, each member of the board of directors receives a fixed compensation, supplemented by a compensation for his or her work on a committee of the board of directors. The remuneration is intended to compensate appropriately for the time spent on the board of directors and its committees as a result of the mandate. In addition, each member of the board of directors receives a lump-sum expense allowance.

For the term of office starting at the annual general meeting of shareholders in 2022, CHF 30,000 of the total compensation is paid 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 cannot 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 of the previous ten trading days – deducting the reduction of around 16 percent permitted under Swiss tax law for the three-year blocking period.

The shares required for the share plan are provided by the Group’s treasury shares or by share purchases on the market.

in CHF per year

Fixed compensation for the chair of the board of directors	320,000
Fixed compensation for each member of the board of directors	120,000
Fixed compensation for the chair of a committee of the board of directors	20,000
Fixed compensation for each member of a committee of the board of directors	10,000
Expense allowance	8,000

The illustrated amounts are after deduction of social security contributions.

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 compensation
- variable compensation – short-term oriented incentive (short-term incentive – STI)
- variable compensation – long-term oriented incentive (long-term incentive – LTI)
- occupational benefits

Structure of compensation of the executive committee:

Element	Purpose	Drivers	Performance measures	Vehicle
Fixed compensation	Attract & retain	Position, skills and experience		Monthly cash payments
STI / Variable compensation – short-term oriented incentive	Pay for performance	Annual performance	EBIT Group respectively EBIT as well as gross profit of own business area	Annual bonus in cash
LTI / Variable compensation – long-term oriented incentive	Align to shareholders’ interests, retain	Achieved strategic goals	Individual, qualitative performance	Entitlements (namely, restricted stock units; RSU) with five-year staged vesting period
Occupational benefits	Protect against risks, attract & retain	Market practice and position		Retirement plan, insurance, perquisites

4.1. Fixed compensation

The annual fixed compensation is 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 – short-term oriented incentive (STI)

The short-term oriented variable compensation rewards the achievement of annual financial goals.

The fixed compensation and the expected short-term oriented variable compensation (assuming 100 percent achievement of all financial goals) 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.

The short-term variable compensation is based on the financial performance of the Group as a whole and/or its businesses as follows:

Component		CEO	CF0/CS0	Other members of the executive committee
Financial performance	Group	Group gross profit (1/3), Group EBIT (2/3)	Group gross profit (1/3), Group EBIT (2/3)	Group EBIT (1/3)
	Own business area			EBIT as well as gross profit of own business area (2/3)

The financial objectives always include a measure of profitability, such as business area and Group operating profit, because profitability is absolutely critical to the long-term success of the company. In addition, gross profit development is used as a growth parameter. For each financial objective, an expected level of performance is determined, either on the basis of the annual financial plan or of the prior year's results.

Due to the commercial sensitivity of financial objectives, the board of directors abstains from such a disclosure in the compensation report. However, the actual payout level of the short-term oriented variable compensation in the reporting year is explained and commented in section 5.

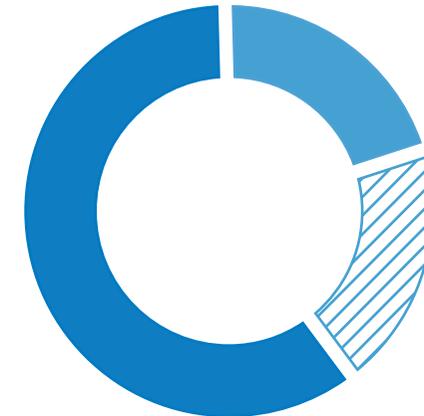
The CEO and other members of the executive committee may draw up to 20 percent of their total cash compensation in the form of registered A shares of Bossard Holding AG. The shares are subject to a restriction period of three years during which they cannot be sold, transferred or pledged. The restriction period also applies in cases of termination of employment and retirement. In case of termination following death the restriction lapses immediately. 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 after deduction of the reduction of around 16 percent permitted under Swiss tax law for the three-year blocking period. The individual choice to draw shares by the CEO as well as the other members of the executive committee is made the day after the annual general meeting of shareholders. The shares required for the share plan are provided by the Group's treasury shares or by share purchases on the market.

4.3. Variable compensation – long-term oriented incentive (LTI)

The objectives of the long-term oriented variable compensation for the executive committee are to strengthen the link between management and shareholders' interests, to foster the executive committee's long-term motivation and identification with the Bossard Group, to let participants directly participate in the long-term shareholder value created through share price appreciation.

The condition for granting the entitlement (namely restricted stock units; RSUs) is linked to the implementation of Bossard Group's strategic initiatives approved by the board of directors. These objectives are qualitative in nature and relate primarily to innovation, market cultivation, cultural transformation and further sustainability criteria (ESG).

Non-financial targets



- Social (20%)
- ▣ Environment (20%)
- Further strategic initiatives (60%)

For the CEO a maximum amount of CHF 100,000 and for the other members of the executive committee a maximum amount of CHF 50,000 is foreseen. The conversion is carried out at market value and is based on the average share price of the last ten trading days in December. The grant is based on the achievement of objectives in the financial year. Therefore, the vesting period starts at the beginning of the following financial year.

Each RSU is a conditional right to receive one registered A share of Bossard Holding AG after the vesting period. The RSUs vest conditionally if the beneficiary is employed at the time of 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 unlawful or impractical, the award may be settled in cash instead of registered A shares of Bossard Holding AG.

Vesting period:



4.4. Occupational benefits

The members of the executive committee participate in the benefit plans 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 the pension plan of Bossard (Bossard Personalstiftung, Zug) offered to all employees in Switzerland, in which a base compensation up to an amount of CHF 286,800 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

local market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, as a minimum, in accordance with the legal requirements of the respective country.

In addition, members of the executive committee are also eligible to standard perquisites, such as a company car or a car allowance, 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, respectively twelve months for the CEO. Members of the executive committee are not contractually entitled to termination payments or any change of control provisions.

5. Compensation of the board of directors and the executive committee

5.1. Compensation paid to members of the board of directors for the financial years 2022 and 2021

In 2022, the members of the board of directors received a compensation in the amount shown in the following table.

Compared to the prior year, the total compensation remains stable.

Compensation paid to members of the board of directors for the financial year 2022

in CHF, gross		Fixed	Expense allowance	Social costs	Total compensation	Thereof in shares ⁴⁾
Dr. Thomas Schmuckli	Chair, Chair NC ¹⁾ , ARCC ²⁾	350,000	8,000	53,614	411,614	30,078
Patricia Heidtman	Vice Chair, NC, CC ³⁾	140,000	8,000	21,445	169,445	30,078
Dr. René Cotting	Chair ARCC	140,000	8,000	21,445	169,445	30,078
David Dean	Repr. of registered A shares, Chair CC	140,000	8,000	21,445	169,445	30,078
Petra Maria Ehmann	NC, ARCC	140,000	8,000	21,459	169,459	30,078
Marcel Keller	CC	130,000	8,000	19,927	157,927	30,078
Martin Kühn	ARCC	130,000	8,000	19,916	157,916	30,078
Prof. Dr. Stefan Michel	NC, CC	140,000	8,000	21,448	169,448	30,078
2022		1,310,000	64,000	200,699	1,574,699	240,624

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Compensation committee (CC)

4) Each member of the board of directors receives CHF 30,000 worth of the total compensation in the form of registered A shares of Bossard Holding AG. The allocation price corresponds to the market value, in each case after deduction of the tax-permissible reduction of around 16 percent for the three-year blocking period. For the shares subscribed in 2022, the allotment price was CHF 222.80. The draw of the shares took place one day after the annual general meeting of shareholders 2022.

Compensation paid to members of the board of directors for the financial year 2021

in CHF, gross		Fixed	Expense allowance	Social costs	Total compensation	Thereof in shares ⁷⁾
Dr. Thomas Schmuckli	Chair, Chair NC ¹⁾ , ARCC ²⁾	344,167	8,000	50,303	402,470	29,918
Patricia Heidtman	Vice Chair ³⁾ , NC, CC ⁴⁾	137,667	8,000	21,213	166,880	29,918
Dr. René Cotting	Chair ARCC	137,667	8,000	21,213	166,880	29,918
David Dean	Repr. of registered A shares, Chair CC	137,667	8,000	21,213	166,880	29,918
Petra Maria Ehmann ⁵⁾	NC, ARCC	93,333	5,333	14,382	113,048	-
Marcel Keller ⁵⁾	CC	86,667	5,333	13,354	105,354	-
Martin Kühn	ARCC	127,833	8,000	19,698	155,531	29,918
Prof. Dr. Stefan Michel	NC, CC	134,500	8,000	20,725	163,225	29,918
Anton Lauber ⁶⁾	Vice Chair, NC, CC	44,333	2,667	5,102	52,102	29,918
Maria Teresa Vacalli ⁶⁾	ARCC	41,167	2,667	6,343	50,177	29,918
2021		1,285,001	64,000	193,546	1,542,547	239,344

1) Nomination committee (NC)

2) Audit, risk & compliance committee (ARCC)

3) Vice Chair of the board of directors since April 2021

4) Compensation committee (CC)

5) Election to the board of directors in April 2021

6) Resignation from the board of directors in April 2021

7) Each member of the board of directors receives CHF 30,000 of its total compensation in registered A shares of Bossard Holding AG. The allocation price corresponds to the market value. For the shares subscribed in 2021 the allotment price was CHF 199.45. The draw of the shares took place one day after the annual general meeting of shareholders 2021.

In 2022, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,800,000 for the period from the annual general meeting of shareholders 2022 until the next annual general meeting of shareholders 2023. As this compensation period has not yet ended, the final amount will be disclosed in the compensation report for financial year 2023.

In 2021, the annual general meeting of shareholders approved a maximum compensation amount for the board of directors of CHF 1,600,000 for the period from the annual general meeting of shareholders 2021 until the next annual general meeting of shareholders 2022. The compensation of the board of directors for this term of office augmented to CHF 1,574,711 and remains therefore within the approved compensation payable to the board of directors.

Payments to former members of the board of directors

No compensation was paid to former members of the board of directors in 2022.

In 2021, Anton Lauber and Maria Teresa Vacalli, who resigned from their positions as member of the board of directors at the annual general meeting of shareholders 2021, received compensation in accordance with the table above.

