

COMPENSATION REPORT

1. BASIS

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Board of Burckhardt Compression and it contains information on their annual compensation. This report was prepared in accordance with the provisions of the Swiss Federal Ordinance Against Excessive Compensation in Listed Companies (OAEC), the Directive on Information relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange, and the Bylaws of Burckhardt Compression Holding AG.

2. COMPENSATION POLICY

Burckhardt Compression has established a transparent and long-term-oriented compensation system. The objectives pursued with this system are to ensure that the compensation of the Board of Directors and the company executives is market competitive and to achieve a good balance between the interests of the shareholders, the directors and executive management. Market-competitive pay is a basic prerequisite for attracting well-qualified directors and executives and ensuring that they remain with the company for the long run.

3. ORGANIZATION, DUTIES AND POWERS

The Nomination and Compensation Committee (NCC) is comprised of at least two members of the Board of Directors. The members of the NCC are elected individually and annually by the Annual General Meeting and their term of office shall expire at the end of the next Annual General Meeting. The Annual General Meeting of July 7, 2018 elected Hans Hess and Dr. Stephan Bross to the Nomination and Compensation Committee. The Board of Directors appointed Hans Hess Chairman of the Nomination and Compensation Committee.

The NCC meets at least twice a year. The CEO and CHRO attend these meetings in an advisory capacity, except during deliberation of meeting topics that pertain to themselves. The Nomination and Compensation Committee held two meetings during the year under review.

The duties and powers of the NCC are set forth in the company's Bylaws and Organizational Regulations. The NCC supports the Board of Directors in the performance of its duties pertaining to the compensation and personnel policies of the company and the entire Group as prescribed by law or the company's Bylaws. The most important duties and powers of the NCC with regard to compensation are given in the table below.

The Annual General Meeting of Burckhardt Compression Holding AG casts the following votes in relation to the compensation of the Board of Directors and Executive Board:

- a prospective vote on the maximum aggregate amount of fixed compensation for the Board of Directors and the Executive Board for the fiscal year following the Annual General Meeting
- a retrospective vote on the maximum aggregate amount of variable compensation for the Executive Board for the fiscal year preceding the Annual General Meeting.

Furthermore, the Annual General Meeting casts a consultative vote on the Compensation Report.

4. COMPENSATION SYSTEM

Burckhardt Compression Group's compensation system consists of a mix of fixed and variable components. In accordance with the Bylaws of Burckhardt Compression Holding AG, variable compensation can be paid in whole or part in the form of shares, conditional rights to receive shares, or in comparable instruments of the company.

| Topic | Proposal/recommendation by | Approval authority |
|---|----------------------------|--------------------|
| Compensation principles and guidelines | NCC | BOD |
| Compensation Report | NCC | BOD |
| Compensation of Board of Directors | NCC | BOD |
| Compensation of CEO | NCC | BOD |
| Aggregate compensation of Executive Board | NCC | BOD |
| Compensation per member of Executive Board (excl. CEO) | CEO | NCC |
| Loans and additional pension benefits for Executive Board (excl. CEO) | CEO | NCC |

4.1. Compensation system for the Board of Directors

Compensation for the Board of Directors consists of a fixed component, 80% of which is paid in cash, 20% in shares; a fixed cash supplement for directors who serve on a formal Board committee; and a fixed lump-sum for expenses. The number of shares awarded is based on the average share price (daily closing price on the SIX exchange) for the period between the announcement of the full-year results and the Annual General Meeting.

The fixed cash component amounts to CHF 81'000 for members of the Board of Directors and CHF 134'000 for the chairman. The fixed cash supplement for directors serving on a formal Board committee is CHF 10'000 a year. The lump sum for expenses is CHF 4'000 for members of the Board of Directors and CHF 6'000 per year for the chairman of the Board of Directors.

4.2. Compensation system for the Executive Board

Compensation of the Executive Board consists of three components:

- a fixed base salary
- a variable performance- and profit-related annual bonus paid in cash
- a variable performance- and profit-related long-term incentive bonus awarded in the form of free shares.

Base salary The members of the Executive Board are assigned to so-called Global Grades as defined by a global functional grading system (Willis Towers Watson Global Grading System). Market data for each Global Grade and the results of annual performance appraisals are taken into consideration when determining the base salary of the members of the Executive Board.

