

Compensation Report

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Management of Burckhardt Compression, together with information on their annual compensation and shareholdings.

1. Basis

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Management of Burckhardt Compression, together with 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. 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 1, 2022 re-elected Dr. Monika Krüsi and Dr. Stephan Bross to the Nomination and Compensation Committee. The Board of Directors appointed Dr. Monika Krüsi Chair of the Nomination and Compensation Committee.

The NCC meets a minimum of twice a year, in 2022 it met six times. The CEO and CHRO attend these meetings in an advisory capacity, except during deliberation on meeting topics that pertain to themselves. Following each NCC meeting the Board of Directors will be informed of the topics discussed and the proposals of the NCC are brought to the next possible Board Meeting.

The duties and powers of the NCC are set forth in the company's Bylaws and Organizational Regulations (www.burckhardtcompression.com/corporate-governance). The regulations are regularly reviewed. 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. No external advisors have been consulted.

Topic	Proposal/ recommendation by	Approval authority
Compensation principles and guidelines	NCC	BOD
Compensation Report	NCC	BOD
Compensation of Board of Directors	NCC	BOD, subject to AGM approval
Compensation of Executive Management	NCC	BOD, subject to AGM approval
Loans to members of the Executive Management	CEO	NCC

BOD = Board of Directors | NCC = Nomination and Compensation Committee | AGM = Annual General Meeting

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 Management:

- a prospective vote on the maximum aggregate amount of fixed compensation for the Board of Directors for the fiscal year following the Annual General Meeting
- and a prospective vote on the maximum aggregate amount of fixed compensation for the Executive Management for the fiscal year following the Annual General Meeting
- a retrospective vote on the maximum aggregate amount of variable compensation for the Executive Management for the fiscal year preceding the Annual General Meeting
- In addition, the principles of compensation are governed by the Articles of Bylaws, which are also approved by the shareholders
- The provisions of the articles of the Bylaws are listed below: https://www.burckhardtcompression.com/wp-content/uploads/2022/08/BCHN_Bylaws_english_2022-07-01.pdf
- Article 24: Approval of compensation by the Annual General Meeting
- Article 25: Supplementary amount of compensation for members of the Executive Management
- Article 26: General compensation principles
- Article 27: Contracts relating to compensation
- Article 29 Loans, credit arrangements and pension benefits over and above those provided in mandatory occupational pension plans

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

3. 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.

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3.1. Compensation system for the Board of Directors

In order to guarantee the independence of the members of the Board of Directors in exercising their supervisory duties, their compensation consists of a fixed remuneration only. The compensation of the Board of Directors is market-competitive and strengthens the alignment with the interests of the shareholders.

Compensation for the Board of Directors is delivered 80% in cash and 20% in free 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) of the 30 trading days before the Annual General Meeting. Revised compensation regulation for the Board of Directors came into effect on July 2, 2022.

The fixed component amounts to CHF 81'000 for members of the Board of Directors and to CHF 184'000 per year for the Chair of the Board of Directors. 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 Chair of the Board of Directors. For the Board of Directors only mandatory pension benefits are granted.

3.2 Compensation system for the Executive Management

Burckhardt Compression has established a comprehensible compensation system which is well balanced between shorter- and longer-term orientation. The objectives pursued with this system are to ensure that the compensation of 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 executives and ensuring that they remain with the company in the long run.

The structure of compensation system of the Executive Management

Components	Program	Purpose	Plan period
Annual Base Salary	Monthly cash salary	Attract and retain	continuous
Short-term incentive	Variable performance- and profit related annual cash bonus	Pay for performance	annual
Long-term incentive	Variable performance- and profit related long-term incentive bonus awarded in form of free shares	Reward long-term performance aligned with shareholders	6 years
Benefits: Pension and Insurance	Monthly contributions	Protect against risk	continuous

Base salary

The functions performed by members of the Executive Management 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 based on Willis Towers Watson's Global 50 Remuneration Planning Report are taken into consideration when determining the base salary of the members of the Executive Management. In addition, individual executive performance goal achievements like e.g. expansion of product portfolio and geographic scope, sustainability, and digitalization are reviewed annually. The base salary is reviewed annually.