Payments to related parties of members of the board of directors

In 2022, as well as in 2021, 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, 2022 as well as of December 31, 2021 no such loans or credits 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 members of the executive committee for the financial years 2022 and 2021

In 2022, the members of the executive committee received the compensation according to the table below:

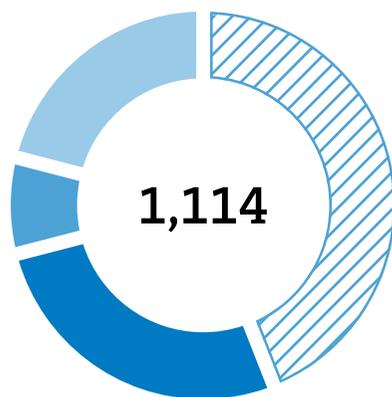
Compensation paid to members of the executive committee

in CHF	Executive committee total		Dr. Daniel Bossard, CEO	
	2022 ⁵⁾	2021 ⁷⁾	2022	2021
Fixed compensation	2,693,869	2,981,010	485,476	452,137
Variable compensation – short-term incentive (STI) ¹⁾	1,772,262	1,999,604	307,184	283,868
Variable compensation – long-term incentive (LTI) ²⁾	333,600	362,167	90,000	90,000
Other benefits ³⁾	83,400	101,429	16,800	16,800
Social and pension costs	956,844	834,166	214,570	186,308
Total	5,839,975	6,278,376	1,114,030	1,029,113
Thereof in shares ⁴⁾	178,240	-	111,400	-
Number of members of the executive committee	6.5 ⁶⁾	7.5 ⁸⁾		

- 1) The disclosed short-term component of the 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 2021 is the actual total payment made.
- 2) The long-term variable compensation, namely the allocation of the RSU, for the 2022 financial year will take place in the second quarter of 2023 (according to section 4.3). The amount disclosed here represents the compensation envisaged as of the reporting date. Any discrepancies between the amount reported and the actual allocation will be reported in the following year for the corresponding financial year. The compensation reported for 2021 represents the actual allocations made. The fair value for the RSU allocation for the financial year 2022 amounts to CHF 199.80 (2021: CHF 317.50).
- 3) Private share in company vehicle, child allowances, anniversary bonus.
- 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 prior year (according to article 38 of the articles of association). The purchase price corresponds to the market value, in each case after deduction of the permissible tax reduction of around 16 percent for the three-year blocking period. The draw always takes place one day after the annual general meeting of shareholders. The purchase price for the shares purchased in 2022 was CHF 222.80. In 2021, no shares were drawn.
- 5) This total compensation includes the compensation for the former CEO Central Europe until the end of June 2022.
- 6) Seven members until end of June 2022 and six members as of beginning of July 2022.
- 7) This total compensation includes the compensation for the new CEO America as of February 1, 2021 as well as the former CEO America, who left Bossard Group due to a termination agreement as of July 31, 2021. This total compensation further includes the compensation for the additional member of the executive committee as of May 1, 2021.
- 8) Six members until end of January 2021 and seven members as of beginning of May 2021. In addition, there was an overlap (double occupancy) from the beginning of February 2021 to the end of July 2021 due to the change of the CEO Bossard America.

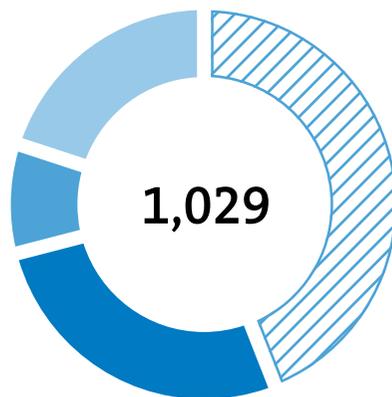
Compensation of CEO for 2022

in CHF 1,000



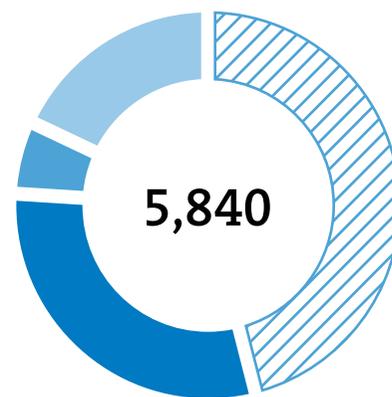
Compensation of CEO for 2021

in CHF 1,000



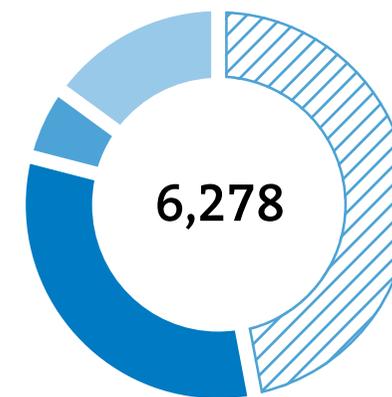
Compensation of executive committee for 2022

in CHF 1,000



Compensation of executive committee for 2021

in CHF 1,000



■ Fixed compensation
 ■ Variable compensation – short-term incentive (STI)
 ■ Variable compensation – long-term incentive (LTI)
 ■ Social costs and other benefits

The lower remuneration compared to prior year is due to the vacancy in the function of CEO Central Europe and the respective management ad interim by the CEO Dr. Daniel Bossard.

In 2022, the variable component, short-term incentive, amounted to 63 percent of the fixed compensation for the CEO Dr. Daniel Bossard (2021: 63 percent) and to 66 percent on average for the other executive committee members (2021: 68 percent). In order to maintain an appropriate level of compensation and not provide any incentives to take

excessive risks or to focus on short-term decisions at the expense of the Group's sustainable success, the variable remuneration (short-term and long-term oriented components) is limited to 100 percent of the annual fixed compensation.

In 2021, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 6,000,000 for the period from January 1, 2022 to December 31, 2022, which in 2022 was increased by the annual general meeting of shareholders

to CHF 7,000,000. The total compensation 2022 of the executive committee of CHF 5,839,975 is within the approved total compensation.

In 2022, the annual general meeting of shareholders approved a maximum compensation amount for the executive committee of CHF 7,000,000 for the period from January 1, 2023 to December 31, 2023.

Compensation paid to former members of the executive committee

In 2022, Beat Grob, former CEO Bossard Central Europe, received a compensation according to the table on page 105.

In 2021, Steen Hansen, former CEO Bossard America, received a compensation according to the table on page 105.

Compensation paid to related parties of members of the executive committee

In 2022, as well as in 2021, 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, 2022, as well as of December 31, 2021, no such loans or credits 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 the executive committee at December 31, 2022 and 2021

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

Board of directors	2022	Thereof blocked ²⁾	2021	Thereof blocked ²⁾
Dr. Thomas Schmuckli Chair, Chair NC, ARCC	8,658	685	8,523	998
Patricia Heidtman Vice Chair, NC, CC	785	685	650	550
Dr. René Cotting Chair ARCC	2,535	635	2,400	900
David Dean Repr. of registered A shares, Chair CC	1,285	541	1,150	406
Petra Maria Ehmann ¹⁾ NC, ARCC	135	135	-	-
Marcel Keller ¹⁾ CC	135	135	-	-
Martin Kühn ARCC	1,447	797	1,312	1,102
Prof. Dr. Stefan Michel NC, CC	1,189	541	1,054	854
Total	16,169	4,154	15,089	4,810

1) Election to the board of directors in April 2021

2) These shares are subject to a blocking period of three years starting from the grant date.

Executive committee		2022	Thereof blocked ⁴⁾	2021	Thereof blocked ⁴⁾
Dr. Daniel Bossard ¹⁾	CEO, CEO Central Europe ad interim	7,205	500	5,363	400
Stephan Zehnder	CFO	11,710	-	10,349	600
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2,562	300	2,301	300
David Jones ²⁾	CEO America	300	300	-	-
Robert Ang	CEO Asia	13,054	-	12,793	900
Rolf Ritter ³⁾	CSO	210	-	-	-
Total		35,041	1,100	30,806	2,200

1) Additionally, shareholder of Kolin Holding AG, which holds 56.3 percent of the votes of Bossard Holding AG.

2) Takeover as CEO America in February 2021

3) Appointment as CSO as of May 1, 2021

4) These shares are subject to a blocking period of three years starting from the grant date.

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

		2022 ³⁾	2021
Dr. Daniel Bossard	CEO, CEO Central Europe ad interim	1,185	1,243
Stephan Zehnder	CFO	662	765
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	662	765
David Jones ¹⁾	CEO America	145	-
Robert Ang	CEO Asia	662	765
Rolf Ritter ²⁾	CSO	189	94
Total		3,505	3,632

1) Takeover as CEO America in February 2021

2) Appointment as CSO as of May 1, 2021

3) RSUs which will be granted in the second quarter of 2023 for the financial year 2022 are not included in the balance.

Guideline of shareholding

The board of directors adopted guidelines on shareholdings. These came into effect on January 1, 2020:

- The chair of the board of directors shall hold 150 percent of the equivalent value of the base fee in registered A shares of Bossard Holding AG.
- The members of the board of directors shall hold 100 percent of the equivalent value of the base fees in registered A shares of Bossard Holding AG.
- The CEO shall hold 150 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- The members of the executive committee shall hold 100 percent of the equivalent value of the fixed compensation in registered A shares of Bossard Holding AG.
- Newly elected members shall build up the required shareholding within four years upon their election. Should the share price fall or rise significantly, the board of directors may, at its own discretion, adjust this period accordingly.

For the determination of the minimum shareholdings, all shares are considered, regardless of whether they are restricted or not. The compensation committee annually assesses the alignment of the shareholdings with the guideline of shareholding.

According to the review of the compensation committee (last review in 2022), all members of the board of directors and the executive committee comply with the guideline of shareholding; this also includes the transition period of the newly elected or appointed members.



Report of the statutory auditor

to the General Meeting of Bossard Holding AG Zug

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Bossard Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Ordinance) contained in the note 5 on pages 103 to 107 of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report (pages 103 to 107) complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the note 5 in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Thomas Wallmer

Licensed audit expert
Auditor in charge

Remo Waldispühl

Licensed audit expert

Zurich, February 24, 2023

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AT A GLANCE

Most important figures

Net sales

in CHF

1,154

million

EBIT

in CHF

141

million

EBIT margin

12.3 %

Net income

in CHF

106 million

FINANCIAL REVIEW 2022

Robust profitability in a challenging environment

In an economically challenging environment, the Bossard Group generated sales of CHF 1,153.8 million in the financial year 2022 (prior year: CHF 995.1 million). This represents an increase of 15.9 percent (in local currency: +18.4 percent), corresponding to organic sales growth of 15.0 percent in local currency. EBIT amounted to CHF 141.5 million (prior year: CHF 123.3 million), a plus of 14.7 percent, resulting in an EBIT margin of 12.3 percent (prior year: 12.4 percent). Net income increased by 7.7 percent to CHF 105.6 million (prior year: CHF 98.0 million). For the first time in its history, the Group reached the following milestones: sales of more than 1 billion Swiss francs and a net income of over 100 million Swiss francs.