Annual Bonus The members of the Executive Board receive a variable performance- and profit-related bonus in addition to their base salaries. The annual bonus is calculated as the mathematical product of Burckhardt Compression's consolidated net income and a percentage rate. The percentage rate applied for the CEO is 0.28%. The percentage rate for other members of the Executive Board – depending on their Global Grade – ranges from 0.08 to 0.16%. In the case of the CEO, the CFO and the CHRO, the percentage rate is multiplied by the goal attainment indicator of the Return On Net Operating Assets (RONOA) of Burckhardt Compression Group, which serves as an indicator of goal attainment. The percentage for the heads of the two divisions is multiplied by the respective divisional operating profit as the goal attainment indicator. The goal attainment indicator ranges from 0 to 1.5. If the defined goal is achieved, the goal attainment indicator is 1.0. The annual bonus is capped at 50% of annual base salary.

Long-term incentive pay Members of the Executive Board additionally receive long-term incentive pay awarded in the form of free shares. The long-term bonus program is valid for a

six-year period (fiscal years 2017–2022). Long-term incentive pay is based on the attainment of the Mid-Range Plan targets for organic growth (sales) and net income of Burckhardt Compression Group for the fiscal years 2018 to 2022 and for the 2017 fiscal year.

The basis upon which the long-term incentive pay is calculated consists of a fixed, predefined amount per Global Grade. If the sales and net income targets set in the Mid-Range Plan are attained by the end of the fiscal year 2022, this fixed amount will be multiplied by a factor of 1.0 (0.5 each for sales and net income) and awarded in the form of shares (free shares). The targeted amount of the long-term bonus for the entire six-year period is CHF 900'000 for the CEO and between CHF 405'000 and CHF 600'000 for the members of the Executive Board, depending on their Global Grade. The sales target in the Mid-Range Plan (aggregate) for the six years amounts to CHF 3'819 mn, the net income target is CHF 300 mn. If the targets are only partially achieved, the factors will be reduced by a corresponding amount. Minimum financial targets have been defined for both cumulative sales and for cumulative net income. The minimum cumulative sales target is set at CHF 3'346 mn, minimum cumulative net income at CHF 195 mn. If cumulative sales or net income fall short of these minimum thresholds, the corresponding factor will be reduced to zero. If the Mid-Range Plan targets for sales or net income are exceeded, the corresponding factors will be increased up to a maximum amount of 0.6 each (1.2 in total).

An interim evaluation of the attained targets will be conducted after three years. Members of the Executive Board whose employment with the company has not been terminated as of July 31, 2020 will on that date be awarded a fixed number of free shares for the fiscal years 2017, 2018 and 2019. These free shares will be distributed at the end of July 2020. The second allotment of free shares for the fiscal years 2020, 2021 and 2022 will be distributed at the end of July 2023, provided the employment contract for the respective Executive Board members has not been terminated. Persons subsequently appointed to the Executive Board will be entitled to long-time incentive pay on a pro rata basis. The number of shares awarded will be based on the average share price for the periods from the announcement of the full-year results to the annual general meetings for the fiscal years 2019 and 2022, respectively.

All shares received will not be subject to any restrictions upon the date of transfer.

Employment contract terms Employment contracts with Executive Board members are entered into for an indefinite period with a notice period of six months.

5. COMPENSATION PAID WITH COMPARATIVE FIGURES FOR THE PREVIOUS YEAR

5.1. Compensation paid to the Board of Directors

The following aggregate compensation was paid to the members of the Board of Directors for the fiscal years 2018 and 2017:

| in CHF 1'000 | | | | 2018 |
|--|-----------------|------------|---|------------------------|
| Name | Function | Fees | Social insurance contributions and other benefits | Total |
| Members of the Board of Directors | | | | |
| Valentin Vogt | Chairman | 144 | 17 | 161 |
| Hans Hess | Deputy Chairman | 91 | 10 | 101 |
| Dr. Stephan Bross | Member | 91 | 4 | 95 |
| Dr. Monika Krüsi | Member | 101 | 10 | 111 |
| Urs Leinhäuser | Member | 91 | 10 | 101 |
| Total | | 518 | 51 | 569 |
| Approved by the 2017 AGM for fiscal year 2018 | | | | 580¹ |

| in CHF 1'000 | | | | 2017 |
|--|-----------------|------------|---|------------------------|
| Name | Function | Fees | Social insurance contributions and other benefits | Total |
| Members of the Board of Directors | | | | |
| Valentin Vogt | Chairman | 144 | 17 | 161 |
| Hans Hess | Deputy Chairman | 91 | 10 | 101 |
| Dr. Stephan Bross | Member | 91 | 4 | 95 |
| Dr. Monika Krüsi | Member | 101 | 10 | 111 |
| Urs Leinhäuser | Member | 91 | 10 | 101 |
| Total | | 518 | 51 | 569 |
| Approved by the 2016 AGM for fiscal year 2017 | | | | 580¹ |

¹ This amount includes a contingency reserve of CHF 9'000.