Annual Short-Term Incentive (STI)

The members of the Executive Management receive a variable performance- and profit-related bonus in addition to their base salaries. The STI is calculated from the group net income of the Burckhardt Compression Group – if a minimum financial threshold of 4% return on sales at the net profit level is achieved – and a percentage rate determined by the Global Grade. This measure focuses on profitability and aligns the Executive Management with the interests of all stakeholders. The percentage rate applied for the CEO is 0.28%. The percentage rate for other members of the Executive Management – depending on their Global Grade – ranges from 0.12% to 0.16%. The STI is limited to 50% of the base salary. The STI plan is regularly reviewed. In 2022 the NCC has made slight revisions to the STI plan which will be applicable as of fiscal year 2023.

Long-Term Incentive (LTI)

Members of the Executive Management additionally receive LTI pay awarded in the form of free shares. The LTI program is valid for a six-year period (fiscal years 2017–2022). LTI 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 2017 to 2019 as well as 2020 to 2022.

The basis upon which the LTI 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 fiscal year 2022, this fixed amount will be multiplied by a factor of 1.0. Each KPI is weighted 50% (for sales and net income) and awarded in the form of free shares.

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The targeted amount of the LTI for the entire six-year period is CHF 900'000 for the CEO and between CHF 450'000 and CHF 600'000 for the members of the Executive Management, depending on their Global Grade. For new joiners to and promotions within the Executive Management the target amount is pro-rated. The sales target in the Mid-Range Plan (aggregate) for the six years amounts to CHF 3'819 mn; the net income target (aggregate) 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 was conducted after three years. Members of the Executive Management whose employment with the company had not been terminated as of July 31, 2020 were on that date awarded a number of free shares for the fiscal years 2017, 2018, and 2019, based on attainment of the targets. These free shares were distributed at the end of July 2020. The factors used for the multiplication of the fixed amount in the interim evaluation are limited to 0.3 each (total 0.6). The second allotment of free shares for the fiscal years 2020, 2021 and 2022 will be distributed at the end of July 2023, subject to approval by the Annual General Meeting. The number of shares awarded are 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.

Based on the NCC's regular review of the compensation policies and the expiring of the current LTI plan, the Board of Directors has approved a new LTI policy which will replace the current and expiring LTI plan.

To align compensation stronger to the interests of shareholders, increase the pay for performance relationship and strengthen the retention of the most senior employees, a new LTI policy will come into effect with the start of fiscal year 2023.

The LTI plan will be awarded in form of Performance Share Units (PSUs) which are conditional upon the fulfillment of certain performance conditions. The vesting of the award is based on the achievement of three KPI's over a period of three years, subject to continued employment:

- Cumulative Earnings per Share (50% weighted)
- Cumulative Revenue (25% weighted)
- ESG measure (25% weighted)

The KPIs have been chosen to balance top-line growth and bottom-line efficiency, as well as the commitment to sustainability, measured by the reduction of GHG emission intensity by 50% by 2027.

The plan includes malus and clawback provisions which allow to reduce or reclaim all or parts of the award in defined cases.

With this revision of the LTI policy the company aims to drive not only sustainable retention of our leadership team but also provides the opportunity to participate in the long-term success of the company.

Employment contract terms and shareholding guideline

Employment contracts with Executive Management members are entered into for an indefinite period with a notice period of six months. The Executive Management is not contractually entitled to sign-on payments, termination payments, change-of-control provisions (except the accelerated vesting under the LTI plan) or non-competition compensation. Pension benefits are part of the regular company occupational pension plans.

Starting from fiscal year 2023, the Executive Management will be required to build up and own at least a minimum multiple of their annual base salary in Burckhardt Compression shares.

4. Compensation allocated with comparative figures for the previous year

4.1. Compensation allocated to the Board of Directors

The following aggregate compensation was allocated to the members of the Board of Directors for the fiscal years 2022 and 2021:

in CHF 1'000 (gross)	Function	Fees	Social security contributions and other benefits*	2022
Members of the Board of Directors				
Ton Büchner	Chair	194	18	212
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	11	112
Dr. Stephan Bross	Member	91	10	101
David Dean	Member	91	12	103
Maria Teresa Vacalli ¹	Member	68	8	76
Total		636	69	705
Approved by the 2021 AGM for FY2022				750
in CHF 1'000 (gross)	Function	Fees	Social insurance contributions and other benefits*	2021
Members of the Board of Directors				
Ton Büchner	Chair	194	18	212
Urs Leinhäuser	Member	91	10	101
Dr. Monika Krüsi	Member	101	11	112
Dr. Stephan Bross	Member	91	10	101
David Dean	Member	91	7	98
Total		568	56	624
Approved by the 2020 AGM for FY2021				650