The broad-based growth of the Bossard Group, which began in the fourth quarter of 2020, continued in the financial year 2022. All three market regions achieved new records. While demand in Europe stabilized at a high level over the course of the year, America posted impressive double-digit growth rates during the entire year. Asia also maintained double-digit sales growth. The strong global demand only led to a slight improvement of the tense situation on the procurement market. As a result, delivery capability and inventory levels continued to play a key role in 2022.

Broad-based growth in Europe

Sales in Europe increased by 8.7 percent to CHF 624.2 million (in local currency: +14.4 percent). Overall, demand remained at a high level in spite of continuing geopolitical tensions and the resulting challenges. Despite the strong Swiss franc, we achieved above-average growth in the aerospace, electronics, and mechanical engineering sectors. In an environment marked by inflation and a shortage of skilled labor, Bossard's Smart Factory services drew even more attention from customers. The acquisition of the Dutch company Jeveka B.V. in 2021 also contributed to the positive development. Adjusted for acquisitions, annual sales totaled CHF 593.5 million.

Continued strong growth in America

Sales in America grew by 36.8 percent to CHF 309.4 million (in local currency: +31.0 percent). The positive business development was driven by dynamic and broad-based economic growth. In the electromobility sector, exciting commercial vehicle projects were implemented. The acquisition of PENN Engineered Fasteners Corporation in Canada, consolidated since December 1, 2022, contributed to the gratifying sales performance. The acquisition is in line with the strategic approach to further expand Bossard's capabilities in America.

Above-average growth

Despite repeated lockdowns in China, Bossard was able to maintain double-digit sales growth in Asia. At CHF 220.2 million, sales were 13.0 percent (in local currency: +14.4 percent) above the prior year. Bossard achieved above-average growth especially in the growth industries of electromobility, electronics, and railway.

Robust profitability

The market environment in 2022 was marked by strong global demand and geopolitical tensions. This led to capacity bottlenecks, rising raw material prices, and significantly higher freight rates, which overall resulted in higher procurement costs. In this challenging market environment and owing to the regional margin mix, the gross profit margin declined by 0.7 percentage points compared to the prior year to 31.2 percent.

Sales and administration expenses increased by 12.8 percent to CHF 218.7 million. In relation to sales, however, these costs dropped to 19.0 percent from 19.5 percent in the prior year. On one hand, these expenses increased due to the steadily growing number of employees, which increased by 6.2 percent (organically: +5.1 percent) or 166 employees to a total of 2,823 full-time equivalents. On the other hand, the cost increases are associated with further normalization of business activities as well as our targeted investments in the organization as part of Strategy 200 and our digitalization initiatives.

In spite of the higher cost basis, the strong growth resulted in an increase in earnings. EBIT grew by CHF 18.2 million to a record of CHF 141.5 million, an increase of 14.7 percent. The EBIT margin was 12.3 percent (prior year: 12.4 percent), thus remaining at the prior year's level in spite of the inflationary environment.

The financial result amounted to CHF –5.0 million compared to last year's CHF –1.3 million. The increase in financial expenses results from the considerably higher capital requirement, rising interest rates as well as negative foreign currency valuations, which made a positive contribution in 2021. Tax expenses grew from CHF 23.3 million to CHF 30.0 million as a result of the significant increase in profit. The tax rate was 22.2 percent (prior year: 19.2 percent) and rose mainly due to the regional profit mix.

Net income grew by 7.7 percent to CHF 105.6 million (prior year: CHF 98.0 million). The Bossard Group thus achieved not only its best result in the Group's history but also a profit of over 100 million Swiss francs. At the annual general meeting of shareholders, the board of directors will propose a dividend of CHF 5.50 per registered A share (prior year: CHF 5.10), in line with our dividend policy of a 40 percent payout of net income.

Solid balance sheet despite significantly higher net debt

The significant growth as well as the Group's investment activity are also reflected in the increase in total assets. Compared to the prior year, total assets increased by 17.8 percent to CHF 910.1 million.

This increase is driven by higher customer receivables through increased sales as well as higher inventory. While the increase in receivables was disproportionately low compared to sales growth, the increase in inventory was above average. Besides the higher inventory volumes, this increase is due to higher raw material prices and freight rates. In addition, in light of the persistent market uncertainties and longer delivery times, we deliberately increased our inventory in order to ensure the best possible delivery capability to our customers. Last but not least, the acquisition of PENN Engineered Fasteners Corporation contributed to the increase in total assets.

Despite high profitability, the equity ratio fell from 45.2 percent in the prior year to 41.7 percent. The reason for this decline is the disproportional rise in net working capital and the goodwill offset from the acquisition of PENN Engineered Fasteners Corporation against equity. As a result of high investment activity, accelerated

growth, and especially the considerable increase in inventory, net debt increased from CHF 217.2 million in the prior year to CHF 319.0 million. The gearing – the ratio of net debt to equity – rose from 0.6 in the prior year to 0.8. The debt factor – net debt in relation to EBITDA – was 1.9 after 1.5 in the previous year.

While cash flow from operating activities before the change in net working capital increased by CHF 11.6 million to CHF 137.7 million, cash flow from operating activities fell from CHF 65.9 million in the prior year to CHF 6.0 million as a result of the above-average increase in operating net working capital. Cash flow from investment activities declined by CHF 24.2 million to CHF 68.1 million owing to the lower outflow of funds for business acquisitions. In contrast, outflows for investments in tangible and intangible assets were higher than in the prior year. Mainly as a result of the significant increase in net working capital, Bossard recorded a negative free cash flow of CHF 62.1 million in 2022 (prior year: CHF –26.4 million).

Outlook

The uncertainties on the procurement market, inflation, central bank policies, and geopolitical tensions will continue in the financial year 2023. But even a volatile market environment holds opportunities for growth. In 2022, for example, we noted a stronger trend toward nearshoring and increased demand for our Smart Factory Assembly (SFA) and Smart Factory Logistics (SFL) solutions. The current cost and wage inflation is expected to support demand for automated and digital Proven Productivity solutions from Bossard. Furthermore, our focus on growth industries such as electromobility, railway, electronics, and automation offers additional growth potential in 2023.

In addition, our focus in 2023 will be on our Strategy 200, with Bossard targeting an average organic growth rate of over 5 percent and an EBIT margin of 12 percent to 15 percent in the medium term following a phase of increased investments. We continue to rely on a strong balance sheet with an equity ratio of at least 40 percent and a payout ratio of approximately 40 percent of net income.



Stephan Zehnder
CFO

Zug, February 24, 2023

BOSSARD GROUP

Consolidated balance sheet

in CHF 1,000	Notes	31.12.2022	31.12.2021
Assets			
Current assets			
Cash and cash equivalents	1	35,792	34,108
Accounts receivable, trade	2	193,039	174,524
Other receivables		6,529	5,717
Prepaid expenses		13,126	10,812
Inventories	3	442,275	338,296
		690,761	563,457
Non-current assets			
Property, plant and equipment	4	143,096	141,129
Intangible assets	5	47,800	39,613
Financial assets	6	8,311	7,671
Deferred tax assets	7	20,121	20,906
		219,328	209,319
Total assets		910,089	772,776

in CHF 1,000	Notes	31.12.2022	31.12.2021
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade		80,350	77,200
Other liabilities		13,431	19,007
Accrued expenses		48,374	45,436
Tax liabilities		8,194	11,391
Provisions	8	1,794	789
Short-term debts	9	128,677	86,554
		280,820	240,377
Non-current liabilities			
Long-term debts	10	226,104	164,776
Provisions	8	10,882	7,388
Deferred tax liabilities	7	12,660	10,687
		249,646	182,851
Total liabilities		530,466	423,228
Shareholders' equity			
Share capital	11	40,000	40,000
Treasury shares	11	-3,844	-4,242
Capital reserves		74,393	75,165
Retained earnings		263,135	234,332
		373,684	345,255
Non-controlling interest		5,939	4,293
Total shareholders' equity		379,623	349,548
Total liabilities and shareholders' equity		910,089	772,776

The notes on pages 120 to 142 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated income statement

in CHF 1,000	Notes	2022	2021
Net sales	12/13	1,153,841	995,148
Cost of goods sold		-793,710	-678,028
Gross profit		360,131	317,120
Selling expenses		-137,218	-128,918
Administrative expenses		-81,446	-64,876
EBIT		141,467	123,326
Share of result from associated companies		-813	-620
Financial result	16	-5,024	-1,348
Income before taxes		135,630	121,358
Income taxes	7	-30,047	-23,341
Net income		105,583	98,017
Attributable to:			
Shareholders of Bossard Holding AG		102,980	96,374
Non-controlling interest		2,603	1,643
in CHF	Notes	2022	2021
Earnings per registered A share ¹⁾	17	13.38	12.53
Earnings per registered B share ¹⁾	17	2.68	2.51

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 120 to 142 are an integral part of the consolidated financial statements.

BOSSARD GROUP

Consolidated statement of changes in equity

in CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings			Shareholders Bossard	Non-controlling interest	Shareholders' equity
				Retained earnings	Goodwill offset	Translation differences			
Balance at January 1, 2021	40,000	-3,171	72,860	666,714	-350,536	-105,912	319,955	2,385	322,340
Dividend				-33,866			-33,866	-367	-34,233
Net income for the period				96,374			96,374	1,643	98,017
Management participation plan			1,141				1,141		1,141
Change in treasury shares		-1,102	-718				-1,820		-1,820
Usage unissued treasury shares		31	1,882				1,913		1,913
Offset goodwill from acquisitions					-34,777		-34,777		-34,777
Non-controlling interest from acquisitions				-1,111			-1,111	636	-475
Translation differences						-2,554	-2,554	-4	-2,558
Balance at December 31, 2021	40,000	-4,242	75,165	728,111	-385,313	-108,466	345,255	4,293	349,548
Balance at January 1, 2022	40,000	-4,242	75,165	728,111	-385,313	-108,466	345,255	4,293	349,548
Dividend				-39,264			-39,264	-449	-39,713
Net income for the period				102,980			102,980	2,603	105,583
Management participation plan			1,216				1,216		1,216
Change in treasury shares		398	-1,988				-1,590		-1,590
Offset goodwill from acquisitions					-19,761		-19,761		-19,761
Translation differences						-15,152	-15,152	-508	-15,660
Balance at December 31, 2022	40,000	-3,844	74,393	791,827	-405,074	-123,618	373,684	5,939	379,623

For details regarding share capital, please refer to note 11 on page 126 and regarding the goodwill offset from acquisitions to note 20 on page 130.