The total fixed compensation in the fiscal year under review is unchanged from the previous fiscal year. The Annual General Meeting of July 1, 2017 approved aggregate fixed compensation in the amount of CHF 580'000 (gross, incl. social insurance contributions) for the Board of Directors (5 persons) for fiscal year 2018. The amount of compensation actually paid was CHF 11'000 less than the approved amount.

5.2. Compensation paid to the Executive Board

The following compensation was paid to the members of the Executive Board for the fiscal years 2018 and 2017:

| in CHF 1'000 | | | | | | | | | 2018 |
|--|----------|-------------------------|---|----------------------------------|-----------------------------|-------------------------------------|---|-------------------------------------|--------------------|
| Name | Function | Fixed base salary, cash | Social insurance contributions and other benefits | Total fixed compensation (gross) | Variable annual bonus, cash | Share-based long-term incentive pay | Social insurance contributions and other benefits | Total variable compensation (gross) | Total |
| Executive Board | | | | | | | | | |
| Marcel Pawlicek | CEO | 425 | 116 | 541 | 84 | 105 | 40 | 229 | 770 |
| Other members of the Executive Board | | 1'117 | 268 | 1'385 | 161 | 177 | 65 | 403 | 1'788 ¹ |
| Total | | 1'542 | 384 | 1'926 | 245 | 282 | 105 | 632 | 2'558 |
| Approved by the 2017 AGM for fiscal year 2018 | | | | 2'120² | | | | | |

| in CHF 1'000 | | | | | | | | | 2017 |
|--|----------|-------------------------|---|----------------------------------|-----------------------------|-------------------------------------|---|-------------------------------------|--------------|
| Name | Function | Fixed base salary, cash | Social insurance contributions and other benefits | Total fixed compensation (gross) | Variable annual bonus, cash | Share-based long-term incentive pay | Social insurance contributions and other benefits | Total variable compensation (gross) | Total |
| Executive Board | | | | | | | | | |
| Marcel Pawlicek | CEO | 425 | 116 | 541 | 64 | 75 | 29 | 168 | 709 |
| Other members of the Executive Board ² | | 1'066 | 260 | 1'326 | 118 | 172 | 53 | 343 | 1'669 |
| Total | | 1'491 | 376 | 1'867 | 182 | 247 | 82 | 511 | 2'378 |
| Approved by the 2016 AGM for fiscal year 2017 | | | | 2'130³ | | | | | |

¹ This amount includes Martin Wendel's compensation for the 2018 fiscal year and Rainer Dübi's pro rata compensation as of February 15, 2019.

² This amount includes a contingency reserve of CHF 250'000.

³ This amount includes a contingency reserve of CHF 200'000.

The CEO's fixed base salary for the period under review is comparable to the level from the previous fiscal year. The total amount of fixed base salary for the other members of the Executive Board is CHF 51'000 more than in the prior-year period. The Annual General Meeting of July 1, 2017 approved a total sum of CHF 2'120'000 (gross, including social insurance contributions) for the fixed compensation of the entire Executive Board for the fiscal year 2018. The amount of fixed compensation actually paid (gross, including social insurance contributions) was CHF 194'000 less than the approved amount.

The annual bonus for the Executive Board in fiscal year 2018 was CHF 63'000 more than in the previous year. This is because of the increase in reported net profit, which serves as the basis for the annual bonus, and because the targets set in conjunction with the Group and Divisional factors described above were exceeded. Personnel expenses for the Executive Board's long-term bonus were CHF 35'000 more than in the previous year. The provision made for the long-term bonus has been adjusted for two reasons: firstly, on the basis of an assessment of business performance over a multi-year period; secondly, in accordance with Swiss GAAP FER, the related expenses must be allocated over the program's vesting period, which can lead to adjustments within individual fiscal years.