¹ From July 2, 2022

*Includes mandatory required social security contributions only as per local Swiss regulations, and expenses as per Board of Directors compensation regulation

The total fixed compensation for the Board of Directors for the fiscal year under review is CHF 81'000 higher than for the previous fiscal year due to an additionally appointed member of the Board of Directors. The Annual General Meeting of July 2, 2021 approved aggregate fixed compensation in the amount of CHF 750'000 (gross, incl. social security contributions) for the Board of Directors (six members) for fiscal year 2022. The amount of compensation actually paid was CHF 705'000 which is within the limit of the approved amount by the AGM.

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4.2. Compensation allocated to the Executive Management

The following compensation was allocated to the members of the Executive Management for the fiscal years 2022 and 2021:

in CHF 1'000 (gross)	Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation	Short-term incentive, cash	Share-based long-term incentive	Social security contributions and other benefits	Total variable compensation	2022 Total
Executive Management									
Fabrice Billard (highest paid)	CEO	400	102	502	196	180	78	454	956
Other members of the Executive Management ¹		951	287	1'238	350	375	143	868	2'106
Total		1'351	389	1'740	546	555	221	1'322	3'062
Approved by the 2021 AGM for FY 2022				2'400					
Executive Management									
Marcel Pawlicek (highest paid)	CEO	445	115	560	151	180	106	437	997
Other members of the Executive Management ¹		1'081	256	1'337	337	360	216	913	2'250
Total		1'526	371	1'897	488	540	322	1'350	3'247
Approved by the 2020 AGM for FY 2021				2'200					

¹ Includes changes in the Executive Management: new CHRO from June 2022 including CHFk 60 as replacement award for the forfeiture of unvested equity at the previous employer; new President for Systems Division from October 2022

The total fixed compensation for the highest paid member of the Executive Management for the period under review is 10% lower compared to the total fixed compensation for the highest paid member of the Executive Management for the previous fiscal year, due to a new CEO in role. The total amount of fixed compensation for the other members of the Executive Management for 2022 is 7% less than for the previous year's period. This is due to changes in the Executive Management composition. The Annual General Meeting of July 2, 2021 approved a maximum aggregate amount of CHF 2'400'000 (gross, including social security contributions) for the fixed compensation of the entire Executive Management for the fiscal year 2022. The amount of fixed compensation actually paid (gross, including social security contributions) is within the limit of the approved amount by the AGM 2021.

The annual STI for the Executive Management for fiscal year 2022 was 12% higher than in the previous year as a result of a higher net income achieved in fiscal year 2022 compared to previous fiscal year. This is based on a formulaic calculation where no discretion has been applied. Expenses for the Executive Management's LTI compensation rose by 3% from the previous year. This is due to changes in the Executive Management composition.

The provision made for the LTI compensation has been adjusted based on the assessment of the business performance over a multi-year period. Such an adjustment is in accordance with Swiss GAAP FER, requiring that the related expenses must be allocated over the program's vesting period which can lead to adjustments within individual fiscal years.

The total variable compensation for the individual members of the current Executive Management for the period under review ranged from 36% to 48% of total compensation.

Payments to former members of the Executive Management

To the former CEO, compensation in the amount of CHF 56'000 was paid to support the transition period of the new CEO. Additionally, in line with the LTI plan rules the final tranche granted to the former CEO in the amount of CHF 203'000 (gross, including social security contributions) will be due for payment, following and subject to shareholder approval at the AGM 2023.

No other payments were made to former members of the Executive Management or their closely related parties.

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Aggregate amount of variable compensation for the Executive Management for fiscal year 2022 subject to approval at the AGM

For the fiscal year 2022 the total amount of CHF 1'525'000 (gross, including social security contributions and other benefits) has been allocated. This includes the amount of CHF 1'322'000 for the Executive Management and the amount of CHF 203'000 for a former member of the Executive Management.