The notes on pages 120 to 142 are an integral part of the consolidated financial statements

BOSSARD GROUP

Consolidated cash flow statement

in CHF 1,000	Notes	2022	2021
Net income		105,583	98,017
Share of result from associated companies		813	620
Income taxes	7	30,047	23,341
Financial result	16	5,024	1,348
Depreciation and amortization	4/5	23,718	22,578
Increase/(decrease) provisions	8	4,796	-1,936
(Gain)/loss from disposals of property, plant and equipment	4	-530	233
Loss from disposals of intangible assets	5	634	64
Loss from disposals of companies	18	-	779
Interest received		507	357
Interest paid		-4,582	-3,293
Taxes paid		-27,738	-19,114
Increase management participation plan (part of equity)		1,216	1,141
Other non-cash (income)/expenses		-1,827	1,878
Cash flow from operating activities before changes in net working capital		137,661	126,013
Increase accounts receivable, trade		-21,679	-23,843
(Increase)/decrease other current assets		-1,994	706
Increase inventories		-108,165	-81,722
Increase accounts payable, trade		2,637	26,076
(Decrease)/increase other non-interest bearing liabilities		-2,456	18,701
Cash flow from operating activities		6,004	65,931

in CHF 1,000	Notes	2022	2021
Investments in property, plant and equipment	4	-25,788	-24,265
Proceeds from sales of property, plant and equipment	4	2,170	1,763
Investments in intangible assets	5	-15,442	-11,024
Net cash flow from purchases of companies	18	-27,423	-59,140
Investments in financial assets	6	-1,720	-793
Divestments of financial assets	6	122	1,148
Cash flow from investing activities		-68,081	-92,311
Proceeds of short-term debts	9	42,704	19,051
Proceeds of long-term debts	10	61,777	36,279
Purchase/sale of treasury shares		398	-1,102
Dividends paid to shareholders		-39,264	-33,866
Dividends paid to non-controlling interest		-449	-367
Cash flow from financing activities		65,166	19,995
Translation differences		-1,405	-183
Change in cash and cash equivalents		1,684	-6,568
Cash and cash equivalents at January 1		34,108	40,676
Cash and cash equivalents at December 31	1	35,792	34,108

The notes on pages 120 to 142 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of operations

Bossard Holding AG, Zug, Switzerland, a limited company subject to Swiss law, is the parent company of all entities within the Bossard Group (hereinafter Bossard or Group). Bossard is a leading distributor of fasteners of every kind and a provider of related engineering and logistics services. 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

The consolidated financial statements of the Group are based on the financial statements of the individual Group companies at December 31, 2022, 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 approved by the board of directors on February 24, 2023 and will be recommended for approval at the annual general meeting of shareholders.

The main principles of consolidation and valuation are detailed at the end of the notes to the consolidated financial statements.

1. Cash and cash equivalents

in CHF 1,000	2022	Interest rates in %	2021	Interest rates in %
Cash on hand and at banks	35,554	0.0–10.5	34,093	0.0–2.0
Short-term bank deposits	238	5.0	15	4.9–6.4
Total	35,792		34,108	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 119).

2. Accounts receivable, trade

in CHF 1,000	2022	2021
Accounts receivable, trade gross	194,997	175,579
According to due date		
not due	178,623	162,777
30 days overdue	8,298	7,635
60 days overdue	3,088	1,569
90 days overdue	4,988	3,598
Notes receivable	4,005	3,316
Allowance for bad debts	-5,963	-4,371
Total	193,039	174,524

3. Inventories

in CHF 1,000	2022	2021
Goods for trading/components	490,464	383,134
Value adjustments	-48,189	-44,838
Total	442,275	338,296
Value adjustments in % of inventory value	9.8	11.7

4. Property, plant and equipment

in CHF 1,000	Construction in progress	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2022	6,117	154,659	128,797	9,273	298,846
Additions	6,232	1,521	14,593	3,442	25,788
Changes in the scope of consolidation	-	1	190	18	209
Disposals	-10	-310	-7,092	-2,488	-9,900
Reclass	-3,940	3,655	285	-	-
Translation differences	-647	-3,578	-2,926	-298	-7,449
Balance at Dec. 31, 2022	7,752	155,948	133,847	9,947	307,494
Accumulated depreciation					
Balance at Jan. 1, 2022	0	61,529	89,650	6,538	157,717
Depreciation	-	4,629	11,203	1,362	17,194
Impairments	-	-	-	-	-
Disposals	-	-213	-5,710	-2,337	-8,260
Translation differences	-	-589	-1,503	-161	-2,253
Balance at Dec. 31, 2022	0	65,356	93,640	5,402	164,398
Net book value	7,752	90,592	40,207	4,545	143,096

in CHF 1,000	Construction in progress	Land and buildings	Machinery and equipment	Others	Total
Cost					
Balance at Jan. 1, 2021	18,889	129,546	124,476	9,150	282,061
Additions	5,924	5,497	11,607	1,237	24,265
Changes in the scope of consolidation	-	5,900	1,346	382	7,628
Disposals	-	-2,103	-10,491	-1,343	-13,937
Reclass	-18,972	16,610	2,362	-	-
Translation differences	276	-791	-503	-153	-1,171
Balance at Dec. 31, 2021	6,117	154,659	128,797	9,273	298,846
Accumulated depreciation					
Balance at Jan. 1, 2021	0	58,454	88,058	6,379	152,891
Depreciation	-	4,399	11,052	1,395	16,846
Impairments	-	244	-	-	244
Disposals	-	-1,462	-9,254	-1,146	-11,862
Translation differences	-	-106	-206	-90	-402
Balance at Dec. 31, 2021	0	61,529	89,650	6,538	157,717
Net book value	6,117	93,130	39,147	2,735	141,129

5. Intangible assets

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2022	10,271	61,919	220	72,410
Additions	14,010	1,432	-	15,442
Changes in the scope of consolidation	-	-	-	-
Disposals	-632	-628	-	-1,260
Reclass	-17,440	17,440	-	-
Translation differences	-4	-374	-	-378
Balance at Dec. 31, 2022	6,205	79,789	220	86,214
Accumulated amortization				
Balance at Jan. 1, 2022	0	32,734	63	32,797
Amortization	-	6,480	44	6,524
Disposals	-	-626	-	-626
Translation differences	-	-281	-	-281
Balance at Dec. 31, 2022	0	38,307	107	38,414
Net book value	6,205	41,482	113	47,800

in CHF 1,000	Software in development	Software	Others	Total
Cost				
Balance at Jan. 1, 2021	2,036	58,345	220	60,601
Additions	9,018	2,006	-	11,024
Changes in the scope of consolidation	-	1,965	-	1,965
Disposals	-	-871	-	-871
Reclass	-781	781	-	-
Translation differences	-2	-307	-	-309
Balance at Dec. 31, 2021	10,271	61,919	220	72,410
Accumulated amortization				
Balance at Jan. 1, 2021	0	28,323	19	28,342
Amortization	-	5,444	44	5,488
Disposals	-	-803	-	-803
Translation differences	-	-230	-	-230
Balance at Dec. 31, 2021	0	32,734	63	32,797
Net book value	10,271	29,185	157	39,613

In 2022, CHF 1.0 million self-generated intangible assets were capitalized (2021: CHF 1.1 million).

6. Financial assets

in CHF 1,000	2022	Interest rates in %	2021	Interest rates in %
Loans and deposits to third parties	6,346	0.0–3.8	5,966	0.0–5.0
Investments in associated companies	850		1,670	
Other financial assets	1,115		35	
Total	8,311		7,671	

7. Income taxes

The tax expenses are made up as follows:

in CHF 1,000	2022	2021
Current taxes	27,718	21,740
Deferred taxes	2,329	1,601
Total	30,047	23,341

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 CHF 1,000	2022	2021
Income before taxes	135,630	121,358
Weighted average tax rate in %	20.4	19.3
Tax expense at weighted average tax rate	27,628	23,410
Non tax deductible expenses	909	856
Non-taxable income	-76	-248
(Income)/expenses taxed at special rate	-36	67
Unrecognized current year tax losses	449	155
Utilization unrecognized prior year tax losses	-1,560	-502
Change in applicable tax rate	24	202
Others	2,709	-599
Tax expense at effective tax rate	30,047	23,341
Effective tax rate in %	22.2	19.2

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 2022	Liabilities 2022	Assets 2021	Liabilities 2021
Accounts receivable	676	316	468	245
Inventories	8,583	3,925	7,343	2,909
Property, plant and equipment	348	2,457	337	2,377
Intangible assets	6,480	2,035	8,446	1,303
Liabilities	4,034	3,927	4,312	3,853
Total deferred taxes	20,121	12,660	20,906	10,687
Net	7,461		10,219	

The gross values of unused tax losses carried forward which have not been capitalized expire as follows:

Expiry of unused tax losses carried forward in CHF 1,000	Within 5 years	After 5 years	Total
2022	780	13,367	14,147
2021	39	11,587	11,626

This results in not capitalized deferred tax assets for unused tax losses carried forward of CHF 3.0 million (2021: CHF 2.2 million).

8. Provisions

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2022	5,016	782	2,379	8,177
Additions	604	325	5,524	6,453
Changes in the scope of consolidation	-	-	-	-
Usage	-249	-266	-413	-928
Reversals	-19	-365	-344	-728
Translation differences	-234	-28	-36	-298
Balance at Dec. 31, 2022	5,118	448	7,110	12,676
Thereof short-term	248	-	1,546	1,794

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

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

Other provisions include CHF 6.0 million (2021: CHF 1.2 million) for assumed obligations for rental and renovations related to the acquisition of KVT-Fastening. Of this amount, CHF 4.9 million is for an open rental obligation, which is due to the abandonment of the site and was discounted at a rate of 2.1 percent.

in CHF 1,000	Pension and other termination benefits	Management participation plan	Others	Total
Balance at Jan. 1, 2021	4,770	446	4,942	10,158
Additions	708	595	852	2,155
Changes in the scope of consolidation	-	-	177	177
Usage	-81	-268	-1,619	-1,968
Reversals	-151	-	-1,980	-2,131
Translation differences	-230	9	7	-214
Balance at Dec. 31, 2021	5,016	782	2,379	8,177
Thereof short-term	11	-	778	789

9. Short-term debts

in CHF 1,000	2022	Interest rates in %	2021	Interest rates in %
Bank overdrafts	823	0.0-4.7	4,895	0.6-4.5
Bank loans	98,263	0.9-6.7	50,140	0.7-5.1
Personnel savings accounts	24,191	0.8	24,869	0.8
Others ¹⁾	5,400	0.6-0.8	6,650	0.6-0.8
Total	128,677		86,554	

1) For details, please refer to note 23

The personnel savings accounts correspond to savings of employees. The effective weighted average interest rate on all borrowings was 1.1 percent (2021: 1.1 percent).

10. Long-term debts

in CHF 1,000	2022	Interest rates in %	2021	Interest rates in %
Bank loans	196,266	0.9–2.1	141,404	0.5–1.2
Others ¹⁾	29,838	0.5–12.0	23,372	0.5–12.0
Total	226,104		164,776	

1) For details, please refer to note 23

11. Share capital

Details of share capital 2022/2021	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

303,559 registered A shares of CHF 5 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement.