6. OVERVIEW OF SHAREHOLDINGS AND ALLOCATED/DISTRIBUTED SHARES

6.1. Detailed overview of allocated and distributed shares

In the fiscal years 2017 and 2018 the following shares were allocated and distributed:

| Name | Function | Shares allocated in FY 2017 | Shares allocated in FY 2018 | Shares distributed in FY 2017 | Shares distributed in FY 2018 |
|--|-----------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Members of the Board of Directors | | | | | |
| Valentin Vogt | Chairman | 187 | 75 | 187 | 75 |
| Hans Hess | Deputy Chairman | 125 | 45 | 125 | 45 |
| Dr. Stephan Bross | Member | 125 | 45 | 125 | 45 |
| Dr. Monika Krüsi | Member | 125 | 45 | 125 | 45 |
| Urs Leinhäuser | Member | 125 | 45 | 125 | 45 |
| Total¹ | | 687 | 255 | 687 | 255 |
| Executive Board | | | | | |
| Marcel Pawlicek | CEO | 673 | 0 | 1'295 | 0 |
| Other members of the Executive Board | | 859 | 0 | 1'170 | 0 |
| Total² | | 1'532 | 0 | 2'465 | 0 |
| Total | | 2'219 | 255 | 3'152 | 255 |

¹The reduction of the number of shares in fiscal year 2018 is a result of the changes in the compensation system for the Board of Directors.

²The shares from the long-term incentive pay are not annually allocated or distributed.

6.2. Detailed overview of shareholdings

As per March 31, 2019, the members of the Executive Board and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

| | | 03/31/2019 | 03/31/2018 |
|--|-----------------------------|----------------|----------------|
| Name | Position | Total shares | Total shares |
| Members of the Board of Directors | | | |
| Valentin Vogt | Chairman | 203'288 | 203'213 |
| Hans Hess | Deputy Chairman | 5'663 | 5'618 |
| Dr. Stephan Bross | Member | 215 | 170 |
| Dr. Monika Krüsi | Member | 985 | 940 |
| Urs Leinhäuser | Member | 1'080 | 1'035 |
| Total | | 211'231 | 210'976 |
| Executive Board | | | |
| Marcel Pawliczek | CEO | 42'111 | 42'111 |
| Rolf Brändli | CFO | 1'702 | 1'702 |
| Sandra Pitt | CHRO | 278 | 278 |
| Fabrice Billard | President Systems Division | 400 | 400 |
| Rainer Dübi ² | President Services Division | 600 | n/a |
| Martin Wendel ¹ | President Services Division | n/a | 231 |
| Total | | 45'091 | 44'722 |
| Total | | 256'553 | 255'698 |
| In % of total shares | | 7.5% | 7.5% |

¹ Member of the Executive Board until February 14, 2019

² Member of the Executive Board as from February 15, 2019

7. TRANSACTIONS WITH THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND RELATED PARTIES

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Board or to related parties during the fiscal year 2018. No signing bonuses were paid during the fiscal year 2018. At the reporting date no loans, credit lines or pension benefits over and above those provided by mandatory occupational pension plans had been granted to members of the company's boards.

8. MOTIONS FOR THE ANNUAL GENERAL MEETING

8.1. Approval of the maximum aggregate amount of variable compensation for the Executive Board

Fiscal year 2018

The Board of Directors proposes that an aggregate amount of CHF 632'000 (gross, including social insurance contributions and other benefits) be approved as variable compensation for the Executive Board for fiscal year 2018.

8.2. Consultative vote on the Compensation Report

Fiscal year 2018

The Board of Directors proposes that shareholders approve the Compensation Report for fiscal year 2018 in a consultative vote.

8.3 Approval of the maximum aggregate amount of fixed compensation for the members of the Board of Directors

Fiscal year 2020

The Board of Directors proposes that a maximum aggregate amount of CHF 580'000 (gross, including social insurance contributions and other benefits) be approved as fixed compensation for the Board of Directors for fiscal year 2020. The proposed amount includes a contingency reserve of CHF 11'000.

8.4. Approval of the maximum aggregate amount of fixed compensation for members of the Executive Board

Fiscal year 2020

The Board of Directors proposes that a maximum aggregate amount of CHF 2'120'000 (gross, including social insurance contributions and other benefits) be approved as fixed compensation for the Executive Board for fiscal year 2020. The proposed sum includes a contingency reserve of CHF 200'000.

9. EVALUATION OF THE COMPENSATION SYSTEM

Burckhardt Compression's compensation system is regularly reviewed by the Nomination and Compensation Committee and the Board of Directors and may be modified if necessary.

Annual benchmarking reviews based on Willis Towers Watson's Global Grading System and the compensation market data it provides are part of the company's fair and integrated compensation system. These are conducted periodically, most recently in fiscal year 2018.



Report of the statutory auditor to the General Meeting of Burckhardt Compression Holding AG Winterthur

We have audited the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 69 and page 70 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock

Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

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

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

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



Opinion

In our opinion, the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'B Inauen', written in a cursive style.

Beat Inauen
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'O Illa', written in a cursive style.

Oliver Illa
Audit expert

Winterthur, 23 May 2019