5. Overview of shareholdings and distributed shares

5.1. Detailed overview of distributed shares

In the fiscal years 2022 and 2021 the following shares were distributed:

Name	Function	Shares distributed in FY 2022	Shares distributed in FY 2021
Members of the Board of Directors			
Ton Büchner	Chair	86	98
Urs Leinhäuser	Member	38	44
Dr. Monika Krüsi	Member	38	44
Dr. Stephan Bross	Member	38	44
David Dean	Member	38	44
Maria Teresa Vacalli ¹	Member	0	n/a
Total		238	274
Executive Management			
Fabrice Billard ²	CEO	0	0
Marcel Pawlicek ³	Former CEO	n/a	0
Other members of the Executive Management		0	0
Total⁴		0	0
Total Board of Directors and Executive Management		238	274

¹From July 2, 2022

²From April 1, 2022 appointed CEO

³Until March 31, 2022 former CEO in office

⁴Shares have not been allocated or distributed under the LTI program every year

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5.2. Detailed overview of shareholdings

As per March 31, 2023, the members of the Executive Management and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

Name	Function	31.3.2023 Total shares	31.3.2022 Total shares
Members of the Board of Directors			
Ton Büchner	Chair	5'184	5'098
Urs Leinhäuser	Member	1'796	1'758
Dr. Monika Krüsi	Member	1'201	1'163
Dr. Stephan Bross	Member	431	393
David Dean	Member	490	452
Maria Teresa Vacalli ¹	Member	0	n/a
Total		9'102	8'864
Executive Management			
Fabrice Billard ²	CEO	1'300	1'300
Marcel Pawlicek ³	Former CEO	n/a	37'737
Rolf Brändli	CFO	1'223	1'223
Vanessa Valentin ⁴	CHRO	0	n/a
Rainer Dübi	President Services Division	824	824
Andreas Brautsch ⁵	President Systems Division	0	n/a
Total		3'347	41'084
Total Board of Directors and Executive Management		12'449	49'948
As a % of all outstanding share		0.4	1.5

¹ From July 2, 2022

² From April 1, 2022 appointed CEO. Previously, President Systems Division

³ Until March 31, 2022 former CEO in office

⁴ From June 1, 2022

⁵ From October 1, 2022

6. Transactions with the Board of Directors, the Executive Management and related parties

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Management or to related parties during the fiscal year 2022. No sign-on bonuses, loans, or credit lines had been granted to members of the Board of Directors and Executive Management as well as their closely related parties during the fiscal year 2022.

7. Motions for the Annual General Meeting

7.1. Approval of the maximum aggregate amount of variable compensation for the Executive Management for fiscal year 2022

The Board of Directors proposes that an aggregate amount of CHF 1'525'000 (gross, including social security contributions and other benefits) be approved as variable compensation for current and former members of the Executive Management for fiscal year 2022.

7.2. Consultative vote on the Compensation Report for fiscal year 2022

The Board of Directors proposes that shareholders approve the Compensation Report for fiscal year 2022 in a consultative vote.

7.3 Approval of the maximum aggregate amount of fixed compensation for the members of the Board of Directors for fiscal year 2024

The Board of Directors proposes that a maximum aggregate amount of CHF 890'000 (gross, including social security contributions and other benefits) be approved as fixed compensation for six members of the Board of Directors for fiscal year 2024. This is the same amount as approved by the AGM in 2022 for fiscal year 2023.

7.4. Approval of the maximum aggregate amount of fixed compensation for members of the Executive Management for fiscal year 2024

The Board of Directors proposes that a maximum aggregate amount of CHF 2'400'000 (gross, including social security contributions and other benefits) be approved as fixed compensation for the five members of the Executive Management for fiscal year 2024. This is the same amount as approved by the AGM in 2022 for fiscal year 2023.

8. 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.

A compensation benchmark based on external salary surveys compiled by Willis Towers Watson and presented in its Global 50 Remuneration Planning Report is one element of the integrated compensation system for the Executive Management.

Report of the statutory auditor

to the General Meeting of Burckhardt Compression Holding AG

Winterthur

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Burckhardt Compression Holding AG (the Company) for the year ended 31 March 2023. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) contained in the tables on pages 88 to 89 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (pages 88 to 89) 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 audited tables 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 remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, 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



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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



Sandra Boehm Uglow
Licensed audit expert
Auditor in charge



Kevin Mueller
Licensed audit expert

Winterthur, 5 June 2023