The consolidated reserves include non-distributable legal reserves of CHF 16 million (2021: CHF 16 million).

Treasury shares

The treasury shares can be used especially for management participation plans, acquisitions or other purposes in the interest of the Group.

	2022		2021	
	Number	in CHF	Number	in CHF
Balance at Jan. 1	300,904	4,241,836	308,691	3,170,816
Additions	114,577	24,768,347	93,408	24,382,760
Use of treasury stock	-	-	-	1,901,090
Disposals	-111,922	-25,166,306	-101,195	-25,212,830
Balance at Dec. 31	303,559	3,843,877	300,904	4,241,836

Average transaction price in CHF	2022	2021
Additions	216.17	261.04
Disposals management participation plans	215.62	284.34
Other disposals	217.82	260.78

The disposals contain 6,796 shares (2021: 7,361) for the restricted stock unit plan (RSU).

11,692 registered A shares (2021: 9,037) are reserved for the management participation plan (RSU).

Dividend

At the upcoming annual general meeting of shareholders on April 17, 2023, the board of directors of Bossard Holding AG will propose a dividend for the financial year 2022 of CHF 5.50 (2021: CHF 5.10) per registered A share and CHF 1.10 (2021: CHF 1.02) per registered B share.

12. Segment information

The Group and all its regional companies are operating internationally in the field of industrial fastening technology. There are no separate segments as per Swiss GAAP FER 31. All the regional companies are managed based on a uniform business strategy. The core of Bossard's strategy is a uniform business model with the same customer and product focus in the world's major industrial regions. Bossard supplies industrial companies at their production sites worldwide with fastening technology products and related services based on uniform quality standards using uniform operational systems and processes. The board of directors and executive committee manage the Group on the basis of the financial statements of the individual regional companies and the Group's consolidated financial statements. Based on the number of regional companies, the CEO delegates the monitoring of the goals and their implementation in daily operations to the other members of the executive committee, each of whom is responsible for a different number of companies in the various regions.

13. Sales by regions

in CHF million	Europe		America		Asia		Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Sales	627.4	575.5	310.1	226.9	220.6	194.9	1,158.1	997.3
Sales deductions	-3.2	-1.5	-0.7	-0.7	-0.4	-0.0	-4.3	-2.2
Net sales	624.2	574.0	309.4	226.2	220.2	194.9	1,153.8	995.1

14. Personnel expenses

in CHF 1,000	2022	2021
Salaries and variable compensation	170,642	158,320
Social security expenses	25,228	23,797
Pension expenses	11,953	11,300
Other personnel expenses	8,652	6,315
Total	216,475	199,732

The expense for share-based compensation recognized in the result for the period is CHF 1.2 million (2021: CHF 1.7 million).

In 2022, the personnel expenses do not contain reductions due to governmental support (2021: CHF 1.3 million).

15. Awarded restricted stock units

Number of RSUs	2022	2021
Balance at Jan. 1: Number of RSUs outstanding	27,934	33,263
Deliveries	-8,239	-8,986
Allocations	9,254	4,377
Other changes	-733	-720
Balance at Dec. 31: Number of RSUs outstanding	28,216	27,934

16. Financial result

in CHF 1,000	2022	2021
Income from interests and securities	360	246
Income from non-consolidated investments	179	144
Interest expenses	-4,991	-3,605
Exchange differences	-572	1,867
Total	-5,024	-1,348

17. Earnings per share

	2022	2021
Net income in CHF 1,000	102,980	96,374
Average number of shares entitled to dividend ¹⁾	7,695,992	7,693,138
Earnings per registered A share in CHF	13.38	12.53
Earnings per registered B share in CHF	2.68	2.51

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. There is no dilution effect as there are no options or convertible bonds outstanding.

18. Acquisitions and disposals of subsidiaries and businesses

Acquisitions 2022

The following table shows the acquired assets and liabilities at their market value at the acquisition date and the resulting goodwill.

in CHF 1,000	Market value at acquisition date
Cash and cash equivalents	237
Accounts receivable, trade	3,873
Inventories	6,357
Other current assets	216
Non-current assets	213
Accounts payable, trade	-2,974
Other current liabilities	-1,370
Non-current liabilities	-
Net assets acquired	6,552
Goodwill	19,761
Total	26,313
Less acquired cash and cash equivalents	-237
Plus purchase price adjustment not yet received	1,347
Cash flow from acquisitions	27,423

In 2022, the following company was acquired:

- PENN Engineered Fasteners Corporation, Canada (November 2022), now Bossard Ontario Inc.

Disposals 2022

No subsidiaries or associated companies were disposed of.

Other changes in the scope of consolidation 2022

In 2022, the scope of consolidation changed as follows:

- Bossard Deutschland GmbH, Germany (merger with KVT-Fastening GmbH, Germany)
- Boysen Verwaltungs GmbH, Germany (merger with Bossard-KVT Beteiligungs GmbH, Germany)
- Normscrews Beheer B.V., Netherlands (merger with Jeveka B.V., Netherlands)

Acquisitions 2021

The following table shows the acquired assets and liabilities at their market value at the acquisition date and the resulting goodwill.

in CHF 1,000	Market value at acquisition date
Cash and cash equivalents	1,001
Accounts receivable, trade	5,687
Inventories	8,337
Other current assets	1,479
Non-current assets	9,824
Accounts payable, trade	-1,340
Other current liabilities	-2,220
Non-current liabilities	-605
Net assets acquired	22,163
Goodwill	37,978
Total	60,141
Less acquired cash and cash equivalents	-1,001
Cash flow from acquisitions	59,140

In 2021, the following companies were acquired:

- Normscrews Beheer B.V., Netherlands (October 2021)
- Jeveka B.V., Netherlands (October 2021)

In March and August 2021, purchase price adjustments were made for transactions from 2019 in China and Germany. These adjustments resulted in a cumulative reduction of goodwill by CHF 0.3 million.

Disposals 2021

In October 2021, business and asset components from KVT-Fastening, Branch of Bossard AG, Switzerland, were sold cash neutral as part of an asset deal.

Other changes in the scope of consolidation 2021

In 2021, the scope of consolidation changed as follows:

- Effilio AG, Switzerland (merger with Bossard Finance AG, Switzerland)

19. Derivative financial instruments

As of December 31, 2022, there were no open foreign exchange contracts or other derivative financial instruments (2021: none).

20. Goodwill

The theoretical capitalization and amortization of goodwill would affect the consolidated financial statements as follows:

Theoretical movements in goodwill and effect on balance sheet

in CHF 1,000	2022	2021
Equity incl. non-controlling interest	379,623	349,548
Equity ratio in %	41.7	45.2
Cost		
Balance at Jan. 1	385,313	350,536
Additions	19,761	37,978
Disposals	-	-3,201
Balance at Dec. 31	405,074	385,313
Accumulated amortization		
Balance at Jan. 1	315,778	301,177
Amortization	21,204	17,486
Disposals	-	-2,885
Balance at Dec. 31	336,982	315,778
Theoretical net book value goodwill at Dec. 31	68,092	69,535
Theoretical equity incl. non-controlling interest and net book value goodwill	447,715	419,083
Theoretical equity ratio in %	45.8	49.8

Effect on income statement

in CHF 1,000	2022	2021
EBIT without theoretical goodwill amortization	141,467	123,326
Theoretical goodwill amortization	-21,204	-17,486
EBIT incl. theoretical goodwill amortization	120,263	105,840

Goodwill from acquisitions is converted into Swiss francs using the closing rate and offset against equity at the acquisition date. As a result, no exchange differences arise in the movement schedule. The theoretical, straight-line amortization period usually is five years.

21. Pension benefit obligations

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). The pension plan institution uses the fundamentals BVG 2020 / generation table. The actuarial interest rate is 1.50 percent (2021: 1.50 percent). In accordance with Swiss GAAP FER 26, the provisional and unaudited financial statements 2022 of the pension plan institution serve as a basis for calculation.

Economic benefit/economic obligation and pension plan expenses:

in CHF 1,000	Surplus/Deficit according to pension plans	Economic share of the Group		Change or capitalized in financial year	Contributions accrued	Pension plan expenses in personnel expenses	
	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2021
Patronage funds/pension institutions	2,100	-	-	-	309	309	594
Pension institutions without surplus/deficit	-	-	-	-	5,856	5,856	-
Pension institutions with surplus	-	-	-	-	-	-	5,682
Pension institutions with deficit	-	-	-	-	-	-	-
Pension institutions abroad	-	-	-	-	5,788	5,788	5,024
Total	2,100	-	-	-	11,953	11,953	11,300

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.

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

There were no employer contribution reserves as of December 31, 2022 (2021: none).

22. Participations by the board of directors and the executive committee

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:

		2022	2021
Board of directors			
Dr. Thomas Schmuckli	Chair, Chair NC ¹⁾ , ARCC ²⁾	8,658	8,523
Patricia Heidtman	Vice Chair, NC, CC ³⁾	785	650
Dr. René Cotting	Chair ARCC	2,535	2,400
David Dean	Representative of registered A shares, Chair CC	1,285	1,150
Petra Maria Ehmann ⁴⁾	NC, ARCC	135	-
Marcel Keller ⁴⁾	CC	135	-
Martin Kühn	ARCC	1,447	1,312
Prof. Dr. Stefan Michel	NC, CC	1,189	1,054
Total		16,169	15,089

1) Nomination committee

2) Audit, risk & compliance committee

3) Compensation committee

4) Election to the board of directors in April 2021

		2022	2021
Executive committee			
Dr. Daniel Bossard	CEO, CEO Central Europe ad interim	7,205	5,363
Stephan Zehnder	CFO	11,710	10,349
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	2,562	2,301
David Jones ¹⁾	CEO America	300	-
Robert Ang	CEO Asia	13,054	12,793
Rolf Ritter ²⁾	CSO	210	-
Total		35,041	30,806

1) Takeover as CEO America in February 2021

2) Appointment as CSO as of May 1, 2021

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

		2022 ³⁾	2021
Dr. Daniel Bossard	CEO, CEO Central Europe ad interim	1,185	1,243
Stephan Zehnder	CFO	662	765
Dr. Frank Hilgers	CEO Northern & Eastern Europe, CCO	662	765
David Jones ¹⁾	CEO America	145	-
Robert Ang	CEO Asia	662	765
Rolf Ritter ²⁾	CSO	189	94
Total		3,505	3,632

1) Takeover as CEO America in February 2021

2) Appointment as CSO as of May 1, 2021

3) RSUs which will be granted in the second quarter of 2023 for the financial year 2022 are not included in the balance.

23. Related party transactions

Kolin Holding AG, Zug, Switzerland, and Bossard Unternehmensstiftung, Zug, Switzerland, form a group of shareholders as defined in article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.3 percent (2021: 56.3 percent) of total voting rights or 27.8 percent (2021: 27.8 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 1,000	2022	Interest rates in %	2021	Interest rates in %
Deposits in the personnel savings accounts	8,720	0.8	9,322	0.8
Short-term loans from related parties	5,400	0.6–0.8	6,650	0.6–0.8
Long-term loans from related parties	28,500	0.5	22,000	0.5

In 2022, transactions took place during the year with Bossard Unternehmensstiftung, Zug, Bossard Personalstiftung, Zug, and Bossard Finanzierungsstiftung, Zug, with an interest expense of CHF 164,588.

In 2021, transactions took place during the year with Bossard Unternehmensstiftung, Zug, Bossard Personalstiftung, Zug, and Bossard Finanzierungsstiftung, Zug, with an interest expense of CHF 134,453.

24. Lease and rental obligations

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

Operating lease commitments 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
2022	1,259	655	284	79	7	2,284
2021	1,105	688	289	68	5	2,155

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
2022	8,547	5,826	4,088	3,798	6,882	29,141
2021	8,019	6,686	5,279	4,104	12,944	37,032

25. Assets pledged or otherwise restricted

in CHF 1,000	2022	2021
Property, plant and equipment	3,147	4,404
Total	3,147	4,404

The pledged or restricted assets are used as collateral for outstanding bank and mortgage loans, which are not encumbered with any special conditions. After the repayment of the credits, the assets are again freely available.

26. Contingent liabilities

As of December 31, 2022 there were no contingent liabilities (2021: none).

27. Events occurring after balance sheet date

Between December 31, 2022 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 2022.

28. List of group companies

Companies and branches		Registered office	Currency	Capital in 1,000	Shareholding
Holding and finance companies					
Switzerland	Bossard Holding AG	Zug	CHF	40,000	100
	Bossard Finance AG	Zug	CHF	100	100
England	bigHead Fasteners Ltd	Verwood	GBP	1,847	42
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100
USA	Bossard U.S. Holdings, Inc.	Phoenix, AZ	USD	40,000	100
Europe					
Switzerland	Bossard AG	Zug	CHF	12,000	100
	3d-prototyp GmbH in Liquidation	Dietikon	CHF	20	100
	Interfast AG	Zug	CHF	50	100
Austria	Bossard Austria Ges.m.b.H.	Schwechat	EUR	1,017	100
	KVT-Fastening GmbH	Linz	EUR	509	100
Czech Rep.	Bossard CZ s.r.o.	Brno	CZK	1,000	100
	KVT-Fastening s.r.o.	Brno	CZK	200	100
Denmark	Bossard Denmark A/S	Hvidovre	DKK	9,000	100
England	bigHead Bonding Fasteners Ltd	Verwood	GBP	1.8	42
France	Bossard France SAS	Souffelweyersheim	EUR	17,600	100
Germany	Bossard Deutschland GmbH	Illerrieden	EUR	100	100
	Bossard Deutschland GmbH	Velbert	EUR	110	100
	Boysen GmbH	Munich	EUR	1,050	100
Hungary	KVT-Fastening Kft.	Budapest	HUF	3,000	100
Ireland	Arnold Industries Cork DAC	Cork	EUR	0.2	95
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100
Netherlands	Jeveka B.V.	Almere	EUR	46	100
Norway	Bossard Norway AS	Oslo	NOK	200	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
Serbia	KVT-Fastening d.o.o. Beograd	Belgrade	RSD	1,000	100

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Companies and branches		Registered office	Currency	Capital in 1,000	Shareholding
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.3	100
South Africa	Bossard South Africa (Pty) Ltd	Kempton Park	ZAR	-	100
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100
Sweden	Bossard Sweden AB	Malmö	SEK	400	100
America					
Canada	Bossard Canada, Inc.	Montreal	CAD	-	100
	Bossard Ontario Inc.	Toronto	CAD	-	100
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100
	Aero-Space Southwest Mexico, S. de R.L. de C.V.	Guadalajara	MXN	10	100
USA	Bossard, Inc.	Cedar Falls, IA	USD	2,255	100
	Bossard Aerospace, Inc.	Phoenix, AZ	USD	4.9	100
	Bossard, LLC	Stoughton, MA	USD	-	100
	Boysen Aerospace U.S., Inc.	Irving, TX	USD	25	100
Asia/Oceania					
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	500	100
China	Bossard Industrial Fasteners Int. Trading (Shanghai) Co. Ltd	Shanghai	RMB	25,676	100
	Bossard Fastening Solutions (Shanghai) Co. Ltd	Shanghai	RMB	76,829	100
	Bossard Fastening Solutions (Tianjin) Co. Ltd	Tianjin	RMB	68,102	100
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	8,500	100
Singapore	Bossard Pte. Ltd	Singapore	SGD	15,600	100
South Korea	Bossard (Korea) Ltd	Cheonan	KRW	3,500,000	100
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	-	100
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100
Associated companies					
Switzerland	Ecoparts AG	Hinwil	CHF	270	30
	MultiMaterial-Welding AG	Biel/Bienne	CHF	187	41
Austria	PDigital GmbH	Fernitz-Mellach	EUR	35	30

As per December 31, 2022

29. Principles of consolidation

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

Capital consolidation is based on the purchase method. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

Investments in subsidiaries

Subsidiaries are fully consolidated. These are companies 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 Bossard Holding AG directly or indirectly holds more than half of the voting rights of a company or is able to exercise control in another way. This does not apply if 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.

In accordance with Swiss GAAP FER 30 "Consolidated financial statements," goodwill from acquisitions is converted into Swiss francs using the closing rate and is offset against equity at the date of acquisition. Goodwill represents the excess of the consideration transferred over the proportionate share of the revalued net assets of an acquired company at the date of acquisition.

Transactions with non-controlling interest which do not result in a change of the consolidation method are recognized directly in equity. The difference between the consideration transferred and the corresponding non-controlling interest is recognized as goodwill and is offset against the retained earnings in equity.

Associated companies

Associated companies are those in which Bossard Holding AG directly or indirectly holds an interest between 20 percent to 50 percent and exercises significant influence. Associated companies are accounted for using the equity method. Under the equity method, investments in associated companies are recognized at the proportionate share of equity at the date of acquisition. The difference to the consideration transferred is recognized as goodwill and is offset against the retained earnings in equity at the date of acquisition. Subsequently, the book value is adjusted to reflect the company's proportionate equity.

Non-controlling interest

Non-controlling interest of less than 20 percent and without any other form of control or significant influence is recognized at acquisition cost less any economically necessary impairment.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are prepared in their respective local currency. Transactions in foreign currencies are translated at the exchange rate on the day of the transaction. Exchange differences resulting from adjustments of foreign exchange balances at the balance sheet date are recognized as exchange gains or losses in the income statements of the Group companies and are included in the consolidated net income.

For the consolidated financial statements, the financial statements of the Group companies that report in a foreign currency are translated into Swiss francs as follows: balance sheet items at year-end exchange rates, equity at historical rates, and items of the income statement at the average exchange rate for the year. Any translation differences and exchange differences arising from intercompany loans with equity character are recognized in the Group's consolidated equity.

The following principal exchange rates were applied:

	31.12.2022 Year-end exchange rate	01.01.2022– 31.12.2022 Average exchange rate	31.12.2021 Year-end exchange rate	01.01.2021– 31.12.2021 Average exchange rate
1 EUR	0.99	1.01	1.04	1.08
1 USD	0.93	0.95	0.91	0.91
100 DKK	13.28	13.51	13.93	14.54
100 RMB	13.32	14.20	14.30	14.17
100 INR	1.12	1.22	1.23	1.24

30. Accounting and valuation principles

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 stated at the invoiced amount less allowances. The allowance for doubtful accounts is based on the maturity structure and identifiable credit risks.

Inventories

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

Property, plant and equipment

Land is stated at cost and generally not depreciated. Buildings, machinery and equipment, office machines and furniture as well as vehicles are stated at cost less economically necessary depreciation and impairment. Assets are depreciated on a straight-line basis over their estimated useful lives:

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 maintenance costs which do not increase the value or useful life of an asset are charged directly as an expense. Expenditures which increase the useful life of an asset are capitalized. Fixed assets no longer in use or sold are removed from the assets at acquisition cost minus the related accumulated depreciation. Any gains or losses arising from the disposal of fixed assets 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 (purchased or self-generated) are capitalized, provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over several years. Computer software is amortized on a straight-line basis over its estimated useful life, up to a maximum of 15 years.

Intangible assets – others

This item includes rights. Rights are amortized on a straight-line basis 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. Fair value changes are recognized in the income statement in the period in which they arise.

Impairment

The recoverability of non-current assets is determined at the balance sheet date. Impairment losses are recognized in the income statement.

Derivative financial instruments

Financial instruments are recognized in the balance sheet at fair value. Assets from derivatives are recognized under financial assets and liabilities from derivatives are recognized under current liabilities. Derivative financial instruments held for hedging purposes are valued at the same valuation principles as the underlying hedged item.

Liabilities

Liabilities are recognized at nominal value.

Provisions

A provision is recognized if the Group has a probable obligation that is based on a past event and its amount and/or its due date is uncertain but can be estimated.

Contingent liabilities

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

Financial debts

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

Treasury shares

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

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. 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 (RSUs) are subject to a vesting period of three to five years. After three years, yearly one-third of the allocated RSUs is passed on to the manager provided as long as she or he is employed at the time of the vesting. After the last contractual working day, all remaining stock options (RSUs) forfeit immediately.

There is an equivalent restricted stock unit plan (RSU) in place for the members of the executive committee. However, the condition for grant is linked to the implementation of the Group's strategic initiatives of the prior financial year. Therefore, the vesting period starts after the termination of the financial year. The conversion is carried out at market value and is based on the average share price over the last ten trading days in December.

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 liability (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 financial year. No dilution effect results because no additional shares have been issued.

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 accounted for in accordance with Swiss GAAP FER 16.

Any actual economic impacts of pension plans on the Group are calculated at the balance sheet date. An economic benefit from a surplus is recognized as an asset provided this is admissible and the surplus can be used to decrease the Group's future contributions to its pension plans. An economic obligation is recognized if the criteria for recognizing a provision are met. Contributions by Group companies to pension plans are recognized in the income statement in the year in which they occur.

Net sales and revenue recognition

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

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 base of assets and liabilities and their carrying values determined in accordance with Swiss GAAP FER.

Deferred tax assets on temporary differences are only capitalized if it is probable that they can be realized in the future through sufficient taxable profits. Deferred taxes are calculated using the expected applicable local tax rates. Bossard does not recognize deferred tax assets on tax losses carried forward. The value of such tax assets is recognized only when realized.

No deferred taxes are recognized for taxes on future distributions of profits of subsidiaries, provided that no distribution is intended in the foreseeable future and Bossard is able to control its timing.

Related parties

A party is related to the Group if it 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 the Group, has joint control over the Group (board of directors and executive committee) or is an associate or a joint venture of the Group. 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 have an 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 estimates are based on the board of directors’ and the executive committee’s best knowledge and belief of current and future activities of the Group. The actual results may deviate from these estimates.

31. Financial risk management

The goal of the risk management is to identify and evaluate financial risks with a potential negative impact on the Group and to mitigate and minimize them accordingly. The board of directors bears ultimate responsibility for the risk management and delegates its implementation to the Group finance department. The results are summarized in a report to the board of directors and the executive committee.

Due to its international operations, Bossard is exposed to various financial risks arising from its business activities, but also from financing activities. The Group’s main financial risks include foreign exchange and credit risks with regard to the solvency of the Group’s counterparties. Any hedging activities must be linked to the Group’s operations. The Group has comprehensive insurance coverage to protect itself against other risks.

Foreign currency risk

Given its international operations, the Group is exposed to exchange rate fluctuations which have an impact on the Group’s consolidated financial statements presented in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group’s currency risks are mainly limited to the Euro and the US dollar. Transactions in the individual Group companies are predominantly conducted in their local currencies, which is why the currency risk from current operating activities is considered to be low. In some Group companies, however, foreign currency risks exist for payments to suppliers outside their local currency. 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 risks. Such risks are partly hedged by financing activities in the respective foreign currency and, where necessary, through foreign exchange contracts with a maturity of a maximum of twelve months.

Interest rate risk

The risk of changes in interest rates is monitored and managed centrally by the Group's corporate treasury department. In certain market situations, the Group may make use of instruments to hedge interest rate fluctuations, or it can convert part of the loans with variable interest rates to fixed interest rates.

Credit risk

Credit risks arise if, in a transaction, the counterparty is either not willing or not able to meet its payment obligations. The credit loss risk for accounts receivable is minimized through credit limits, credit worthiness checks and by an efficient system for managing receivables. Given the Group's monthly internal reporting system, continuous monitoring of overdue payments is ensured. Additionally, the risk concentration is limited due to the fact that the Group's customer base consists of numerous customers with a wide geographical and industrial distribution.

Liquidity risk

One aspect of judicious risk management is ensuring an appropriate amount of cash and cash equivalents and committed credit facilities as well as the possibility of re-financing. To ensure that the Group is solvent and financially flexible at all times, it maintains a liquidity reserve in the form of cash and cash equivalents as well as credit facilities. Optimal liquidity control is achieved through cash pooling.

Capital risk

To minimize its capital risk, the Group ensures that the continuation of its operating activities is guaranteed and that an appropriate return can be generated for its shareholders. To achieve this, the Group may adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets.

The Group monitors its capital structure based on its equity ratio with a target value of at least 40 percent.



Report of the statutory auditor to the General Meeting of Bossard Holding AG Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bossard Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 116 to 142) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach

Overview

Overall Group materiality: CHF 6,780,000

We concluded full scope audit work at eleven reporting units in six countries. Our audit scope addressed over 68 % of Group's revenue.

In addition, specified procedures were performed on a further three reporting units in two countries representing a further 4 % of the Group's revenue.

As key audit matter the following area of focus has been identified:

Valuation of inventories



Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6,780,000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 678,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined considering the work performed by the Group auditor and the component auditors in the PwC network. All significant subsidiaries of the Group were audited by PwC. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor included video call conferences with the component auditors, an investigation of the risk analysis and participating in the audit discussions of group companies subject to full scope audits, at which the local management, the local auditor and Group representatives took part.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Key audit matter

Inventories amount to CHF 442.3 million (after deduction of a value adjustment of CHF 48.2 million) as of December 31, 2022 and are thus the largest asset category, representing around 49% of total assets.

Inventories are stated at the lower of acquisition cost and net realisable value (lower of cost or market principle).

We consider the valuation of inventories as a key audit matter due to the amount they represent on the balance sheet and the significant scope for judgement involved in determining the write-downs required on obsolescent or slow-moving products.

Please refer to page 121 (3 Inventories) and page 138 (30 Accounting and valuation principles) in the annual report.

How our audit addressed the key audit matter

We performed the following audit procedures to assess the appropriateness of the valuation of the inventories:

- We gathered an understanding of the process of the valuation of inventories and tested periodically selected internal controls in that process cycle.
- We checked on a sample basis the acquisition costs used for valuation purposes against the latest purchase prices. Additionally, by reference to sales prices achieved in the year, we checked on a sample basis compliance with the lower of cost or market principle.
- We noted that the method for determining write-downs of inventories was applied consistently.
- For obsolescent or slow-moving inventories, we discussed with Management the assumptions applied in calculating the required write-downs and assessed these assumptions. In doing so, we paid particular attention to changes in write-downs for each category of product or of write-downs compared with the prior year. We also considered the experience of significant unforeseen product write-downs or write-offs in previous years.
- We tested on a sample basis the computational accuracy and completeness of the calculation of the writedowns.
- We discussed with Management and the Audit, Risk & Compliance Committee the results of our work and any movements in the write-downs.

On the basis of the audit procedures performed, we have addressed the risk of an incorrect valuation of the inventories. We have no findings to report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the note 5 in the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>.

This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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

Thomas Wallmer

Licensed audit expert
Auditor in charge

Remo Waldispühl

Licensed audit expert

Zurich, February 24, 2023

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BOSSARD HOLDING AG

Balance sheet

in CHF	Notes	31.12.2022	31.12.2021
Assets			
Current assets			
Cash and cash equivalents		1,367,289	1,801,600
Other receivables	1	941,899	1,637,867
Prepaid expenses		54,548	44,060
		2,363,736	3,483,527
Non-current assets			
Financial assets	2	30,866,800	36,342,668
Investments	3	118,023,215	118,023,215
		148,890,015	154,365,883
Total assets		151,253,751	157,849,410

in CHF	Notes	31.12.2022	31.12.2021
Liabilities and shareholders' equity			
Current liabilities			
Other current liabilities to third parties		130,930	84,114
Accrued expenses		284,761	437,192
		415,691	521,306
Total liabilities		415,691	521,306
Shareholders' equity			
Share capital		40,000,000	40,000,000
Legal reserve			
Reserves from capital contributions		15,701,654	15,701,654
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		14,442,755	24,054,438
Profit for the current year		32,376,142	29,652,462
Treasury shares	4	-3,843,877	-4,241,836
Total shareholders' equity		150,838,060	157,328,104
Total liabilities and shareholders' equity		151,253,751	157,849,410

BOSSARD HOLDING AG

Income statement

in CHF	Notes	2022	2021
Income			
Dividend income		35,000,000	30,000,000
Other operating income		300,000	300,000
Expenses			
Personnel expenses	8	-1,634,223	-1,577,649
Other operating expenses		-718,694	-531,604
Other financial income		268,101	1,687,948
Financial expenses		-839,042	-69,784
Income before taxes		32,376,142	29,808,911
Taxes		-	-156,449
Net income		32,376,142	29,652,462

BOSSARD HOLDING AG

Notes to the financial statements

[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 under the financial reporting law (Title 32 of the Swiss Code of Obligations).

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:

	31.12.2022 Year-end exchange rate	31.12.2021 Year-end exchange rate
EUR	0.99	1.04

[Information and explanations relating to items in the balance sheet and in the income statement](#)

1. Other receivables

in CHF	2022	2021
From subsidiaries	941,899	1,637,867
Total	941,899	1,637,867

2. Financial assets

in CHF	2022	2021
From subsidiaries	30,866,800	36,342,668
Total	30,866,800	36,342,668

3. Investments

Name, legal form, registered office	2022		2021	
	Capital	Votes	Capital	Votes
Direct investment				
Bossard Finance AG, Zug	100 %	100 %	100 %	100 %
Indirect investments				
bigHead Fasteners Ltd, Verwood	42 %	42 %	42 %	42 %
Bossard-KVT Beteiligungs GmbH, Illerrieden	100 %	100 %	100 %	100 %
Boysen Verwaltungs GmbH, Munich (merger with Bossard-KVT Beteiligungs GmbH, Illerrieden)	-	-	100 %	100 %
Normscrews Beheer B.V., Almere (merger with Jeveka B.V., Almere)	-	-	100 %	100 %
Bossard U.S. Holdings, Inc., Phoenix	100 %	100 %	100 %	100 %
Bossard AG, Zug	100 %	100 %	100 %	100 %
3d-prototyp GmbH in Liquidation, Dietikon	100 %	100 %	100 %	100 %
Interfast AG, Zug	100 %	100 %	100 %	100 %
KKV AG, Zug	35 %	35 %	35 %	35 %
Bossard Austria Ges.m.b.H., Schwechat	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Linz	100 %	100 %	100 %	100 %
Bossard CZ s.r.o., Brno	100 %	100 %	100 %	100 %
KVT-Fastening s.r.o., Brno	100 %	100 %	100 %	100 %
Bossard Denmark A/S, Hvidovre	100 %	100 %	100 %	100 %
bigHead Bonding Fasteners Ltd, Verwood	42 %	42 %	42 %	42 %
Bossard France SAS, Souffelweyersheim	100 %	100 %	100 %	100 %
Bossard Deutschland GmbH, Illerrieden	100 %	100 %	100 %	100 %
Bossard Deutschland GmbH, Velbert	100 %	100 %	100 %	100 %
Boysen GmbH, Munich	100 %	100 %	100 %	100 %
KVT-Fastening GmbH, Illerrieden (merger with Bossard Deutschland GmbH, Illerrieden)	-	-	100 %	100 %
KVT-Fastening Kft., Budapest	100 %	100 %	100 %	100 %
Arnold Industries Cork DAC, Cork	95 %	95 %	95 %	95 %
Bossard Italia S.r.l., Legnano	100 %	100 %	100 %	100 %
Jeveka B.V., Almere	100 %	100 %	100 %	100 %
Bossard Norway AS, Oslo	100 %	100 %	100 %	100 %

Name, legal form, registered office	2022		2021	
	Capital	Votes	Capital	Votes
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 d.o.o. Beograd, Belgrade	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 South Africa (Pty) Ltd, Kempton Park	100 %	100 %	100 %	100 %
Bossard Spain SA, Sant Cugat del Vallès	100 %	100 %	100 %	100 %
Bossard Sweden AB, Malmö	100 %	100 %	100 %	100 %
Bossard Canada, Inc., Montreal	100 %	100 %	100 %	100 %
Bossard Ontario Inc., Toronto	100 %	100 %	-	-
Bossard de México, S.A. de C.V., Monterrey	100 %	100 %	100 %	100 %
Aero-Space Southwest Mexico, S. de R.L. de C.V., Guadalajara	100 %	100 %	100 %	100 %
Bossard Aerospace, Inc., Phoenix	100 %	100 %	100 %	100 %
Bossard, Inc., Cedar Falls	100 %	100 %	100 %	100 %
Bossard, LLC, Stoughton	100 %	100 %	100 %	100 %
Boysen Aerospace U.S., Inc., Irving	100 %	100 %	100 %	100 %
Bossard Australia Pty. Ltd, Melbourne	100 %	100 %	100 %	100 %
Bossard Industrial Fasteners Int. Trading (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Shanghai) Co. Ltd, Shanghai	100 %	100 %	100 %	100 %
Bossard Fastening Solutions (Tianjin) Co. Ltd, Tianjin	100 %	100 %	100 %	100 %
LPS Bossard Pvt. Ltd, Rohtak	51 %	51 %	51 %	51 %
LPS Bossard Information System Pvt., Rohtak	51 %	51 %	51 %	51 %
Bossard (M) Sdn. Bhd., Penang	100 %	100 %	100 %	100 %
Bossard Pte. Ltd, Singapore	100 %	100 %	100 %	100 %
Bossard (Korea) Ltd, Cheonan	100 %	100 %	100 %	100 %
Bossard (Thailand) Ltd, Bangkok	100 %	100 %	100 %	100 %
Ecoparts AG, Hinwil	30 %	30 %	30 %	30 %
MultiMaterial-Welding AG, Biel/Bienne	41 %	41 %	41 %	41 %
PDi Digital GmbH, Fernitz-Mellach	30 %	30 %	30 %	30 %

4. Treasury shares, incl. shares held by subsidiaries

in CHF	2022		2021	
	Number	Value	Number	Value
Balance at January 1	300,904	4,241,836	308,691	3,170,816
Additions	114,577	24,768,347	93,408	24,382,760
Use of treasury stock	-	-	-	1,901,090
Disposals	-111,922	-25,166,306	-101,195	-25,212,830
Balance at December 31	303,559	3,843,877	300,904	4,241,836

Group companies do not hold any registered A shares. In 2022, 8,676 registered A shares were used for the share option programs. In 2021, 8,561 registered A shares were used for the share option programs, thereof 6,295 treasury stocks.

5. Collateral to third parties

in CHF	2022	2021
Guarantees	530,665,694	423,814,775
Thereof used	294,106,568	197,571,914

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.

6. Shares and options on shares held by management and related parties

The disclosure of shareholdings 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 22 page 132).

7. Significant shareholders

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 120seq. of Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). They hold 56.3 percent (2021: 56.3 percent) of the voting rights. Kolin Holding AG is wholly owned by the Bossard families.

Other information required by law

8. Full-time equivalents/personnel expenses

Bossard Holding AG has no employees. Personnel expenses include the compensation of the board of directors.

BOSSARD HOLDING AG

Appropriation of available earnings

Statement of changes in retained earnings

in CHF	2022	2021
Retained earnings at the beginning of the year	53,706,900	57,920,680
Net income	32,376,142	29,652,462
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2021 and 2020 respectively	-39,264,145	-33,866,242
Retained earnings at the end of the year	46,818,897	53,706,900

Statement of changes in capital contribution reserve

in CHF	2022	2021
Capital contribution reserve at the beginning of the year	15,701,654	13,819,386
Deposits on the use of treasury shares	-	1,882,268
Capital contribution reserve at the end of the year ¹⁾	15,701,654	15,701,654

1) Subject to adjustments by the Swiss tax authorities

The board of directors proposes to the annual general meeting of shareholders the following appropriation of available retained earnings

in CHF	2022
Available retained earnings before distribution	46,818,897
Dividend of 110 percent on the share capital of max. CHF 38,482,205 eligible for dividends ²⁾	-42,330,425
To be carried forward	4,488,472

2) The figure is based on the issued share capital as of December 31, 2022 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.



Report of the statutory auditor

to the General Meeting of Bossard Holding AG Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bossard Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 147 to 151) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1,500,000
Benchmark applied	Shareholders' equity
Rationale for the materiality benchmark applied	We chose shareholders' equity as the benchmark because it is a relevant and generally accepted benchmark for materiality considerations relating to a holding company.

We agreed with the Audit, Risk & Compliance Committee that we would report to them misstatements above CHF 150,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the note 5 in the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>.

This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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



Thomas Wallmer

Licensed audit expert
Auditor in charge



Remo Waldispühl

Licensed audit expert

Zurich, February 24, 2023

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INVESTOR INFORMATION

	2022	2021	2020	2019	2018
Share capital					
Registered A shares at CHF 5 par					
Capital stock in CHF 1,000	33,250	33,250	33,250	33,250	33,250
Number of shares issued	6,650,000	6,650,000	6,650,000	6,650,000	6,650,000
Number of shares entitled to dividend	6,346,441	6,349,096	6,341,309	6,345,360	6,272,567
Registered B shares at CHF 1 par					
Capital stock in CHF 1,000	6,750	6,750	6,750	6,750	6,750
Number of shares issued	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Number of shares entitled to dividend	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
Registered A shares equivalents, entitled to dividend at Dec. 31	7,696,441	7,699,096	7,691,309	7,695,360	7,622,567
Market price					
Ticker symbol (BOSN)					
Volume traded (daily average)	15,065	13,466	20,805	19,036	17,113
Closing price at Dec. 31 in CHF	199.8	328.5	178.4	174.7	139.8
Registered A share high in CHF	331.5	362.0	179.4	180.8	252.0
Registered A share low in CHF	157.8	172.6	90.0	123.9	132.1
Dividend per share					
Registered A share in CHF	5.50 ¹⁾	5.10	4.40	2.00	4.50
Registered B share in CHF	1.10 ¹⁾	1.02	0.88	0.40	0.90
in % of share capital	110.0	102.0	88.0	40.0	90.0
Dividend yield in % (Basis: price at Dec. 31)	2.8	1.6	2.5	1.1	3.2
Earnings per share ^{2) 5)}					
Registered A share in CHF	13.38	12.53	8.73	9.73	10.95
Registered B share in CHF	2.68	2.51	1.75	1.95	2.19

	2022	2021	2020	2019	2018
Cash flow per share ^{2) 4)}					
Registered A share in CHF	16.80	15.68	11.36	12.30	13.32
Registered B share in CHF	3.36	3.14	2.27	2.46	2.66
Price/Earnings ratio (Basis: price at Dec. 31)	14.9	26.2	20.4	18.0	12.8
Net worth per share ³⁾					
Registered A share in CHF	49.3	45.4	41.9	39.6	40.6
Registered B share in CHF	9.9	9.1	8.4	7.9	8.1
Market capitalization (Basis: price at Dec. 31)					
in CHF million ³⁾	1,537.7	2,529.2	1,372.1	1,344.4	1,065.6
in % of shareholders' equity	405.1	723.6	425.7	441.5	344.1

- 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

in CHF million	2022	2021	2020	2019	2018
Economic value added analysis					
Net sales	1,153.8	995.1	812.8	876.2	871.1
Earnings before interest and taxes (EBIT)	141.5	123.3	86.4	95.7	108.8
Effective tax rate in %	22.2	19.2	17.6	18.3	18.1
Net operating profit after tax (NOPAT)	110.1	99.6	71.2	78.2	89.2
Equity	379.6	349.5	322.3	304.5	309.7
Gross financial debt	354.8	251.3	196.4	220.4	162.8
Less cash and cash equivalents	35.8	34.1	40.7	32.7	32.6
Capital employed (year-end)	698.6	566.7	478.0	492.2	439.9
Average annual capital employed (A)	632.7	522.4	485.1	466.1	414.0
Return on average capital employed in % (ROCE)	17.4	19.1	14.7	16.8	21.5

	2022	2021	2020	2019	2018
Cost of financial debt in %					
Average cost of financial debt	1.1	1.1	1.1	1.2	1.2
Less effective tax	22.2	19.2	17.6	18.3	18.1
Cost of financial debt after tax	0.9	0.9	0.9	1.0	1.0
Cost of equity in %					
Risk free rate					
(Basis: yearly average of yield					
Swiss government bond)	0.8	-0.2	-0.5	-0.5	0.0
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	6.3	5.3	5.0	5.0	5.5
Equity ratio	41.7	45.2	50.3	46.7	51.3
Weighted average cost of capital in % (WACC)	3.2	2.9	3.0	2.9	3.3
Economic profit in % (ROCE - WACC) (B)	14.2	16.2	11.7	13.9	18.2
Economic profit in CHF million (A) * (B)	89.8	84.6	57.0	65.0	75.3

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

in CHF million	2022	2021	2020	2019	2018
Economic book value (EBV)					
Market value added (economic profit/WACC)	2,781.9	2,933.8	1,928.9	2,271.8	2,271.9
Capital employed	698.6	566.7	478.0	492.2	439.9
Implied enterprise value (EVA®)	3,480.5	3,500.5	2,406.9	2,764.0	2,711.8
Less gross financial debt	354.8	251.3	196.4	220.4	162.8
Plus cash and cash equivalents	35.8	34.1	40.7	32.7	32.6
Economic book value at Dec. 31	3,161.5	3,283.3	2,251.2	2,576.3	2,581.6
Market valuation and key ratios					
Share price at Dec. 31 in CHF	199.8	328.5	178.4	174.7	139.8
Market capitalization	1,537.7	2,529.2	1,372.1	1,344.4	1,065.6
Net financial debt	319.0	217.2	155.7	187.7	130.2
Enterprise value (EV)	1,856.7	2,746.4	1,527.8	1,532.1	1,195.8
EV in % of net sales	160.9	276.0	188.0	174.9	137.3
EV/EBITDA	11.2	18.9	14.4	13.5	9.6
EV/EBIT	13.1	22.4	17.7	16.0	11.0
EV/NOPAT	16.9	27.6	21.5	19.6	13.4
Price/book value per share	4.1	7.2	4.3	4.4	3.4
Return on equity in %	29.0	29.2	21.6	24.7	29.8

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

Share price development 2018–2022

Valor: 23862714, ISIN CH0238627142/BOSN



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IMPRINT & AGENDA

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This Annual Report 2022 is also available in German.

The German Annual Report 2022 is binding.

Dieser Jahresbericht 2022 ist auch in deutscher Sprache erhältlich.

Der deutsche Jahresbericht 2022 ist massgebend.

Meeting for financial analysts & media conference

March 1, 2023

Publication of Annual Report 2022

March 1, 2023

Annual general meeting of shareholders

April 17, 2023

Publication of sales results, 1st quarter 2023

April 17, 2023

Publication of Semi-Annual Report 2023

July 20, 2023

Publication of sales results, 3rd quarter 2023

October 12, 2023

Publication of sales results 2023

January 12, 2024



Proven.